

Company: Homizy Rating: BUY Target Price: €5.26 Sector: Residential Owners & Developers

## Co-living for gen Z

January 12, 2024 at 18.00

### A build-to-rent operator backed by developer AbitareIn

Homizy is a build-to-rent company specialized in co-living with two owned buildings in Milan undergoing construction works. Once renovations are completed (YE 2024) Homizy will rent 578 rooms, targeting young professionals and students looking for single rooms in shared apartments or studios. The offering consists of fully furnished new flats among an aging real estate stock, optimized floor plans developed for co-living, digital onboarding and competitive all-in pricing. The latter is ensured thanks to digitalization, low energy consumption and a lean structure. Homizy was created in 2019 by developer AbitareIn (70.7% stake) and was listed in December 2021. The Company adheres to the Siiq (REIT) fiscal regime and is exempt from income taxes.

### Milan real estate is expensive but has solid fundamentals

Milan is by far the most expensive Italian city in the co-living space, with an average price for a single room reaching €626/month in summer 2023 approaching ~€800 once all costs are considered. This is driven by solid fundamentals such as: lower unemployment rate compared to the National average and at its minimum since 2018; expected increase in population by 2031 compared to a decline in Italy; attractive leading universities and several higher education institutions in the arts sector.

### Projects completion in 2024...

The Company is in a start-up phase with total revenues only from other revenues, which refer to changes in fixed assets. Total revenues were €14.8m in FY23 and €3.2m in FY22 and are offset by costs of services and raw materials. More precisely, €12.9m change in raw material costs refers to the acquisition price of the Tucidue complex by the subsidiary Deametra. Net loss was €585k in FY22 and €757k in FY23 driven by the initial fee of Tucidue loan. Net debt was €7m in FY23 with €230k of liquidity.

### ...and break even in 2025

We assume project completion by YE 2024 when we forecast €32.6m net debt. Service costs should offset total revenue, but financing costs will generate a net loss, which we estimate at €2.3m. We assume Homizy to start renting its units from 2025 at an average monthly rate of €840/room. The vacancy rate is estimated at 10% in 25E, improving to 5% in 25E thanks to marketing and plateauing at 2% in 28E. Main expenses in 25E are: Cost of service at €843k, which include utilities, marketing and maintenance; Other operating expenses at €383k, which comprise taxes on real estate/contract registration; labour costs at €250k. We estimate €3.8m EBITDA in 25E or 72% margin on Total revenues, expanding above 75% in 28E thanks to higher occupancy rate. Break-even is expected in 25E with €25k net income.

### Valuation: BUY; TP €5.26

We believe a DCF is an adequate valuation method as we estimate €22.1m capex to be carried out during 24E and FCF generation starting in the first expected year of operations (2025). We use our FCF projections of FY24-40E of €55.5m and TV of €121.0m and based on DCF, we estimate EV of 60.6m to which we subtract 23A net debt of €7m. We end up with a target price of €5.26/share. Given the potential upside on Homizy current price, we set our recommendation at BUY. We also compared EV/EBIT 24-25E of our comparable list to Homizy's 25-26E. Homizy trades at a discount vs listed peers, partially due to its lower EBIT margin.

Company Profile					
Bloomberg	HZY IM				
FactSet	HZY-IT				
Stock Exchange	Italian Stock Exchange				
Reference Index	FTSE Italia Growth				
Market Data					
Last Closing Price	4.40				
Number of shares (mln)	10.2				
Market cap. (mln)	44.9				
12M Performance					
Absolute	0%				
Max / Min	4.4 / 4.4				
(€000s)	2021PF	2022A	2023A	2024E	2025E
Total revenues	2,663	3,203	14,756	22,060	5,242
yoy (%)		20%	361%	50%	-76%
EBITDA	(260)	(370)	264	(321)	3,766
margin (%)	-10%	-12%	2%	-1%	72%
EBIT	(361)	(685)	(51)	(642)	2,170
margin (%)	-14%	-21%	0%	-3%	41%
Net profit	(286)	(585)	(757)	(2,268)	25
margin (%)	-11%	-18%	-5%	-10%	0%
Net debt	(167)	(7,329)	7,010	32,528	31,360
Equity	4,167	13,639	12,882	10,614	10,639
Capex		(7,194)	(14,682)	(22,060)	0
FCF				(23,892)	3,313



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## SWOT analysis

### STRENGTHS

- Newly constructed and furnished rooms
- Highly attractive city for students and workers
- All-inclusive pricing
- Simplified online registration procedures
- AbitareIn know how

### WEAKNESSES

- Position of buildings outside of city center
- Higher financing costs compared to initial plans

### OPPORTUNITIES

- Local incentives for affordable student housing
- Identifying new areas for re-development
- Refinancing debt with better conditions

### THREATS

- Growth in remote learning/working
- Contraction in real estate prices
- Excessive real estate price drive students and workers towards other cities
- Maintaining Siiq status

## Company overview

### Homizy in brief

<b>Build-to-rent</b>	Homizy is a build-to-rent company specialized in the co-living segment. The Company acquired two existing buildings in Milan that require significant construction works, once renovations are completed Homizy will rent 144 apartments (578 rooms), targeting primarily young professionals and students looking for single rooms in shared apartments or studios.
<b>Co-living first</b>	Properties are refurbished for co-living use, with efficient use of space and low energy consumption.
<b>Reducing demand and supply gap</b>	Units are rented at competitive all-inclusive prices and aim at reducing the gap between demand and supply of housing services for students and young professionals, in the 20-35 years old range.
<b>AbitareIn know how</b>	Homizy was created in 2019 as a co-living spinoff from developer AbitareIn and was listed in December 2021. The parent company provides Homizy consulting services bringing sector and regional know how.

### Co-Living

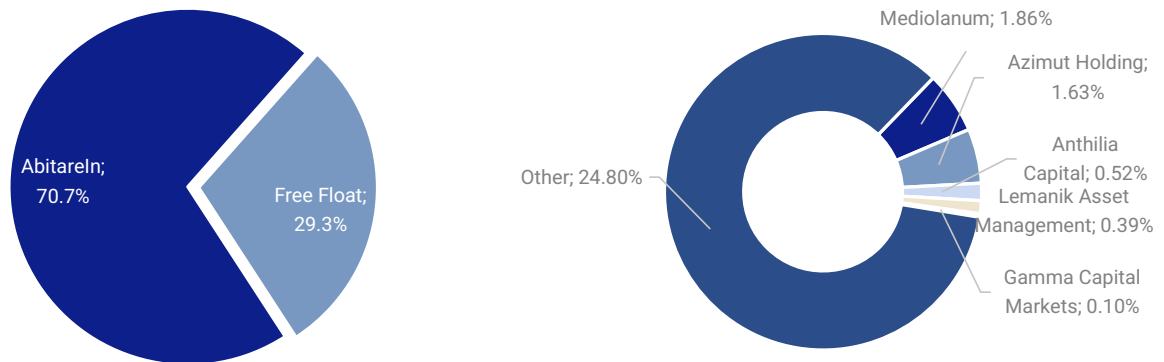
<b>Not just a shared apartment</b>	Co-living is a form of housing managed by a professional third party, in which residents share spaces and services. There are several housing solutions that are similar and overlap with co-living but they might have some relevant differences. For instance, flat-sharing usually does not include services such as cleaning and student-housing might not be available to young professionals. Co-living aims at covering needs such as <ul style="list-style-type: none"> <li>• affordable housing in expensive cities;</li> <li>• higher flexibility in terms of move-in, stay duration and move-out process, required by more frequent relocations thanks to greater job mobility;</li> <li>• foster social relationships and reduce loneliness.</li> </ul>
<b>All-inclusive pricing</b>	Co-living residents usually pay a fixed monthly price which includes utilities, brokerage costs and building management. Rooms and apartments are usually completely furnished.
<b>Small and highly accessible units</b>	From a design perspective, co-living solutions are defined by compact housing units located in urban areas with high accessibility, complemented by shared spaces for amenities and advanced technological features.
<b>Growing number of operators</b>	Several co-living operators emerged in the last years, thanks to the growing demand for affordable housing solutions with all necessary comforts.
<b>Large cities, business districts and education</b>	Main cities such as Milan, Rome, Florence, Bologna and Turin thanks to their strong concentration of Universities and business districts represent the ideal location for a co-living operators given the high mobility for studying and professional reasons.
<b>Flexible rental period</b>	According to a survey by Invesco Real Estate on existing Co-living structures, the majority of offers include: i) flexibility of the rental period, but with minimum commitments (typically 1 month); ii) facility-sponsored programming, with an emphasis on creating a sense of community; iii) all-inclusive billing and suites of fully furnished spaces; iv) at least one shared living space (bedroom, bathroom, living room or kitchen); v) billing per single room, not per housing unit.

### Group structure

<b>AbitareIn is the main shareholder</b>	The shareholder structure is composed by AbitareIn (70.7%) and Free Float (29.3%). Main shareholders based on Bloomberg are Mediolanum (1.86%), Azimut Holding (1.63%), Anthilia Capital Partners (0.52%), Lemanik Asset Management (0.39%) and Gamma Capital Markets
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(0.10%). Based on the Siiq legal requisites, AbitareIn has to reduce its voting stake below 60% to retain the special fiscal regime.

Figure 1: Shareholder structure



Source: Bloomberg, Banca Profilo elaborations on companies' data

**Siiq (legal structure) has a favorable fiscal regime**

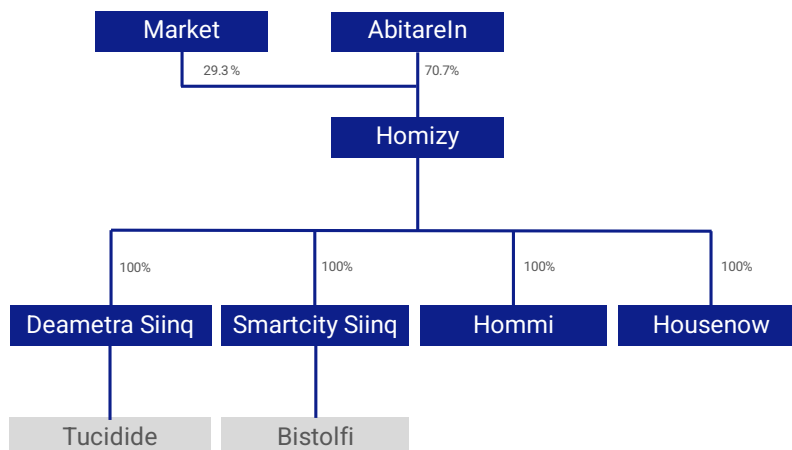
Homizy fiscal regime is the Siiq (Società di Investimento Immobiliare Quotate), which stands for listed real estate investment company and is similar to REITs. Siiq are exempt from IRES and IRAP of the income deriving from the leasing activity and the application of a withholding tax of 20% on the profits distributed.

Key requirements for the Siiq status are: i) being a listed joint-stock corporation; ii) >80% of assets made of real estate; iii) >80% of revenues from leases, all shareholders must have <60% voting and profit sharing rights; iv) >35% of the shares must be held by shareholders who do not own > 1% of the voting rights and 1% of the profit sharing rights. The special fiscal regime is lost if the Company does not adhere to any of the requirements for two consecutive fiscal years.

**Two vehicles operate the main asset**

Activities are carried out through vehicles related to the various real estate projects, more precisely Deametra Siiq and Smart City Siiq are involved with Tucidide and Bistolfi projects respectively. Hommi S.r.l. and Housenow S.r.l. do not have any area under development.

Figure 2: Group structure



Source: Bloomberg, Banca Profilo elaborations on companies' data

## History

<b>Creation in 2019</b>	Residential real estate developer AbitareIn created its new business line Homizy in 2019, specialized in the development of buildings destined to be rented with co-living formulas. The original name was “Homeasy” and was rebranded “Homizy” following the incorporation as joint stock company.
<b>€4.5mln raised in 2020</b>	In April 2020 Homizy raised €4.5mln through a private placement across 20 new investors. The second tranche of the capital increase (€7.5mln) was not subscribed as the Company decided to opt for the listing on EGM.
<b>Acquisition agreement for Bistolfi in 2020</b>	In July 2020 Smartcity signed an agreement for the acquisition of the Bistolfi area for €2.25mln with a €400k downpayment. The acquisition was finalized in June 2021 along with the payment of remainder €1.85mln.
<b>Agreement for the acquisition of Tucidide in 2021</b>	In July 2021 Deametra signed an agreement for the acquisition of the Tucidide area for €12.5mln with a €750k downpayment.
<b>Listing in December 2021</b>	Homizy was listed on the Professional Segment of Euronext Growth Milan on 17 December 2021 raising €10mln.
<b>Adoption of Siiq regime</b>	Homizy modified its bylaws to adhere to the Siiq fiscal regime in September 2022. In the month following, controlled entities Deametra and SmartCity adopted the Siiq fiscal regime.
<b>Completion of Tucidide acquisition in 2022</b>	In December 2022 Deametra completed the acquisition of Tucidide and paid the remaining €11.75mln. To complete the acquisition Homizy signed a financing agreement for €23mln 3.5 years of pre-amortization and maturity in 13.5 years.
<b>Works began in 2023</b>	Reclamation works in Bistolfi began in March 2023, while strip out activities of the buildings in via Tucidide began in May 2023.

## Top management and corporate governance

<b>Alessandro Peveraro (CEO)</b>	Born in 1985, he graduated in Management from Bocconi University in 2010, he started his work experience as auditor at Deloitte & Touche, in 2014 he began working at AbitareIn, holding roles in Financial Planning and as Strategic Operations Manager. He was appointed CEO of Homizy in November 2021.
<b>Marco Claudio Grillo (Chairman)</b>	<p>Born in 1968, he graduated in Computer Science at the University of Milan and started his career as a programmer in Siemens, in 1994. He then worked at the start up of IUnet, which was later purchased by Olivetti Telemedia. In the following years he worked at US multinationals in the IT and networking sector with Country Manager roles covering Italy, South-Europe and Middle-East regions.</p> <p>In 2005 he founded the company Flowinspect, a start-up dedicated to networking and security solutions which was acquired by a provider of US security products in 2008. Following the acquisition of Flowinspect, he was appointed managing director of the IT Security company Emaze Networks, later acquired by a German private equity fund. As a consultant appointed by the board of directors he followed the sale of Matrix S.p.A. (part of the Telecom Italia group) to Libero.</p> <p>In 2015 he entered the real estate sector and founded AbitareIn company with Luigi Francesco Gozzini.</p>
<b>Alessia Bezzecchi (Independent director)</b>	Associate Professor of corporate finance and real estate, Program Director of the Executive Master in Finance at SDA Bocconi School of Management. She carried out financial and management consulting activities with boutiques advisory and international consulting firms related to development operations real estate, restructuring or strategic redirection.\

## A build-to-rent operator in the co-living sector

### Target market and value proposition

**Demographic target: young workers and students** The Company targets primarily young workers and graduates, with ages ranging between 20-35 years, with a monthly income below €2.5k and not ready to buy a house. Typical co-living residents remain in a house for an average of 9-12 months, began working in Milan coming from another city, or are looking to move away from their parents.

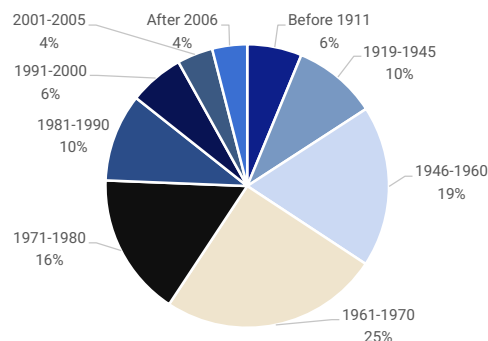
Finally, the choice of co-living solutions is not exclusively dictated by economic reasons, but also due to their integration with accessory services and for the inherent social factor which promotes cohesion and interpersonal relationships.

**Build-to-rent** Homizy is a build-to-rent company specialized in the co-living segment. At the moment the Company owns two buildings in Milan that require significant construction works, once renovations are completed Homizy will operate 144 apartments, targeting primarily young professionals and students looking for single furnished rooms in shared apartments or studios.

**New flats among an aging real estate stock** Homizy newly constructed apartments should be attractive to renters, given that 40% of residential buildings in Milan were constructed between 1960-1980 and might have never been renovated.

**Green footprint** Another key focus of the development is on high energy efficiency, Homizy adopts cooling and heating systems with low thermal inertia. Furthermore, buildings consumption (lights, water and heating) will be monitored and managed to minimize the environmental impact. This minimizes operating costs for Homizy and reduces final rent price.

**Figure 3: Construction period of houses in Milan**



Source: Eurostat

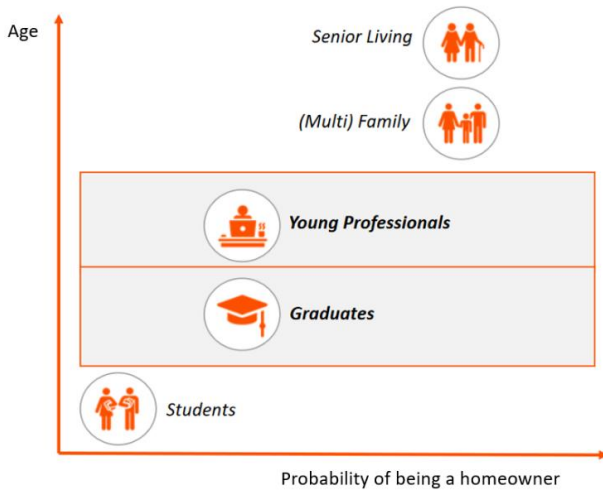
**Single rooms or studios** Homizy structure only includes single rooms or studios, which is line with underlying trends. According to a survey by StanzaSemplice, before the COVID pandemic 70% of students preferred a single room compared to double/triples, while at the beginning of 2021's school year 100% of students required a single room. While it is likely that the figure could be a spike influenced by the COVID period, StanzaSemplice notes that the pandemic accelerated an existing trend towards single rooms.

**A fully digital onboarding** Homizy value proposition will be entirely digitalized, by offering all services through a software platform developed by TECMA, a company specialized in digital transformation for the real estate sector. This will facilitate processes both on the customer and on the manager side.

More precisely, all customer onboarding activities will be available online: virtual tours of available rooms, initial quotes, signing of rent contracts, contract registration with the tax authority and online payments. The digital online rental experience continues with entry of customers into the residence as dedicated co-living apps will be used for opening room locks,

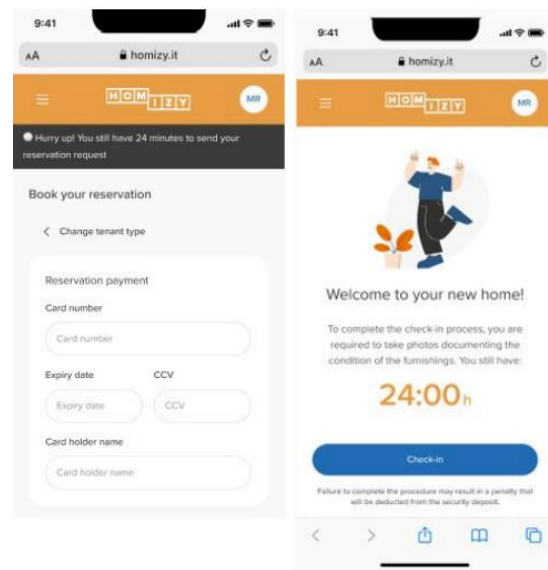
automate check-in and check-out, request for assistance, reporting issues with the room, automated monthly payments directly from the bank account.

Figure 4: Homizy demographic target



Source: Company Data

Figure 5: Homizy app



Source: Company Data

**A survey guides the user**

The prospective renter will initially complete a survey to describe housing requirements (dates, budget, private bathroom) as well as hobby/interests, the app’s algorithm uses input data to provide a list of options. After choosing an option the user will fill a form with personal data and pay a deposit fee. The software within 48h will review the documents and accept or require additional data keeping the registry process quick and easy to manage, also thanks to the digital signature.

**Operating costs minimized thanks to technology**

By providing a fully digital experience Homizy will maintain a high level of service while minimizing administrative and management costs. A single community manager will take care of the entire building management thanks to digital tools that integrate online renting, property & building management, facility & community management.

Finally, the app will also be used to participate in a pre-booking campaign a few months before the conclusion of the works in the two buildings under development.

**Apartment area up to 120sqm**

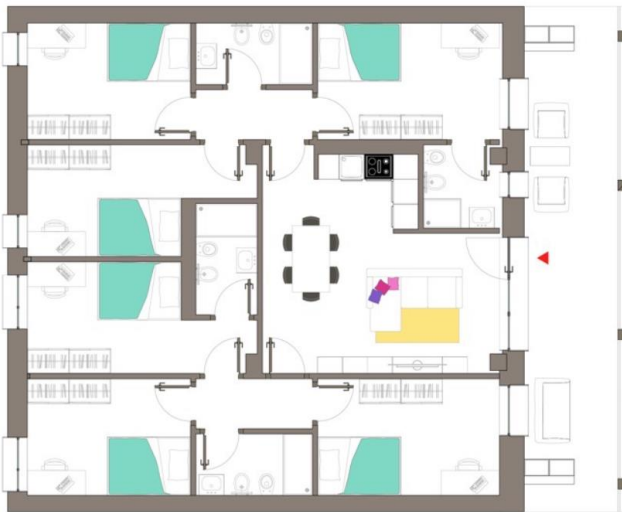
Homizy carried out extensive analysis of the optimal floor plant which can be adapted or replicated across various buildings. Apartments can have a usable area of up to 120sqm, with 6 single tenant bedrooms and 4 bathrooms. Each bathroom will be shared among maximum two people, ensuite rooms will also be available. On average each apartment will have 4.3 rooms. The kitchen and living room will be shared among roommates.

**Shared areas**

In addition, the buildings will feature shared spaces for all residents, typically situated on the ground floor or basement. These areas include a free bike parking room, a laundry room, a room with water dispensers and a fitness room. Outdoor communal spaces will include gardens and terraces, fostering socialization among residents. Moreover, co-living buildings will also have automated smart-lockers to receive packages from any shipping company.

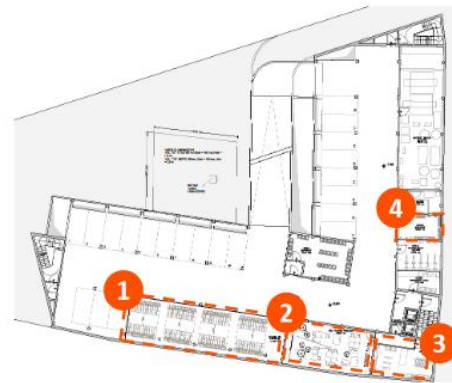


Figure 6: Ideal floor plan



Source: Company Data

Figure 7: Shared area - basement



- 1. Bike Parking
- 2. Recreation room
- 3. Laundry room
- 4. Water room

Source: Company Data

**Lean company thanks to digitalization and outsourcing**

Thanks to inherently digital process and outsourcing Homizy can have a lean structure. Currently the Company has 2 employees, and when fully functional each location will have a community manager.

**Focus on competitive pricing**

Homizy plan is to provide a co-living experience at a competitive price, therefore services included in the rent could be more limited compared to other similar renting solutions. Only minimal building amenities are included to reduce the final price, for instance Homizy plans to have a fitness room, rather than a fully fully-fledged gym. Services such as room cleaning, car/motorbike parking, charging for EVs or smart-working rooms will be provided at an additional cost.

**Single rooms to start at €650**

Single rooms pricing is expected to start at €650, rooms with private bathroom at €720 and studios at €1,150. Pricing vary based on additional space in the room, room layout, number of tenants, living room size, floor (low, medium, high), unobstructed view, windowed bathroom.

**Rising construction costs push expected average rent**

Based on original business plan indications (2019), Homizy targeted an average room rent of €650, but due to a consistent rise in construction costs and favorable real estate market dynamics is likely to charge an average rent of €780 in Bistolfi and €850 in Tucidue including all necessary expenses such as utilities, heating, internet and building management fees.

**The average brokered 12M stay costs €800/month**

The following tables compare Homizy prices to the average single room market price (€626), indicated in "Single room real estate data in Italy" (page 16). We assume utilities, heating, internet and building expenses to be split among four people (€102). Finally, if the house is rented by a real estate firm, we assume agents charge a 10% fee on the annual rent; this can increase the average monthly cost to €800.8 (+10% vs non-brokered) for a 12M stay or to €764.4 (+5% vs non-brokered) for a 24M stay.

Table 1: Homizy Prices compared to average

	Homizy	Single room (€/month)	Average (€/year)
Rent		626 <sup>1</sup>	
Building expenses		40.5	1,944 <sup>2</sup>
Electricity		24.0	1,150 <sup>3</sup>
Gas and heating		31.2	1,499 <sup>3</sup>
Broadband Internet		6.3	303.6 <sup>4</sup>
<b>Total</b>	<b>780<sup>5</sup></b>	<b>728.0</b>	
Broker fees		72.8	
<b>Total including broker fees</b>		<b>800.8</b>	

Source: immobiliare.it<sup>1</sup>, Changes Unipol-Ipsos<sup>2</sup>, Arera<sup>3</sup>, Segugio.it<sup>4</sup>. Average rent Bistolfi<sup>5</sup>. Costs are per person, assuming an apartment split among 4 people. Brokerage fees are assumed at 10% annual rent, spread over a 12 month stay.

#### 4+4 contracts, early termination available

Homizy will adopt the “4+4 rent contract”, one of the most common type of agreements for private residential housing that allows the lessor to freely set the price. The standard contract lasts 4 years and is automatically renewed after the first 4 years of the lease have elapsed with the same conditions. The contract might be prevented from being renewed after the first 4 years : i) by mutual agreement; ii) cancellation by the tenant with at least 6 months' notice; iii) cancellation by the lessor after the first 4 years under certain cases provided for by law, communicating the motivation to the tenant in writing with at least 6 months' notice. Once the 8 years have elapsed, the contract will be renewed for a new period of 4+4 years under the same conditions as the original contract. After 8 years, both parties will have the right to request changes to the conditions of the contract or the termination.

Homizy will allow tenants to terminate the contract at any moment by giving a 3 months notice, which while not prescribed by law is a standard practice in the sector.

#### No subsidized price

Homizy plans to exclusively offer rooms through standard residential contracts and not student accommodation. Other operators in the segment offer a portion of rooms through student housing contracts at subsidized prices, based on agreements with local authorities.

### Business model

#### 4 phases

There are four phases in Homizy's build-to-rent business model:

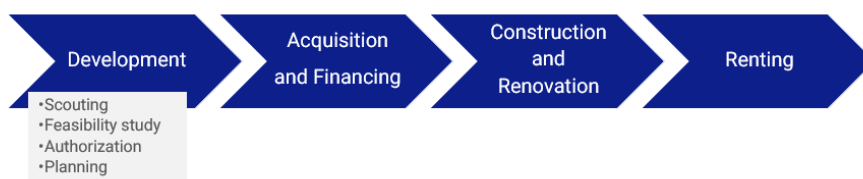
1. Development: a) scouting, b) feasibility study, c) authorization, d) planning;
2. Acquisition of real estate and financing;
3. Construction and renovation;
4. Renting

#### Consulting services provided by parent company

The parent company AbitareIn supports Homizy in the development phases, by providing consulting services in:

1. scouting, identifying and selecting real estate;
2. applying construction tax breaks to real estate projects;
3. coordinating professionals taking care of the design and authorization process of the implementation of the Project;
4. evaluating and supporting the selection of contractors for the demolition and renovation of buildings;
5. preparing tender contract, as well as post-awarding assistance.

Figure 8: Business model phases



Source: Banca Profilo elaborations on Company Data

<b>Feasibility study and KPI</b>	After AbitareIn identifies a potential project Homizy carries out a feasibility study for projects proposed by AbitareIn based on economic KPIs. AbitareIn will also provide its consulting services to analyze technical details such as: i) information regarding origins and ownership of the Properties, ii) assessment of the environmental state of the places, iii) urban planning situation, iv) existence of any mortgages or other real rights on the Properties, v) market and intrinsic potential of the area.
<b>Underutilized industrial/tertiary areas, in semi-central locations</b>	For the development of real estate projects, priority will be given to former industrial/tertiary areas, abandoned or underutilized, usually in semi-central urban areas of the city of Milan, for which it is possible or desirable to undergo reconversion. The minimum surface area of a Real Estate Project must guarantee the presence of at least 100 beds and must in any case be less than 10k sqm.  After the feasibility evaluation is successful, Homizy begins the authorization process.
<b>Project management activities by AbitareIn</b>	AbitareIn will act as project manager and will define the contracts with professionals operating in the design and authorization process of the real estate projects, carried out in compliance with Homizy's indications.
<b>Development phase: 12-18 months</b>	The development phase lasts from 12 to 18 months, depending on the type of authorization necessary.
<b>Property based model</b>	Through the property model Homizy will acquire the real estate property directly or through a vehicle. The acquisition is carried out through a secured loan, which usually requires i) posting the asset as collateral, ii) subordination of credits from the parent, iii) mandatory flow of rents to a dedicated bank account, iv) other negative covenants.
<b>Construction phase: 18-24 months</b>	Construction or redevelopment activity is outsourced, the selection of the contractor will be carried out by AbitareIn. Payment will be carried out in installments based on work progress, in case of delays contractors might pay a penalty.
<b>Renting phase</b>	At project completion the properties will be rented to the target market. Most of the process are digitized to ensure promptness and cost minimization.

## Active Projects

<b>Tucidide</b>	<p>The Tucidide project is located in eastern Milan in the Ortica district, near Città Studi and Lambrate. Homizy acquired through the vehicle Deametra in July 2021 two buildings for €12.5mln which were previously intended for office use and unused for years, with surface area of approximately 9,600sqm. For the purchase of the property and the financing of the works for the realization of the project, Homizy signed a loan agreement for €23mln, with a duration of 13 years and 6 months, at a variable rate. Homizy expects construction costs to be €17.56mln (from €15.96mln announced at IPO).</p> <p>The project will consist of 2 towers, both with 11 floors above ground and 1 basement, composed of a total of 92 apartments (of which 22 studios and 70 multi-room apartments) for about 380 rooms. The buildings will be equipped with solutions to ensure environmental sustainability and energy efficiency.</p>
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Strip out began in May 2023

The renovation project was approved in March 2023, while strip out activities of the buildings in via Tucide began in May 2023. The contract for the construction of the works was awarded to Impresa Santambrogio, a local company specialized in demolitions, excavations, earthworks and waste storage. Strip out consists of emptying a building of non-structural parts preparing it for the subsequent renovation work, in this case the conversion from offices to apartments. The strip out activity was expected to last just over three months, after which work will begin for the change of intended use.

**Figure 9: Tucide towers current status**



Source: Company Data

**Figure 10: Render of renovations**



Source: Company Data

**Bistolfi**

The Bistolfi project is also located in eastern Milan in the Ortica district, in the intersection between Via Camillo e Otto Cima and Via Leonardo Bistolfi, less than ~1km away from via Tucide. AbitareIn acquired through the vehicle SmartCity in July 2020 the building for €2.25mIn, which was supposed to be a university residence but was abandoned in the early 2010s, with surface area of approximately 4,734sqm. Homizy expects construction costs to be €10.9mIn. The project will consist of a single building with 6 floors above ground and 2 underground floors, composed of a total of 52 apartments (of 14 studios and 38 multi-room apartments) for about 198 rooms. The building will be equipped with solutions to ensure environmental sustainability and energy efficiency.

Reclamation began in March 2023

Reclamation works began in March 2023 after approval was requested in April 2022.

**Figure 11: Bistolfi building**



Source: Company Data

**Figure 12: Render of renovations**

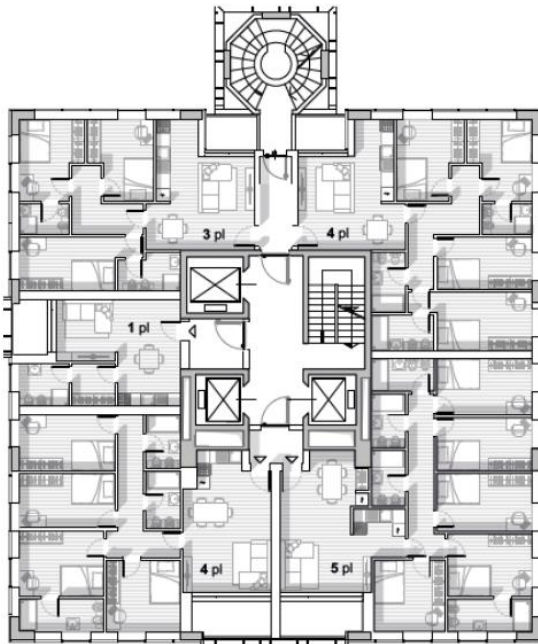


Source: Company Data

Delays due to authorization process

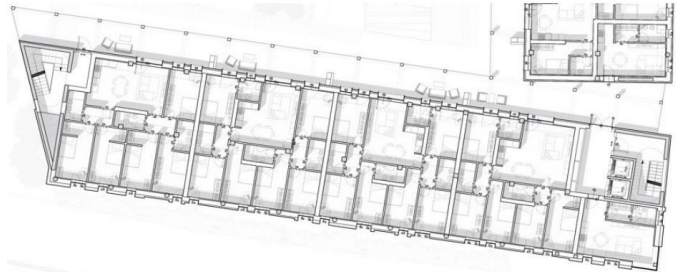
According to a May 2022 presentation, the completion of both projects was expected in 4Q23, but due to delays in the authorization process, overall both projects are running ~1 year late.

Figure 13: Tucidide floor plan



Source: Company Data

Figure 14: Bistolfi floor plan



Source: Company Data

#### Ortica district

Both projects are located in the Ortica district between Lambrate and Città Studi.

Città Studi gets his name due to high concentration of University campuses, with the main buildings of the Politecnico di Milano as well as satellite departments of Università degli Studi di Milano. Lambrate is the other adjoining district and a key mobility hub due to the presence of a train station and an underground station.

#### Closest metro station is ~1.5km away

The closest metro station (~1.5km) is Argonne with the M4 or blue line, opened in November 2022. Both projects are less than 0.5km from bus stops which are ~5 minutes away from Argonne. The line has not been completed yet and it is currently connected up to San Babila, the remainder stations are expected to be opened by the end of 2024. At the moment the key stops are Linate Airport and San Babila, within walking distance from Piazza Duomo and connected to the M1 line. Depending on the time of day public transport commute from Homizy buildings to San Babila should take 20-30 minutes. Most areas inside the outer ring of Milan can be reached in less than 50 minutes with public transport.

#### Lambrate second closest metro station

Lambrate is the second closest underground station (~1.8km), connecting to the M2 or green line, key nearby underground stops are Loreto (connected to M1 or red line), Centrale (main train station, connected to M3 or yellow line) and Garibaldi (secondary train station). Overall, the M2 line covers office dense areas, key bar/nightlife zones (Moscova and Navigli) as well as the Università Cattolica.

The Lambrate train station is a stop for regional and suburbans trains connecting to Milan metropolitan area. Finally, both projects are located less than 1km away from the entrance of A51 motorway.

Figure 15: The distance between the two projects is ~400m



Source: Banca profilo elaborations on urbanfile.org

Figure 16: Projects status at IPO vs Latest update

	Tucicide		Bistolfi	
	IPO	Today	IPO	Today
Beginning of works	2022	2023	2021	2023
# Rooms	380	380	198	198
Apartments (#)	92	92	52	52
Value (€/sqm)	3,700	4,300	3,400	3,900
Area cost (€mIn)	12.75	12.75	2.3	2.3
Expected construction costs (€mIn)	15.96	17.56	9.9	10.9
Commercial surface (sqm)	12,050	12,050	5,910	5,910
Value (€mIn)	44.6	51.8	20.1	23.0
Expected monthly rent (€/unit)	650	850	650	780
Expected completion	4Q23	4Q24	4Q23	4Q24
Beginning of rent	1Q24	1Q25	1Q24	1Q25
Expected Revenues (€mIn)	2.96	3.89	1.55	1.85

Source: Company Data

Figure 17: Both projects are located in Ortica



Source: urbanfile.org

# The reference industry

## Italian Real Estate market

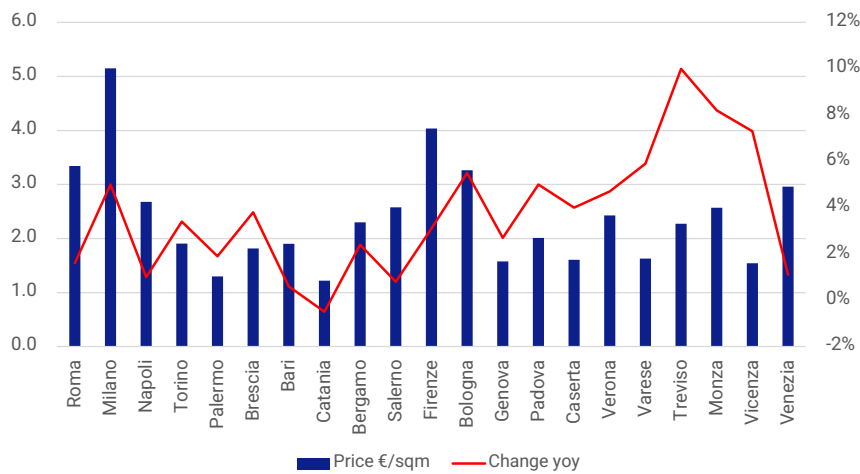
**2022 average price in Italy was €2.1k/sqm (+2% yoy)**

At the end of 2022, Italian house prices were €2,074/sqm (+2% yoy), driven by the increase on the North of the country, with the North East at +3.9% yoy and North West at +3% yoy, all the other Italian areas grow less than the national average, with the Islands essentially stable compared to 2021 (+0.3%). There is a substantial difference between the price in cities with population above 250k (€3,153/sqm) and small cities (€1,759/sqm), even though the yoy growth was similar.

**2022 average price in Milan was €5.1k/sqm (+4.9% yoy)**

Among large Italian cities Milan saw the largest increase, up by +4.9% yoy to €5,100/sqm, which is more than double the average price in Italy. Prices in Rome were up +1.5% yoy, while Naples is relatively stable at +0.7% yoy. On the other hand, Bologna recorded a +4.5% increase in prices approaching €3,300/sqm.

**Figure 18: selling price €/sqm in selected italian cities (LHS), yearly price increase (RHS)**

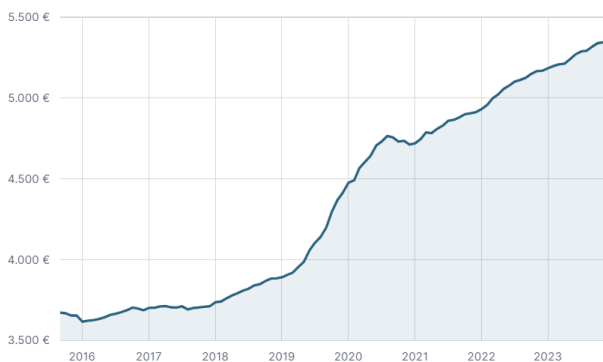


Source: immobiliare.it

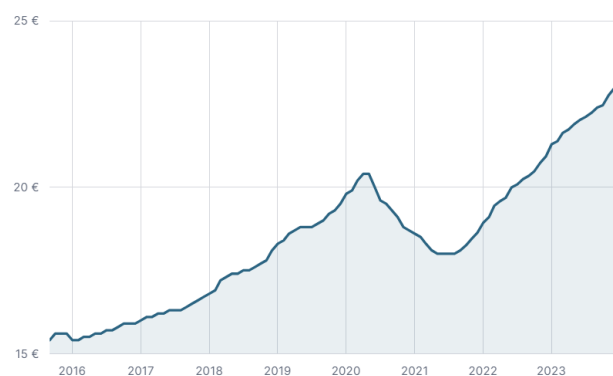
**Only COVID slowed down price increases in Milan**

The average price of properties for sale in Milan has been steadily increasing since 2016, with a strong acceleration in 2019 and a minor decline in 2020. However, the market rebounded in less than a year. Rent prices followed a similar path even though the decline witnessed during the COVID breakout period was more severe compared to the selling price.

**Figure 19: Milan houses sale price €/sqm (15-23)**



**Figure 20: Milan houses monthly rent price €/sqm (15-23)**



Source: immobiliare.it

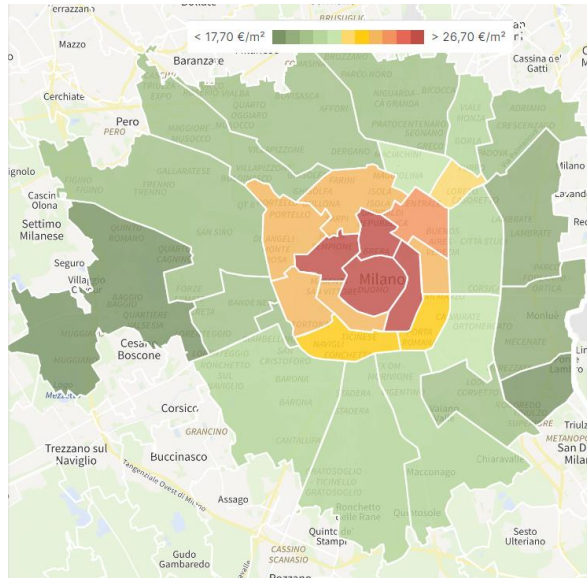
**Milan rent up by 10% yoy in December 2023**

Milan increases at a faster pace compared to Italy

In December 2023 the average rent price in Milan was €22.97/sqm per month for residential rental properties, increasing by 9.7% yoy (€20.92/sqm per month) and considerably larger than national average which was up by 8.0% yoy (€12.90/sqm per month).

Areas around the city center are considerably more expensive to suburban areas, starting at €17.7/sqm per month and reaching €31.49/sqm per month in the historical center.

**Figure 21: Milan house rent price €/sqm (December 23)**



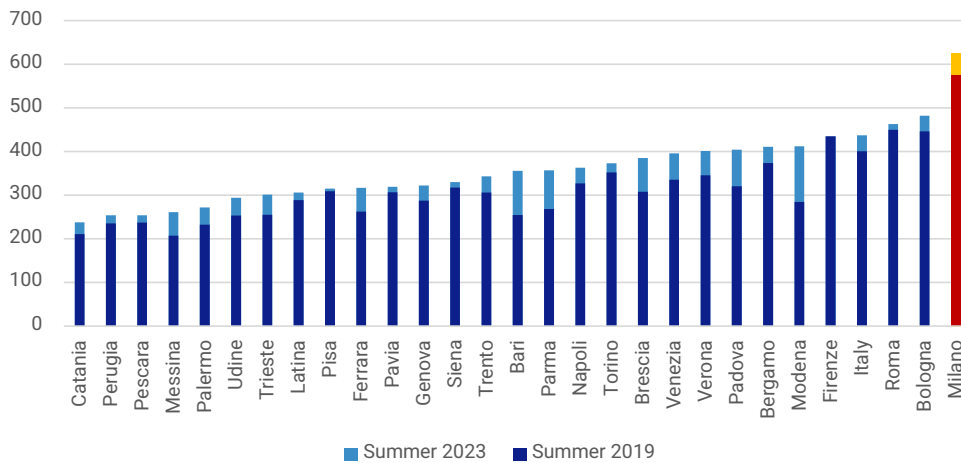
Source: immobiliare.it

**Single room real estate data in Italy: Milan reached €626/month**

Medium Italian cities have shown the largest increases

The average rent for a single room in Italy in summer 2023 is €437/month, up by 9% compared to summer 2019. In the previous 12M the supply of single rooms increased by 34% while demand was up by 27%. The largest increases in relative terms were in mid-sized cities such as Bari, Modena and Parma. Conversely, increases in cities most well-known for universities cooled down, such as Padova declining by 12% yoy and Rome flat yoy. Bologna surpassed Rome for the first time, reaching €482.

**Figure 22: Monthly rent for a single room**



Source: Banca Profilo elaborations on ilSole24Ore based on Immobiliare.it Insights



**A single room in Milan costs €626/month**

Milan maintains the crown as the most expensive city in the co-living space, with the average price for a single room reaching €626/month in summer 2023, even though in the previous 12M price increases were modest at 1%. Compared to the pre-covid period in 2019, prices were up +9%. Supply increased by 36% while demand increased by 15%. Milan is also the most expensive city for double bedrooms, with an average price of €348, outpacing the yearly increase of single rooms at +8%. The considerably higher price compared to other Italian cities is driven by the attractive education and labor market.

**Protests against rising rents**

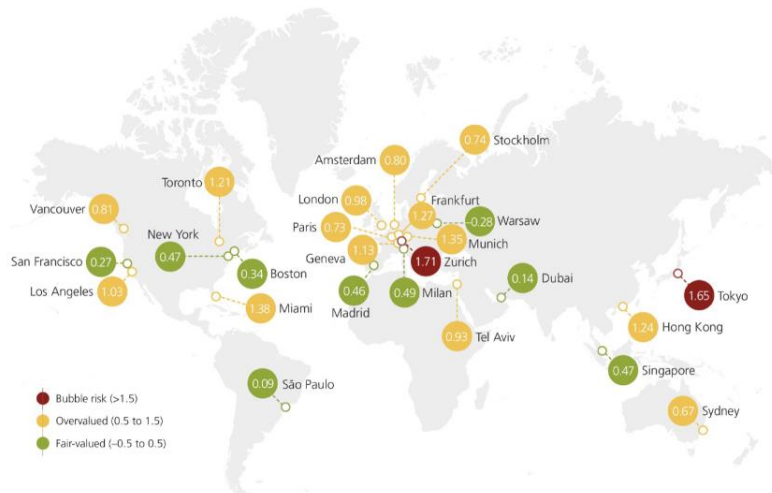
In May 2023 a student of Politecnico di Milano gained notoriety for starting a protest against rising rent costs by sleeping in a tent in front of one of the main University buildings. Several students joined the protest also in other Italian cities, gaining significant national traction.

**Higher education and labor market supports Milan real estate fundamentals**

**Expensive real estate with solid fundamentals**

Milan's expensive real estate market (compared to Italian average) is supported by stronger fundamentals compared to the rest of Italy, thanks to strong education offering, more robust labor market and better expected demographics. Despite the high prices for Italian standards, according to UBS Real Estate Bubble Index, Milan market is fair valued.

**Figure 23: UBS Global Real Estate Bubble Index**



Source: UBS

**Increase in population in 2031**

According to yournextmilano based on ISTAT data, from 2011 to 2023 the population of Milan grew by +7.5%, the peak was in January 2020 at 1.41mln, but the impact of the health crisis and mobility restriction rules halted the growth path. Most recent data suggests that Milan's population was 1.4mln in January 2023. The increase was not driven by natural dynamics (balance between births and deaths), furthermore the fertility rate declined from 1.56 children/women to 1.23 in 2022. In 2031 population is expected to increase by more than 55k, though most of the growth will be in the 15-64 years range and even more in the >65 years range. This compares to total Italian population which is expected to decrease by ~2%.

**Lowest unemployment rate since 2018**

Milan has almost 1.5mln employed people, comparable to the numbers of total employed people in large Italian regions. The number of employed people in 2022 was up by 2.3% yoy, thanks to industrial sector net of construction (+3.4%) and, above all, sales and hospitality services (+8.8%). The employment rate of males was 75.9% while female employment was 64.3%, a 11.6pp gap which is considerably below the total for the region (15.4pp) as well as the national one (18.1pp). In 2022 the unemployment rate declined to 5.4% and below the Italian one (8.1%).

Figure 24: Enrolments in 3 and 5-year programs

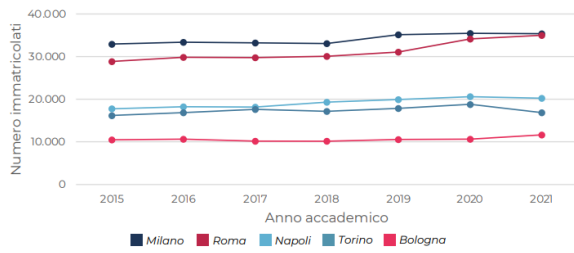
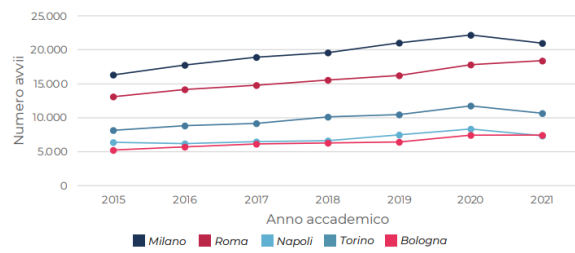


Figure 25: Enrolments in 2-year MSc



Source: MHEO

**Youth unemployment considerably below national average**

In 2022, youth unemployment (15-24 years old) was down by almost 6pp to 18.7%, while still above the regional average (16.4%) it is far from the national average (23.7%).

**Highly attractive higher education...**

There are more than 200k students in Milan, marking it the city with the highest number of students in Italy. There are 8 universities, of which 3 are public and 5 private institutions. Furthermore, there are 15 higher education institutions in the music and artistic sector (AFAM). The education system is able to attract a consistent size of students from other Italian regions (30.6% of total) as well as international students (11% of total). The number of enrolments increased in most years between 2015-2021, with the main exception being MSc students in 2021. Nevertheless, the figure is still considerably above 2015 levels.

**... but rising rent threatens students enrollment**

Recent press articles based on preliminary data suggest a slowdown in University students enrollments for 2023-2024 school year. Public universities enrollments were down yoy, led by Politecnico di Milano (-1.5%), Bicocca (-0.4%) and Statale (-0.3%). Students at private universities were slightly up yoy driven by Cattolica (+3.2%), Bocconi (in line) and IULM (minor decrease yoy). Students from other regions that enrolled in Statale were down by 14% yoy, according to the University's Vice-Rector cost of living issues might have negatively impacted the figure.

**The competitive arena**

**User friendly experience**

We provide a non-exhaustive list of companies that could represent competition as we assume Homizy target market i) uses an online channel to find an accommodation; ii) are young professionals or students; iii) are foreign students; iv) require relatively flexible contracts; v) prefer a "user friendly experience". We believe that the "user friendly experience" is likely a requirements because Homizy clients could be renting and living alone for the first time, so they: i) prefer not having to find other people to share an entire flat; ii) require furnished rooms; iii) prefer not to sign up new contracts for utilities and separately paying for them; iv) look for streamlined contract signing processes and a higher sense of trust compared to private landlords.

**Varying degrees of involvement in the property management**

While Homizy uses the build-to-rent model there are several directly competing companies, characterized by varying degrees of involvement in the property management. We identified two main groups:

- Operators/owner of entire buildings;
- Specialized intermediaries which adopt a business model comparable to real estate brokers but with certain twists to better target medium-long term co-living stays.

**Operators primarily focused on student housing**

Companies in this group focus primarily on student housing, with a portion of rooms offered at a subsidized price, thanks to agreements with local authorities. The remaining rooms are offered at market rates, with some destined to short-stays similar to a residence. Rooms are quite standardized and price depends on size, floor level, access to shared areas. Buildings

tend to be relatively new, shared areas may include study room, gym, kitchen and laundry room. Price is usually inclusive of services and utilities.

#### Specialized real estate agents

Selected specialized intermediaries are real estate agents focused primarily on co-living with a digital go-to-market strategy. Most properties are shared flats and studios.

The level of involvement with landlords can vary, intermediaries provide at least a website to book properties, but depending on the fees charged additional service might be offered such as tenant screening, payment management, house photoshoots, insurance against damage or insolvency, check-ins, maintenance or cleaning services. Usually a service fee is charged at contract inception to lessors and lessee, discounts might be provided to landlords in exchange for exclusivity agreements.

#### Straightforward experience for prospective tenants

By renting with either specialized intermediaries or operators instead compared to private landlords, prospective tenants can

- book rooms or apartments online;
- often pay all-inclusive pricing;
- have more flexibility on contract duration;
- have a simpler experience compared to renting from private owners.

Some of the benefits are especially relevant for foreign students that are less familiar with the language and local market.

### Main players in Milan

#### In-Domus

In-Domus operates three student residences in Milan representing ~1000 beds. All three buildings have been completed in recent years (between 2014-2019). Some rooms are offered at subsidized prices as the Company is owned by Fondazione Housing Sociale focused on accessible housing projects. In-Domus assets are owned by Fondo Immobiliare di Lombardia.

#### Aparto

Aparto is the student housing unit of Hines Group, it owns and operates student residences across the UK, Ireland, Italy and Spain. In Milan there are currently two residences with 1.3k beds. Hines is also involved in two co-living projects i) acquisition with Blue Noble of two buildings in via Giovanni Durando and Via Don Giuseppe Andreoli (near Bovisa), with completion expected by 2025 (600 beds); ii) MoLeCoLa project for the regeneration of Nodo Bovisa area, which includes student residences (1.1k beds). Buildings have subsidized rooms for students as well as units at market prices.

#### CX Place

CX Place was created in 2011 as CampusX to develop and operate student housing solutions. Currently the Company operates 8 campuses in Italian cities with 4.3k beds, of which one located in Milan near Bicocca district. The company is involved in "Milano NoM", a 1.7k beds residence in Novate Milanese with completion expected in 2024.

#### Camplus

Camplus operates student residences and apartments in more than a dozen Italian cities and in two Spanish cities. There are 6 Camplus residences in Milan, three of which only available through merit-based scholarships. The company also collaborates with local entities to provide rooms at subsidized prices.

#### Collegiate

Collegiate operates several student co-living buildings primarily in the UK, as well as one in Madrid and in Milan. Milan's building is owned by real estate fund Castello SGR, has 700 beds and is located in Precotto district, north of Milan.

#### Monthly prices above €800

The lowest non-subsidized monthly price was found at in-Domus Olympia for €699, but most solutions are well above €800, with DoveVivo's Bligny rooms above €1,200 and reaching €1,700 for some rooms at Collegiate. According to Knoll market research the average room in student housing buildings ranges between €850-1,150.

**Overall high occupancy rate**

Most website of student residences show no room availability, the exception being recently opened CX Place with some rooms are available.

Dovevivo website indicates average occupancy rate above 95% across units located in 6 european countries.

**Figure 26: Aparto room**

Source: Aparto

**Figure 27: In-Domus campus Milano Olympia**

Source: in-Domus

**Main specialized brokers in Milan****Joivy/DoveVivo**

Joivy is a European group operating in 6 countries across 50 cities managing ~€2bn of assets, it was created in Milan as DoveVivo in 2007. The group focuses primarily on operating or subletting third party assets usually destined to multiple tenants. It is active in both the operator segment (Bligny28 building and Rtmliving) but it was originally created as an intermediary. The group began carrying out M&A in 2018 to expand its portfolio and acquired several local and national competitors such as H4U, Place4You, Milanostanze as well as student housing operator Rtmliving. From 2021 the group expanded internationally and entered other segments such as short-term rentals, home renovation services and coworking. The group generated €90mIn revenues in 2022 and expects to reach €115mIn in 2023.

**Roomless**

RoomLess is an online platform for publishing medium to long term rent listings. Owners pay a fee to Roomless depending on the rent price and the length of the exclusive listing period. Roomless carries out tenant selection and provides insurance against insolvency and property damage, further services such as house photoshoots or contract registration can be provided at an additional cost.

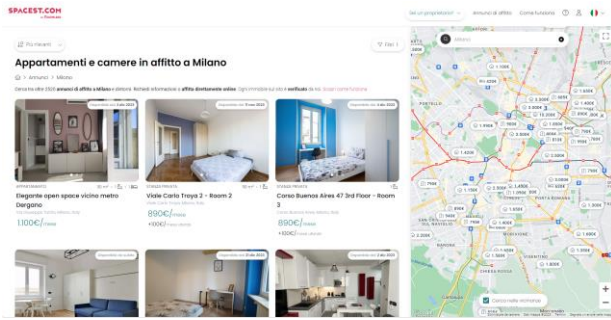
**Spotahome**

Spotahome was created in 2014 and is an online medium-stay rent platform operating primarily in Europe. The Company provides an online platform to promote renting of a room or an apartment. Depending on the level of service chosen by the lessor Spotahome may also collect rent, provide check-in, take pictures for the listing and carry out maintenance. The owner pays a commission fee only after the unit is rented.

**HousingAnywhere**

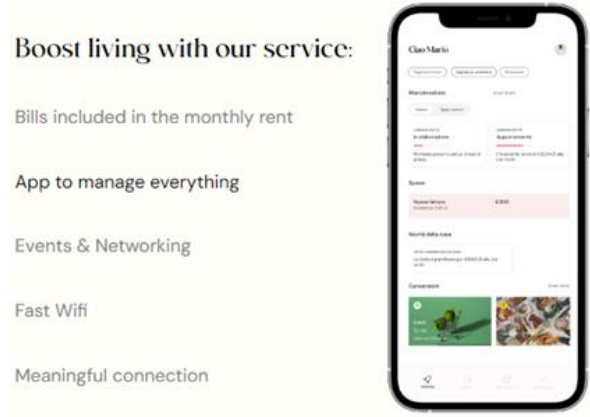
HousingAnywhere is an online platform for publishing medium to long term rent listings, originally created in 2009 and primarily operating in Europe. HousingAnywhere platform provides payment, booking and messaging systems between landlords and tenants. The Company charges a commission fee to lessors and the lessee when the unit is rented.

Figure 28: Roomless website



Source: roomless

Figure 29: Dovevivo app



Source: dovevivo

## Financials

### Historic Income statement

#### First consolidated statement in 2022

The Company published its first consolidated financial statement in 2022, with FY end on 30/09/2022. Our tables also include FY21 pro-forma statements, which assumes the two vehicles Smartcity and Deametra (acquired in November 2021) where consolidated during FY21 which closed on 30/09/2021.

#### No revenues from rent

The Company is currently in a start up phase, therefore no revenues are currently generated. Total revenues are composed by other revenues only, which refer to changes in fixed assets. In FY23 Homizy total revenues were €14.8mln, while in FY22 €3.2mln.

Cost of services and raw material costs relate to property development and offset other revenues. In FY23 Homizy reported €12.9mln of change in raw material costs which exclusively refer to the acquisition price of the Tucidide complex by the subsidiary Deametra. €1.2mln in cost of services which includes design and reclamation works. Labour costs were €132k as the Company only has 2 employees. D&A are primarily related to depreciation of IPO costs.

Net loss was €757k in FY23, driven by financial expense as the Company paid an initial fee for drawing the Tucidide loan. In FY22 net loss was €585k.

**Table 2: Income Statement FY21PF-FY23 (€)**

Income Statement	2021PF	2022A	2023A
Revenues	-	-	-
Other revenues	2,663	3,203	14,756
<b>Total revenues</b>	<b>2,663</b>	<b>3,203</b>	<b>14,756</b>
Costs and changes in raw materials and	(2,433)	-	(12,937)
Costs of services	(417)	(3,454)	(1,150)
Leases and rentals	-	-	(55)
Labour costs	(49)	(90)	(132)
Other operating expenses	(23)	(30)	(217)
<b>EBITDA</b>	<b>(260)</b>	<b>(370)</b>	<b>264</b>
margin (%)	-10%	-12%	2%
yoy (%)	143%	42%	-171%
D&A	(101)	(315)	(315)
<b>EBIT</b>	<b>(361)</b>	<b>(685)</b>	<b>(51)</b>
margin (%)	-14%	-21%	0%
yoy (%)	96%	90%	-93%
Net financial expenses	(20)	(7)	(565)
Taxes	95	107	(142)
<b>Net profit</b>	<b>(286)</b>	<b>(585)</b>	<b>(757)</b>
margin (%)	-11%	-18%	-5%

Source: Company Data

## Historic Balance Sheet

Fixed assets reached €21.2mln in FY23, of which €20.5mln tangibles that included the acquisition of Tucidide. Intangibles are primarily floatation costs.

Other current assets and liabilities (€1mln) include deferred tax assets partially related to floatation costs tax breaks as well as €1.5mln urbanization costs to be paid in biannual installments due in 2025.

Net debt was €7mln in FY23 and it included €230k of liquidity. Homizy has two outstanding loan agreements that can be drawn: €23mln 3.5 years of pre-amortization and maturity in 13.5 years for the Tucidide project; €9.5mln maturing in 15 years. In 2H23 the Company borrowed €1.25mln from its parent company.

**Table 3: Balance Sheet FY21PF-FY23 (€)**

Balance sheet	2021PF	2022A	2023A
Tangible	2,681	5,798	20,450
Intangibles	304	1,081	796
Financials	20	-	-
<b>Fixed assets</b>	<b>3,006</b>	<b>6,879</b>	<b>21,246</b>
Accounts receivable	-	-	-
Accounts payable	-	(97)	(383)
Other current assets (liabilities)	999	(460)	(952)
<b>Other liabilities</b>	<b>(5)</b>	<b>(13)</b>	<b>(18)</b>
Net Invested capital	3,999	6,310	19,893
<b>Equity</b>	<b>4,167</b>	<b>13,639</b>	<b>12,882</b>
<b>Net debt (cash)</b>	<b>(167)</b>	<b>(7,329)</b>	<b>7,010</b>
Liquidity	(127)	(7,329)	(231)
Debt	(41)	-	7,241

Source: Company Data

€14.7mln capex in FY23

In FY23 Homizy carried out €14.7mln capex which included the payment of €11.75mln for the Tucidide area (net of €750k downpayment) and investments for the two properties. In FY22 capex was €7.2mln, primarily related to the acquisition of Bistolfi area (€2.3mln), other costs related to both properties and floatation costs.

## Our Estimates

We expect Homizy to complete its investments at the end of 2024 in line with Company's indications. Therefore, our estimates include the development period in 24E and the renting period from 25E.

### 24E: the development period

Starting from remainder capex

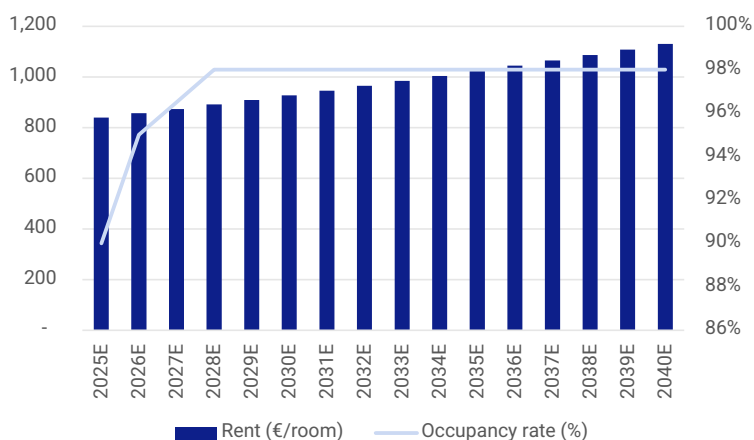
Works are expected to terminate by the end of 2024; as such we include all remainder construction costs in 24E. More precisely, Homizy expects €10.9mln investments for Bistolfi and €17.56mln for Tucidide. As the acquisition of the two areas has already been completed and a portion of works has already been carried out, we expect total 24E capex at €22.1mln. The remainder portion reflects reclamation works and restructuring costs as buildings must be converted for residential use after the strip out.

The Company is not expected to generate any rents, but Total revenues are driven by changes in investments. In 24E similarly to previous years, service costs are expected to essentially offset total revenues. In 24E we forecast a net loss of €2.3mln due to financing costs of drawn debt.

### Completion of works in 24E and peak indebtedness

By the end of 2024, we assume Homizy will have completed the two projects and therefore fully drawn down its loans, reaching €32.6mln net debt. Fixed assets are seen at €42.5mln at the end of 24E.

**Figure 30: Rent (€) and Occupancy rate 25-40E (%)**



Source: Banca Profilo estimates

### 25E-30E: the renting period

#### Occupancy to climb up to >98%

We expect Homizy to begin renting its units in 2025. We assume €820/room month for Bistolfi and €850/room average rent for Tucidide, leading to an overall average rent of €840. We assume a vacancy rate of 10% in 25E as it is the first operating year, but we expect the rate to quickly decline to 5% in 26E thanks to marketing. We include further improvements in the subsequent year, plateauing at only 2% in 28E. The ending figure is in line with companies operating in tight markets, as mentioned in the Listed Peers section.

We forecast cost of services at €843k in 25E, driven primarily by utilities (1/3 of service costs), maintenance and marketing costs. Other relevant costs are included in Other operating expenses at €383k in 25E, it includes municipal taxes related to real estate ownership and rent contract registration. Finally, we estimate €250k of labour costs that include current employees, an additional worker for administrative roles and two building managers.

#### Rental yield

Based on acquisition and expected construction costs, we estimate a gross rental yield (rent revenue/total costs) of 12% in 25E, increasing by +1pp to 13% in 26E thanks to higher occupancy rate.

#### 25E EBITDA at 72%

Overall, we estimate €3.8mln EBITDA in 25E or 72% margin on Total revenues. Higher occupancy rate beyond 25E should sustain margin expansion, expected to surpass 75% in 28E.

#### Break even in 25E

After considering €1.6mln of depreciation and €2.1mln of interest expenses, we estimate €25k net income in 25E. We foresee substantial margin expansion from 26E thanks to increase in top line and gradual decline in interest expenses. As prescribed by the Siiq status, income taxes will not be paid.



Table 4: Income Statement 22A-30E (€)

Income Statement	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	-	-	-	5,242	5,644	5,848	6,057	6,178	6,302
Other revenues	3,203	14,756	22,060	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,203</b>	<b>14,756</b>	<b>22,060</b>	<b>5,242</b>	<b>5,644</b>	<b>5,848</b>	<b>6,057</b>	<b>6,178</b>	<b>6,302</b>
Costs and changes in raw materials anc	-	(12,937)	-	-	-	-	-	-	-
Costs of services	(3,454)	(1,150)	(22,245)	(843)	(870)	(884)	(898)	(906)	(915)
Leases and rentals	-	(55)	-	-	-	-	-	-	-
Labour costs	(90)	(132)	(136)	(250)	(258)	(265)	(273)	(281)	(290)
Other operating expenses	(30)	(217)	-	(383)	(311)	(308)	(309)	(308)	(308)
<b>EBITDA</b>	<b>(370)</b>	<b>264</b>	<b>(321)</b>	<b>3,766</b>	<b>4,205</b>	<b>4,390</b>	<b>4,577</b>	<b>4,683</b>	<b>4,789</b>
margin (%)	-12%	2%	-1%	72%	75%	75%	76%	76%	76%
yoy (%)	42%	-171%	-222%	-1273%	12%	4%	4%	2%	2%
D&A	(315)	(315)	(321)	(1,596)	(1,281)	(1,275)	(1,275)	(1,275)	(1,275)
<b>EBIT</b>	<b>(685)</b>	<b>(51)</b>	<b>(642)</b>	<b>2,170</b>	<b>2,923</b>	<b>3,115</b>	<b>3,302</b>	<b>3,408</b>	<b>3,514</b>
margin (%)	-21%	0%	-3%	41%	52%	53%	55%	55%	56%
yoy (%)	90%	-93%	1163%	-438%	35%	7%	6%	3%	3%
Net financial expenses	(7)	(565)	(1,626)	(2,145)	(2,145)	(1,839)	(1,740)	(1,635)	(1,522)
Taxes	107	(142)	-	-	-	-	-	-	-
<b>Net profit</b>	<b>(585)</b>	<b>(757)</b>	<b>(2,268)</b>	<b>25</b>	<b>779</b>	<b>1,275</b>	<b>1,561</b>	<b>1,773</b>	<b>1,992</b>
margin (%)	-18%	-5%	-10%	0%	14%	22%	26%	29%	32%

Source: Banca Profilo estimates

Accounts receivable include rent confirmation deposits.

Table 5: Balance Sheet 22A-30E (€)

Balance sheet	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Tangible	5,798	20,450	42,510	41,235	39,959	38,684	37,409	36,134	34,858
Intangibles	1,081	796	475	155	149	149	149	149	149
Financials	-	-	-	-	-	-	-	-	-
<b>Fixed assets</b>	<b>6,879</b>	<b>21,246</b>	<b>42,985</b>	<b>41,389</b>	<b>40,108</b>	<b>38,833</b>	<b>37,557</b>	<b>36,282</b>	<b>35,007</b>
Accounts receivable	-	-	-	26	28	29	30	31	32
Accounts payable	(97)	(383)	-	-	-	-	-	-	-
Other current assets (liabilities)	(460)	(952)	176	618	618	-	-	-	-
<b>Other liabilities</b>	<b>(13)</b>	<b>(18)</b>	<b>(19)</b>	<b>(35)</b>	<b>(36)</b>	<b>(37)</b>	<b>(38)</b>	<b>(39)</b>	<b>(40)</b>
Net Invested capital	6,310	19,893	43,142	41,999	40,718	38,825	37,550	36,274	34,998
<b>Equity</b>	<b>13,639</b>	<b>12,882</b>	<b>10,614</b>	<b>10,639</b>	<b>11,400</b>	<b>12,131</b>	<b>12,799</b>	<b>13,479</b>	<b>14,230</b>
<b>Net debt (cash)</b>	<b>(7,329)</b>	<b>7,010</b>	<b>32,528</b>	<b>31,360</b>	<b>29,318</b>	<b>26,695</b>	<b>24,751</b>	<b>22,795</b>	<b>20,768</b>

Source: Banca Profilo estimates

Given the mandatory payout, as prescribed by the Siiq legal structure, we include 70% of dividend payout rate.

Table 6: Cash Flow Statement 24-30E (€)

Free Cash Flow	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(642)	2,170	2,923	3,115	3,302	3,408	3,514
Taxes	-	-	-	-	-	-	-
NOPAT	(642)	2,170	2,923	3,115	3,302	3,408	3,514
D&A	321	1,596	1,281	1,275	1,275	1,275	1,275
Operating cash flow	(321)	3,766	4,205	4,390	4,577	4,683	4,789
Change in NWC	(1,511)	(469)	(2)	617	(1)	(1)	(1)
Change in other	1	16	1	1	1	1	1
Capex	(22,060)	-	-	-	-	-	-
<b>FCF</b>	<b>(23,892)</b>	<b>3,313</b>	<b>4,204</b>	<b>5,008</b>	<b>4,577</b>	<b>4,683</b>	<b>4,790</b>

Source: Banca Profilo estimates

## Valuation

### DCF

**DCF valuation** Given the substantial cash outlay necessary in 24E and the cash generation expected from 2025 onwards, we believe a DCF is an adequate valuation method.

**FCFs generation starting from 25E** We estimate €22.1mln capex to be carried out during 24E, with positive FCF generation starting during the expected first year of operations (2025) with €3.3mln.

To run a DCF Model, we use our cumulated FCF projections of FY24-40E of €55.5mln and TV of €121.0mln, calculated by using our 40E FCF and a 2% growth rate.

**6.8% WACC** We would use a 6.8% WACC, derived from:

- risk free rate at 4.9%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days);
- market risk premium equal to 5.5%;
- beta of 0.5, from the average unlevered beta of listed peers;
- cost of debt equal to 5.5%;
- target D/E of 70%

We highlight that, as prescribed by the Siiq status, income taxes are not paid, therefore for WACC calculation the gross cost of debt has been considered.

**TP €5.26/sh, BUY** Based on DCF calculations, we estimate EV of 60.6mln to which we subtract 2023 end of year net debt of €7mln. We end up with a TP of €5.26/sh, given the 20% potential upside, we set our recommendation at BUY.

**Table 7: DCF Valuation**

DCF Valuation	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E	TV
Free Cash Flows	(23,892)	3,313	4,204	5,008	4,577	4,683	4,790	4,898	5,009	5,121	5,236	5,102	5,229	5,358	5,490	5,624	5,760	5,760
years (#)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
discount factor	0.94	0.88	0.82	0.77	0.72	0.68	0.63	0.59	0.55	0.52	0.49	0.46	0.43	0.40	0.37	0.35	0.33	
Terminal Value																		
NPV	(22,378)	2,907	3,455	3,855	3,300	3,163	3,030	2,902	2,779	2,662	2,549	2,326	2,233	2,144	2,057	1,974	1,894	39,765
Sum of NPVs (€ mln)	(22,378)	(19,471)	(16,017)	(12,162)	(8,863)	(5,700)	(2,670)	231	3,011	5,673	8,222	10,548	12,781	14,925	16,982	18,956	20,850	60,615

Source: Banca Profilo elaborations and estimates

**Table 8: DCF Valuation**

WACC Calculation	Valuation
Perpetual growth rate	2.0%
Risk free rate (30Y)	4.9%
Equity risk premium	5.5%
Unlevered Beta	0.30
Levered Beta	0.50
KE	7.7%
Cost of debt	5.5%
Tax rate	0.0%
KD	5.5%
Target D/E	70.0%
D/D+E	41.2%
E/D+E	58.8%
<b>WACC</b>	<b>6.8%</b>
Enterprise Value €	60,614,914
Net debt (cash) €	7,010,476
Equity Value €	53,604,438
Number of shares	10,193,333
Price per share €	5.26

Source: Banca Profilo elaborations and estimates

## Listed peers

<b>Unite (UK)</b>	Unite is a REIT based in the UK created in 1991. The Company's is acquires, develops and manages student residences, with a portfolio in the UK containing 157 properties and ~70k beds. Unite signs agreements with universities and 52% of beds are let through nomination agreements. In 2022 the Company reported €259mln revenue, €156mln of EBIT (60% margin) and 99% occupancy rate.
<b>Xior Student Housing (Belgium)</b>	Xior is a Belgian company and largest student housing provider in continental Europe, with a portfolio of over 19k operational rooms in 42 cities. Xior is active in Belgium, Denmark, Germany, Netherlands, Poland, Portugal, Spain and Sweden. The company has a high and stable occupancy rate at 98%. In 2022 the Company reported €133.6mln revenue, €77.8mln of EBIT and 58% margin.
<b>Irish Residential Properties REIT (Ireland)</b>	Ires Residential Properties is an Irish REIT created in 2014, properties are located in Dublin and Cork. The Company acquires recently constructed multifamily residential buildings (average age 13 years) with high Building Energy Ratings (BER). The focus is urban locations characterized by good employment opportunities, availability of public transportation, developed educational and social infrastructure. The Company manages almost 4k units with an occupancy rate above 99% since 2021. In 2022 the Company reported €84.9mln revenue, €28.6mln of EBIT and 34% margin.
<b>Empiric (UK)</b>	Empiric Student Property is a REIT based in the UK created and listed in 2014. The Company's focus is on acquiring, developing and operating student residences in cities with universities with a growing number of students. The company actively manages its portfolio and rotates assets to optimize capital allocation. At the of 2022 the portfolio was composed of 86 properties with 8.5k beds. In 2022 the Company reported €73mln revenue, €35.6mln of EBIT (49% margin).

Table 9: Revenue growth and EBIT margin

	2022	2023E	2024E	2025E	2021	2022	2023E	2024E	2025E
	<i>Revenue growth</i>				<i>EBIT Margin</i>				
Unite Group	-3%	16%	6%	1%	61%	60%	77%	62%	67%
Xior Student Housing	41%	8%	9%	7%	61%	58%	71%	74%	75%
Irish Residential Properties	6%	4%	-1%	2%	102%	34%	-43%	62%	80%
Empiric Student Property	30%	10%	8%	7%	103%	49%	52%	53%	54%
<b>Average</b>	<b>19%</b>	<b>9%</b>	<b>6%</b>	<b>4%</b>	<b>82%</b>	<b>50%</b>	<b>39%</b>	<b>63%</b>	<b>69%</b>
			<b>2026E</b>	<b>2027E</b>				<b>2025E</b>	<b>2026E</b>
Homizy			8%	4%				41%	52%

Source: Banca Profilo elaborations and estimates

We compare forward EV/EBIT 2025-2026 multiples of our comparable list, but we consider different years for Homizy as the Company will become operational from 25E with margins ramping up from 26E. Homizy trades at a discount on EV/EBIT vs listed peers, partially due to its lower marginality.

Table 10: Market multiples

	EV	EBIT 2024	EBIT 2025	EV/EBIT24	EV/EBIT25	AVG
UTG LN Equity	5867.1	197.6	214.5	29.7	27.4	28.5
XIOR BB Equity	2832.9	115.7	128.4	24.5	22.1	23.3
IRES ID Equity	1045.2	56.8	72.9	18.4	14.3	16.4
ESP LN Equity	906.6	45.7	50.1	19.8	18.1	19.0
<b>Average</b>				<b>23.1</b>	<b>20.5</b>	<b>21.8</b>
		<b>EBIT 2025</b>	<b>EBIT 2026</b>	<b>EV/EBIT25</b>	<b>EV/EBIT26</b>	<b>AVG</b>
Homizy	51.9	2.2	2.9	23.9	17.7	20.8

Source: Banca Profilo elaborations and estimates

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# Homizy

## "ID Card"

Recommendation

Target Price

Upside

**BUY****5.26 €****20%****Key Financials**

(€/000)	2021PF	2022A	2023A	2024E	2025E
Revenues	-	-	-	-	5,242
Other revenues	2,663	3,203	14,756	22,060	-
<b>Total revenues</b>	<b>2,663</b>	<b>3,203</b>	<b>14,756</b>	<b>22,060</b>	<b>5,242</b>
<b>EBITDA</b>	<b>(260)</b>	<b>(370)</b>	<b>264</b>	<b>(321)</b>	<b>3,766</b>
margin (%)	-10%	-12%	2%	-1%	72%
<b>EBIT</b>	<b>(361)</b>	<b>(685)</b>	<b>(51)</b>	<b>(642)</b>	<b>2,170</b>
EBIT margin (%)	-14%	-21%	0%	-3%	41%
<b>Net profit</b>	<b>(286)</b>	<b>(585)</b>	<b>(757)</b>	<b>(2,268)</b>	<b>25</b>
Margin (%)	-11%	-18%	-5%	-10%	0%
Net debt (cash)	(167)	(7,329)	7,010	32,528	31,360
Equity	4,167	13,639	12,882	10,614	10,639
Fixed assets	3,006	6,879	21,246	42,985	41,389
Capex and acquisitions		(7,194)	(14,682)	(22,060)	-
Free Cash Flow				(23,892)	3,313

**Breakdown by business unit & metrics**

	2025E	2026E	2027E	2028E	2029E
Bistolfi revenues	1,753	1,888	1,956	2,026	2,067
Tucidide revenues	3,488	3,756	3,891	4,031	4,112
Gross Yield	12%	13%	13%	14%	14%
Occupancy rate (%)	90%	95%	97%	98%	98%

**Solvency Ratios**

	2021PF	2022A	2023A	2024E	2025E
Net Debt (cash)/EBITDA	0.6x	19.8x	26.6x	-101.3x	8.3x
Net Debt (cash)/Equity	0.0x	-0.5x	0.5x	3.1x	2.9x

**Financial and Operative ratios**

	2021PF	2022A	2023A	2024E	2025E
Tax rate (%)	-25%	-16%	23%	0%	0%
ROIC	-7%	-9%	0%	-1%	5%
ROE	-7%	-4%	-6%	-21%	0%
Current Ratio	3.0x	0.8x	0.5x	1.2x	2.3x

Source: Bloomberg, Banca Profilo estimates and elaborations

**Company Description**

Company Sector	Residential Owners & Developers
Price (€)	4.40
Number of shares (mln)	10.2
Market Cap (€ mln)	44.9
Reference Index	FTSE Italia Small Cap
Main Shareholder	AbitareIn
Main Shareholder stake	70.7%
Free Float	29.3%
Daily Average Volumes (30D)	0
Sample of comparables	Unite, Xior Student Housing, Irish Residential Properties, Empiric

**Peers multiple**

	2024E	2025E
EV/EBIT	23.1x	20.5x
	2025E	2026E
Homizy	23.9x	17.7x
Average data		

**Homizy**  
**"ID Card"**

 Recommendation  
**BUY**

 Target Price  
**5.26 €**

 Upside  
**20%**
**Company Overview**

Homizy is a build to rent company specialized in the co-living segment. The Company acquired two existing buildings in Milan that require significant construction works, once renovations are completed Homizy will rent 144 apartments (578 rooms), targeting primarily young professionals and students looking for single rooms in shared apartments or studios. Properties are refurbished for co-living use, with efficient use of space and low energy consumption. Units are rented at competitive all-inclusive prices and aim at reducing the gap between demand and supply of housing services for students and young professionals, in the 20-35 years old range. Single rooms pricing is expected to start at €650, rooms with private bathroom at €720 and studios at €1,150. Pricing vary based on additional space in the room, room layout, number of tenants, living room size, floor (low, medium, high), unobstructed view, windowed bathroom. The two projects are both located in eastern Milan in the Ortica district. Homizy was created in 2019 as a co-living spinoff from developer AbitareIn and was listed in December 2021. The parent company provides Homizy consulting services bringing sector and regional know how. Homizy fiscal regime is the Siiq (Società di Investimento Immobiliare Quotate), which stands for listed real estate investment company and is similar to REITs. Siiq are exempt from IRES and IRAP. The Company is currently in its start up phase, therefore no revenues are currently generated. Total revenues are composed primarily by other revenues, which refers to changes in fixed assets. We expect Homizy to complete its investments at the end of 2024 in line with Company's indications and we expect operations to start in 2025.

**SWOT Analysis**
**Strengths**

- Newly constructed and furnished rooms
- Highly attractive city for students and workers
- All-inclusive pricing
- Simplified online registration procedures
- AbitareIn know how

**Weaknesses**

- Position of buildings outside of city center
- Higher financing costs compared to initial plans

**Opportunities**

- Local incentives for affordable student housing
- Identifying new areas for re-development
- Refinancing debt with better conditions

**Threats**

- Growth in remote learning/working
- Contraction in real estate prices
- Excessive real estate price drive students and workers to other cities
- Maintaining Siiq status

**Main catalysts**


Completion of projects  
 Decrease in interest rates

**Main risks**


Delays in construction permits and delayed completion  
 Sustained high interest rates

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BANCA PROFILO S.P.A. HAS ADOPTED INTERNAL PROCEDURES FOR THE PREVENTION AND AVOIDANCE OF CONFLICTS OF INTEREST WITH RESPECT TO THE RECOMMENDATIONS, WHICH CAN BE CONSULTED ON THE RELEVANT SECTION OF ITS WEBSITE ([WWW.BANCAPROFILO.IT](http://WWW.BANCAPROFILO.IT), IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA").

## EQUITY RESEARCH PUBLICATIONS IN LAST 12M

THE BANK PUBLISHES ON ITS WEBSITE [WWW.BANCAPROFILO.IT](http://WWW.BANCAPROFILO.IT), ON A QUARTERLY BASIS, THE PROPORTION OF ALL RECOMMENDATIONS THAT ARE 'BUY', 'HOLD', 'SELL' OR EQUIVALENT TERMS OVER THE PREVIOUS 12 MONTHS, AND THE PROPORTION OF ISSUERS CORRESPONDING TO EACH OF THOSE CATEGORIES TO WHICH SUCH PERSON HAS SUPPLIED MATERIAL SERVICES OF INVESTMENT FIRMS SET OUT IN SECTIONS A AND B OF ANNEX I TO DIRECTIVE 2014/65/EU OVER THE PREVIOUS 12 MONTHS.

## ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE ([WWW.BANCAPROFILO.IT](http://WWW.BANCAPROFILO.IT), IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA").