

Groupe Anaxago

Company Profile

- - Market leader in crowdfunding platforms
- - Diversified investment solutions
- Headquarter: Paris
- Present in Marseille, Bordeaux, Nantes and Paris
- 4 core businesses: investment funds, Club Deal, “assurance-vie”, “SCPI”
- Group sales of €10,6 billion

Financial Data

- Company Valuation (2022) : 25,6 millions
- EBITDA (2022) : 8,4 millions
- Turnover growth (2022) : 11%

Due to the COVID-19 pandemic, the company like most had to adapt to the new regulations. The culture of teleworking was already impregnated, it had no difficulty to continue its activity remotely. Anaxago is a propTech where its core business is done through a platform. The underlying products, on the other hand, have been impacted by the pandemic. In particular, the investment in startups om investors have reduced the pace while waiting for the repercussions in the pandemic on the market. The real estate sector has remained rather stable, especially in Paris. The company's strategy in the real estate sector is to take positions only on assets with a strong potential for value creation in specific areas in the Paris region such as the central business district, the golden triangle for office assets and the Marais, Montmartre, Bastille for residential assets.

COMPANY PROFILE

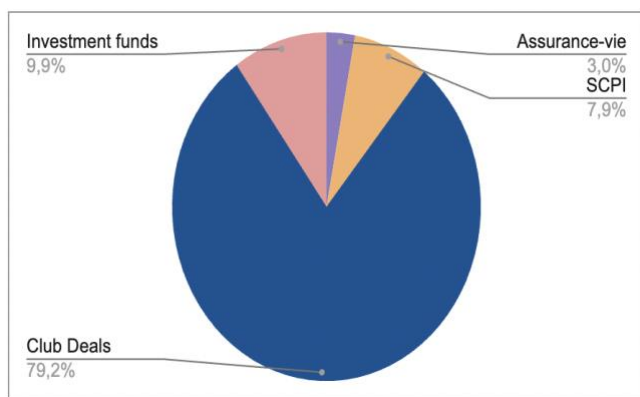
A leader in the crowdfunding sector

Anaxago is one of the pioneers of crowdfunding in France. The company has promoted the legalisation of crowdfunding and the recognition of this investment solution by the Autorité des Marchés Financiers (AMF). With over 600 million funds raised, Anaxago is the market leader. Five years ago, the company started club deals in the real estate sector and in 2019, the first private equity funds were launched.

History of Anaxago since 2012

In the beginning, Anaxago had set up a platform allowing all kinds of investors to find attractive investment opportunities. Participatory financing had allowed the democratization of investment where previously it was only accessible to a minority of financial actors either because the minimum ticket was too high for the basic investor or because the underlying investment was too technical and required deep financial knowledge. Anaxago, initially, invested in young innovative companies. The minimum ticket was a few hundred euros. Over time, the company built up a base of 14,000 active investors that allowed them to be able to raise several million euros. In 2017, Anaxago began its entry of real estate operations with financing solutions. In 2019, with the creation of Anaxago capital, Private Equity and Private Debt investment funds has been created. In the same year, Anaxago group purchase the investment fund, Cap Horn.

Products of Anaxago



Club Deals *Real Estate*

As mentioned in the report, the first Club Deals were launched in 2017. Initially, these Club Deals provided financing to real estate professionals for projects. These operators were real estate dealers or developers. The Club Deals allow the investor to invest project by project. Each Club Deal has its own holding company. The investor issues bonds with a fixed interest rate or an interest rate with a fixed base and a variable that depends on the success of the transaction. When the interest rate is split into a variable part, it is an investment project and not a financing project. The difference is that the investor has a stake in the successful completion of the operation. Contrary to financing, where the operators commit to pay interest rates that are fixed and

whose guarantees make it possible to satisfy the commitments in the event of failure of the operation. The investment horizon of the real estate Club Deal is from 2 to 4 years maximum. It is a short-term investment solution that offers interest rates between 8% and 13%.

Venture Capital

Club Deals in Venture Capital are different from those in real estate. The size of the fundraising is smaller, the risk is greater and the exits are much longer and more uncertain. Venture Capital is considered one of the riskiest areas of investment, so it is important that investors only take minority exposure to this investment solution. Like real estate club deals, a holding company is created for each investment opportunity. Investors can invest project by project. Entry and management fees are higher than in real estate, with a 5% entry fee and a 2% annual management fee. In venture capital, the investment horizon is more uncertain because the exit can only be realized when the financed startup either raises new funds or is bought by a large company in the sector or goes public. Investor interest rates are naturally higher given the risk. The multiples targeted are usually between 1.5X to 17X.

Investment funds

Investment funds are discretionary, which means that the investor does not choose the investments made and delegates the selection to the expertise of the house. The aim of a fund is to diversify by the number of operations invested, by the sectors that are affected, by the type of operation (financing or investment). The Anaxago group has only launched real estate funds. Today, after having bought, in 2019, the investment fund Cap Horn which is specialized in Venture Capital, Venture Capital investment funds will be launched. The performance of the fund is determined by the average IRR which is around 7%. The investment horizon is 5 years.

SCPI

The SCPI ("Société Civile de Placement Immobilier") is a type of collective real estate investment that allows investors to own a portion of a professional real estate portfolio, managed by a management company.

Investors can purchase units in the SCPI, which represent a fraction of the management company's property. In exchange for their investment, investors receive rental income from the entire real estate portfolio, as well as potential capital gains from property value appreciation.

SCPIs can invest in different types of real estate, such as offices, retail, warehouses, hotels or housing. SCPI management companies are responsible for acquiring, managing and selling the properties, as well as distributing income to investors.

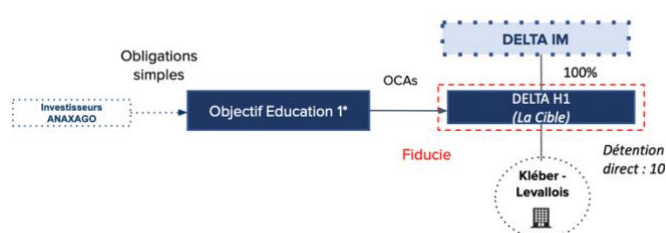
SCPIs offer several advantages to investors, including diversification of the real estate portfolio, professional management by real estate market experts, and increased liquidity compared to direct investment in real estate. However, there are also risks associated with investing in REITs, including fluctuations in the real estate market and the creditworthiness of tenants.

Health Insurance

Health insurance is a financial product that allows a person (the insured) to pay premiums to an insurance company in exchange for a guarantee of payment of a capital sum or an annuity to a designated beneficiary after the death of the insured.

In practice, life insurance can take many forms. For example, a person may purchase life insurance to guarantee the payment of a lump sum to his or her spouse or children in the event of death. Or, a life insurance policy may be purchased to guarantee a life annuity, which will provide a regular income throughout the life of the policyholder.

Financial arrangement



Market overview

As explained, Anaxago is an actor in two different markets which are Venture Capital and Real Estate.

Venture Capital

The Venture Capital market is very broad because they touch many sectors. The goal of a startup is to have a depth of market in which it is possible to make a very ambitious project at the international level. It is rare that startups that are financed by investment funds target a niche market for risk reasons. In general, a startup can combine two sectors. The ones that are financed by Anaxago are startups that are based on technology. This can be Deep Tech with artificial intelligence or a simple platform like ours.

The sectors that combine with these technologies and that Anaxago-CapHorn has decided to target are the real estate sector (PropTech), the climate sector (ClimateTech) and the health sector (MedTech)

PropTech

The PropTech sector is considered to have market depth because it touches on an important and complex area of the economy: the real estate market. Real estate is one of the largest economic sectors in the world, with a market value in the trillions of dollars.

PropTech is a field that uses information and communication technologies to solve the challenges and problems of the real estate sector. This includes the use of technologies such as artificial intelligence, virtual reality, data analytics, and blockchain to create new products and services.

PropTech technologies have the potential to transform many aspects of the real estate market, from how

properties are evaluated, sold, and bought, to how they are managed and maintained. This can include property management solutions, online rental and co-living platforms, online brokerage services, real estate financing solutions, and much more.

The market depth of PropTech lies in the fact that the technologies it uses have the potential to disrupt and transform an established and important market, offering opportunities for innovation and growth for companies operating in this sector. Additionally, the real estate market is a global market that touches many countries and regions, offering growth opportunities at an international scale.

MedTech

The MedTech sector has a deep market because it is closely linked to the healthcare industry, which is one of the largest and fastest-growing industries in the world. The demand for healthcare services and products is expected to increase as the global population continues to grow and age. Additionally, there is a growing need for innovative medical technologies that can improve patient outcomes, enhance healthcare delivery, and reduce costs.

The MedTech sector covers a wide range of products and services, including medical devices, diagnostic tools, healthcare IT, and telemedicine. These technologies have the potential to transform numerous aspects of healthcare, from the way medical conditions are diagnosed and treated, to how patients manage their health and interact with healthcare providers.

The MedTech sector is a highly regulated industry that requires significant investment in research and development to bring new products to market. This creates a high barrier to entry for new competitors, which can help to protect the market positions of established players.

The market depth of MedTech also lies in the fact that it is a global industry with growth opportunities in multiple countries and regions. The demand for innovative medical technologies is not limited to any particular geographic region, providing growth opportunities on an international scale.

Overall, the combination of a large and growing market, the potential for disruptive innovation, and a highly regulated industry with high barriers to entry make the MedTech sector a deep and attractive market for investors.

ClimateTech

The need to reduce greenhouse gas emissions, enhance energy efficiency, and adapt to the impacts of climate change is a global issue that affects multiple sectors of the economy, from energy production and transportation to agriculture and manufacturing.

The ClimateTech sector involves the use of technology to develop and deploy solutions that can mitigate and adapt to the impacts of climate change. This includes renewable energy technologies, energy storage solutions, carbon capture and sequestration technologies, and climate adaptation technologies.

The market depth of ClimateTech lies in the fact that the technologies it uses have the potential to disrupt and transform established markets, offering opportunities for innovation and growth for companies operating in this sector. Additionally,

the need to address climate change is a global issue that affects multiple countries and regions, providing growth opportunities at an international scale.

Furthermore, governments around the world are recognizing the importance of the ClimateTech sector and are providing regulatory support to encourage innovation and growth. This includes policies and regulations that promote the adoption of renewable energy technologies, carbon pricing, and investment in green infrastructure.

The ClimateTech sector has a deep market because it is focused on addressing a critical global issue that affects multiple sectors of the economy. The combination of disruptive technologies, international growth opportunities, and regulatory support makes it an attractive market for investors looking to invest in solutions that can create a more sustainable future.

Real Estate

In this sector, Anaxago touches on all sectors, be it residential, tertiary, hotels, schools, shops, etc.

Nevertheless, even if Anaxago does not close the doors to any opportunities related to real estate. The three sectors that constitute a major part of our investment files are residential and tertiary.

Residential

The residential sector of the real estate industry has a deep market due to several key factors. Firstly, housing is a fundamental need for individuals, making it a very large and stable market. Investors can take advantage of the constant demand for housing by investing in real estate properties, real estate companies, or real estate funds.

Moreover, the residential market is often considered a niche market, as it can be further subdivided into several segments such as single-family homes, apartments, condominiums, social housing, senior living, student housing, and more. Each of these segments has specific characteristics that can offer unique investment opportunities.

The residential market can also be influenced by economic factors such as interest rates, employment levels, and commodity price fluctuations. Investors can therefore use these indicators to identify investment opportunities or to anticipate market trends.

The residential market is also influenced by societal factors such as demographic trends, migrations, and cultural changes. Investors can use these factors to identify emerging trends in the residential market and to find corresponding investment opportunities.

Tertiary

The tertiary sector of the real estate industry, also known as commercial real estate, has a deep market due to several key factors. Firstly, businesses and organizations require physical space to operate, making commercial real estate a fundamental part of the economy. This creates a large and stable market for investors.

The commercial real estate market can also be

subdivided into several segments, including office, retail, industrial, and hospitality properties. Each of these segments has unique characteristics and can offer different investment opportunities.

Moreover, the commercial real estate market can be influenced by economic and societal factors, such as interest rates, employment levels, consumer confidence, and technological advances. Investors can use these indicators to anticipate market trends and identify investment opportunities.

The depth of the commercial real estate market is also reflected in the diversity of investment vehicles available to investors, such as real estate investment trusts (REITs), private equity funds, and direct investments in individual properties.

Market localization

Anaxago is not yet an international company either in terms of its offices or in terms of its investment files.

In Venture Capital, it finances mainly French companies and also in real estate, it invests in operations based in France.

The reason is simple. The finance sector is a very closed environment where it is not easy to get the right investment files. The best opportunities are made through the network, through the off market. Each file that is presented on the market is a file that has already been studied and analyzed for other players. The goal is to find out why no one went there and how to negotiate to make the file interesting.

Nevertheless, Anaxago has been able to make a name for itself especially in Paris for real estate and a name thanks to Cap Horn who have already raised funds of 120 millions before joining Anaxago.

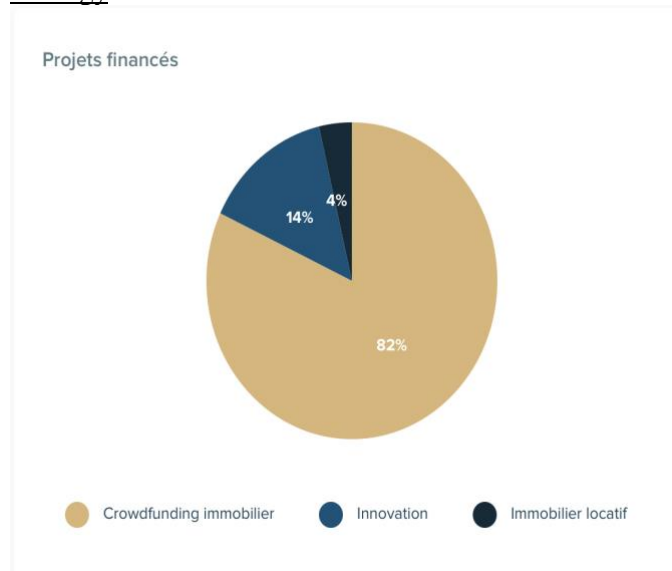
Real estate

Paris is a very interesting city for the real estate sector, first of all, it is known for its exceptional historical, cultural and architectural heritage, which makes it very popular with investors. Second, the rental market is strong, thanks to high demand from students, expatriates and professionals. Rental properties can thus offer a reliable source of income for investors.

In addition, the Paris real estate market is relatively stable despite global economic fluctuations, offering a safe investment option for those seeking a long-term return on their investment. In addition, the city is located in the heart of Europe, making it a strategic location for business and travel.

Finally, Paris is famous for the quality of its luxury real estate, ranging from historic buildings to prestigious apartments with views of the Eiffel Tower or the Tuileries Gardens. All this contributes to making Paris a destination of choice for real estate investors looking for a stable and attractive city to invest in.

Strategy



As you can see, 86% of the projects financed are real estate projects.

Today, the company is fully dedicated to this sector of activity. Since the acquisition of Cap Horn, Anaxago is fully dedicated to real estate investment.

The strategy in this sector is the "Value-Add".

This strategy consists in creating value by two types of solutions either by the works or by the rental reversion.

The works can consist of an elevation, a heavy restructuring or a light renovation. The purpose of the works is to create surface area or to embellish the asset, anything that can increase the value of the asset on sale.

The rental reversion consists in creating value by increasing the rent.

To do this, it is important to reconsider the existing rent, i.e. the tenants. In this case, evictions to make a re-rent are a good way to increase the value of the asset.

The sale is made on the basis of a net rate of return which is calculated by the net rental income, that is to say that it is necessary to withdraw the charges annexed to the rent, on the acquisition price deeds in hands, which means that it is necessary to withdraw the expenses annexed to the acquisition.

It is in this that the rental reversion has its importance. A higher rent increases the yield and therefore increases the possible sale price of the asset.

Value-Add in Paris

In Paris, the Value-Add is very interesting because the real estate market there presents many opportunities.

In particular, the Haussmannian buildings which have very bad energy performances, there is a subject of energy renovation which values the assets enormously. The rehabilitation of these buildings creates a lot of value. The legislation in the Ile-de-France region is very strict. There are districts that must maintain a certain ratio between the nombre de commerces et the number of units. For

Source: Yahoo Finance (2019,2020,2021), Infront Analytics (2020)

example, an operation of transformation of a building of housing in offices. The existing building (example: residential, housing) does not hold commerciality, i.e. the right to carry out commercial rent. The objective of the operation will be to obtain these commercial rights, which can be purchased, to carry out the restructuring of the building. The rent will increase significantly, because an office rent is more expensive than a housing rent, the selling price of the asset will be considerably higher than the acquisition price.

It is on this type of strategy that Anaxago is aligned.

Venture Capital

In Venture Capital, the strategy is to invest in young companies in full growth over a very short period (5-6 years).

The goal is to enter the startup early enough but not too early, the company is not financed by startups in the Seed phase, and to exit as soon as it gains value and attracts the interest of large companies. The goal is not to stay in the company's capital throughout its life.

Business Model – Anaxago

Anaxago's business model is evidently based on the fundraising done.

There are in-house products which are club deals and funds.

There are products where Anaxago acts as an intermediary, off-house products

In-house products

On the Club Deals and the real estate funds, there are entry fees and management fees which vary according to the amount of the tickets.

Tickets between €1000 and €100,000 are A share tickets. These are retail, mass affluent investors.

For this type of ticket, the entry fee is 2% and the management fee is 1% per year.

A retail investor holds financial assets of less than €200,000.

A mass affluent has financial assets between 200 000€ and 1 000 000€.

Tickets between €100,000 and €1,000,000 are B share tickets. They are professional investors, HNWI and VHNWI.

For this type of ticket, the entry fee is 1.5% and 0.75% annual management fee.

A professional investor is an investor who works in the financial industry. These are wealth management advisors, private bankers, family offices that can invest on behalf of their clients. They are also small players in the finance industry who can invest directly.

Tickets over €1,000,000 are C share tickets. These are institutional investors.

For this type of ticket, entry fees are 1% and 0.5% annual management fees.

Institutional investors are big players in the finance industry who sometimes hold hundreds of millions or even billions in their portfolio.

For **Venture Capital**, there is no difference between tickets. There are rarely institutional tickets.

Fees are higher than in Real Estate.

5% entry fee and 2% annual management fee for a maximum of five years.

Anaxago also charges structuring fees to the operators when it is financing and to the operation itself when it is an investment.

There is also a "carried interest" which is taken on each investment operation, real estate and venture capital.

Anaxago makes its turnover thanks to this structure of fees and carried interest.

Product proposed out of house

SCPI

Anaxago takes 5% on each fund invested in SCPI

Life insurance

Anaxago takes 2% on the amounts invested.

Anaxago's turnover

The turnover is fairly representative of its history. When in 2017, Anaxago started doing club deals in real estate, the company experienced a colossal 44% growth before stagnating in 2019. In 2019, Anaxago Group acquired Cap Horn which resulted in a 25% increase in revenue. This acquisition has relaunched the club deals in Venture Capital with a real know-how not to mention that the fees of Venture Capital are taken on admittedly smaller amounts given the size of the raises but they are higher.

The growth continues with the implementation of real estate funds.

This growth in turnover is very promising for the future of Anaxago.

Company valuation : EBITDA Multiple

	2018	2019	2020	2021	2022
Anaxago's EBITDA	4,3	4,7	6,1	7,4	8,4
EBIDTA Mutiple (PropTech)	3,7x	3,7x	3,7x	3,7x	3,7x
Anaxago's valuation	12,9	14,1	18,3	22,2	25,2

Source : <https://finerva.com/report/propotech-2022-valuation-multiples/>

With an EBITDA of 8,4 millions, Anaxago worth 25,2 millions.

