

## MANAGEMENT NOTE - NOVEMBER 2019

Dear shareholders, Dear partners,

Please find below the latest news on Everest One, BUILDIM 19 and Mercureim EF1 funds exclusively invested in Germany and Luxembourg.

### **EVEREST ONE**

The main focus of Everest One is to build up real estate assets in Germany through investments, primarily in commercial and office real estate, then in a more opportunistic way in hotels, healthcare institutions and residential real estate.

#### **Everest One fund insights**

Everest One's equity fundraising amounted to €12.4 million as of 30.09.2019.

#### **Acquisitions**

The fund has acquired a commercial space leased under the "Roller" brand located in Alsfeld, West Germany, in the Land of Hesse (5<sup>th</sup> Land with the highest GDP in Germany). The Roller brand remains very solid, it has been present in the premises since 1984, the rent is undervalued by more than 25%, which also leads to a metric price below the market coming out at 633 € /m<sup>2</sup> act in hand.

MIMCO Capital has completed a second acquisition on behalf of its fund "Everest One SICAV- FIAR", of a Retail park and leisure located in Lippstadt, in the Land of North Rhine-Westphalia, near Dortmund and Münster. The shopping complex is located in the center of Lippstadt, the area enjoys an excellent attractiveness.

The investment represents more than 20 million euros act in hand and delivers a return of 6.78%. The total surface area represents 13,388 m<sup>2</sup> of floor space and is composed of a cinema managed by the Canadian group "Cineplex" and a retail park with several well-known brands such as Deichmann, KIK, Tedi, Takko. The property also benefits from a large public car park managed by APCOA, the leading car park operator in Europe. The WALT on this asset is more than 8 years.

In addition, an advanced study exclusivity is underway for the acquisition of a shopping center of more than €32 million in Germany for Q4 2019.

The assets of the Everest One fund should amount to more than €60 million as of 31.12.2019.



## **BUILDIM 19**

BUILDIM's objective is to invest in real estate transactions or buildings to be restructured with high added value corresponding to its investment strategy.

BUILDIM mainly invests in the Grand Duchy of Luxembourg, which is a fast-growing real estate market.

### **BUILDIM 19 fund insights Fundraising (equity)**

The co-founders/CEOs have personally invested €1 million.

Net fundraising as of 30.09.2019 = €8.400.000,000

### **Acquisition Shopping center Gladbeck as of 17.06.2019**

Acquisition for €7.1M of a 14,447 m2 restructuring operation for the Gladbeck shopping center with an estimated work budget of €6.5M.

- MIMCO Capital has signed a 15-year firm lease with REWE for an amount of EUR 500,000/HT/HC per year with a surface area of 2,500 m2.
- Discussions are ongoing with several other brands, and in particular with the ACTION brand for 1,500 m2. Work will begin in October for an expected duration of 24 months.

### **Acquisition of the residential operation Luxembourg Belair as of 21.06.2019**

The BUILDIM fund has signed the development of a premium residential building in the highly residential area of Luxembourg Belair.

The amount of the operation phase #1 is approximately €4.8M.

### **Acquisition of Linster office and retail operations in Luxembourg as of 31.10.2019**

Co-development of a large-scale operation with renowned developers/constructors owned by two Luxembourgish families. The former Linster site located in the Bourmicht area is a major prime rental operation in Luxembourg Bertrange.

- 15,500 m2 of certified offices and shops representing a volume of +110M€. Several discussions are underway for a VEFA sale with institutional investors (insurance companies and banks).

## **MERCUREIM EF1**

Mercureim closed the Mercureim EF1 fund as of 31.01.2019 with €42 million equity. Following the great success with investors, the fundraising was closed more than 6 months in advance.

Mercureim EF1 generated a strong performance with a net asset value that rose from €1 to €1.83, that is to say +83% in 2.5 years.

## Mercureim EF1 fund insights

The acquisition of a shopping center with C&A and Cap Market brands in the city center of Zweibrücken is in progress for €6.3M. This asset has a return on acquisition of more than 8% and has the potential to increase the rental base by more than 30%.

After this acquisition, the investments of the Mercureim EF1 fund will be completed and the assets will amount to more than 114M€.

## Assets transfer - Erfurt

After discussions with a very important German real estate company called Deutsche Immobilien Gruppe (DVI), seeking to rapidly expand its office portfolio, MIMCO Asset Management Berlin offered them the opportunity to purchase the Erfurt office buildings held by Mercureim EF1.



The DVI group has responded positively to our expectations by offering €12.100.000,00 net seller by acquiring the shares of the dedicated company "Mercureim EF1 Dritte GmbH & Co. Kg".

This type of transaction makes it possible to avoid paying early repayment penalties for bank financing and to benefit from a reduced tax rate compared to the direct sale of a building.

- As a reminder, Erfurt's assets were acquired in August 2018 from a subsidiary of Deutsche Bank for €9.7 million, including all costs.
- The capital gain on this transaction exceeds €2 million over 15 months of holding. This result is far above our expectations and the sale took place on November 6, 2019.
- This achievement considerably strengthens the Mercureim EF1 fund's IRR forecasts.

The entire MIMCO Capital team thanks you for your trust and is at your disposal for any information.

Please believe, Dear shareholders, Dear partners, in the expression of our best wishes.

**MIMCO Capital**  
*The Management*