

Mercureim Eurofund I

S.C.A. SICAV-FIAR

**Société en Commandite par Actions –
Société d'Investissement à Capital Variable –
Fonds d'Investissement Alternatifs Réservés**

**ANNUAL REPORT AND INDEPENDENT AUDITOR'S
REPORT FOR THE YEAR ENDED DECEMBER 31, 2020**

Registered Office :
4, rue Robert Stumper
L-2557 LUXEMBOURG

R.C.S. Luxembourg B 204 861

Mercureim Eurofund I S.C.A. SICAV-FIAR

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Mercureim Eurofund I S.C.A. SICAV-FIAR

Management and Administration

REGISTERED OFFICE	4, rue Robert Stumper, L-2557 Luxembourg
BOARD OF MANAGERS OF THE GENERAL PARTNER	Sylvie PROÏA (until September 23, 2020) Christophe NADAL Bernd VON MANTEUFFEL (since September 23, 2020)
ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)	FUCHS ASSET MANAGEMENT S.A.. 49, Boulevard Prince Henri, L-1724 LUXEMBOURG
GENERAL PARTNER	MERCUREIM S.à r.l. 20, boulevard Emmanuel Servais, L-2535 Luxembourg (until September 23, 2020) 25C, boulevard Royal, L-2449 Luxembourg (since September 23, 2020)
CENTRAL ADMINISTRATION, DOMICILIARY, DEPOSITARY AND PAYING AGENT	EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG) 4, rue Robert Stumper, L-2557 Luxembourg
LEGAL ADVISOR	Van Campen Liem, Luxembourg 2, rue Dicks, L-1417 Luxembourg
AUDITOR	ERNST & YOUNG S.A. 35E, Avenue JF Kennedy, L-1855 LUXEMBOURG

Mercureim Eurofund I S.C.A. SICAV-FIAR

ACTIVITY REPORT FOR THE YEAR ENDED 31st DECEMBER 2020

Dear Investor,

The Managers of Mercureim S.à r.l. (the “**General Partner**”) are pleased to present you their activity report and audited financial statement of Mercureim Eurofund I S.C.A. SICAV-FIAR (the “**Funds**”) for the year ended 31st December 2020 (the “**Financial Year**”).

MACROECONOMIC ENVIRONMENT AND MARKET TRENDS

The year 2020 has been a challenging year in many ways. Covid 19 pandemic has disrupted human way of living and connections between people, which are the heart of real estate business.

In 2020, Germany had a difficult year with a -4,9% decrease in GDP (compared to 0,6% in 2019)¹ due to the global economic slowdown with the pandemic, pressure related to international trade and Brexit. Despite the challenging economic environment, the construction industry remained solid and the businesses of this sector are confident. Indeed, the annual turnover in the construction industry was up 6.2% compared with 2019². Thus, turnover in the main construction industry increased for the consecutive eight year. The increase in turnover was recorded for all branches of the main construction industries. The number of the persons employed in the construction sector was up 1% compared with 2019².

The transaction volume in the commercial property market declined by 20% compared with the record figure from 2019. The stability of rental income is playing an even more decisive role than prior to the outbreak of the pandemic and the higher risk aversion of investors is meeting with increasing risks in the occupier markets. Consequently, the number of properties having core status in the eyes of investors is decreasing. As a result, a large proportion of demand is being concentrated on those properties that offer stable cash flow during the crisis and promise the same once the pandemic is over³. Retail letting decreased from 2019 to 2020 around 28% in terms of the number of new lettings, but with a quite stable average net prime yields on those type of investments.⁴

Detailed analysis of the German market by regions are carried out and updated regularly by the investment team. There is a clear indication that attractive investment opportunities with strong appreciation potential in terms of rent increase and asset valuation can be founded in regions outside the metropolitan areas, more particularly in eastern Germany, where conveniently located specialist retail and local supply centers, supermarkets and discounters with tenants with strong credit ratings can be found.

FUNDS' OBJECTIVE

The Funds' main objective is to constitute a portfolio of real estate properties in Germany through investments in commercial real estate (shopping centres, retail parks, ground floors of buildings), offices, hotels, apartment-hotels, health facilities (clinics, retirement homes) and residential accommodation. The funds invests exclusively in previously leased real estate assets, generating a minimum income.

INVESTMENT ACTIVITY IN 2020

Summary of Funds events (since inception)

Since its launch in March 2016, the fund has been sourcing investment opportunities through off-market research of undervalued assets. Whether office buildings or commercial premises such as shopping centers or car dealerships, all the properties acquired have good fundamentals. These enable the structure to generate immediate rental income.

Efficient sourcing has enabled most of the properties to benefit from an independent valuation that is higher than the total acquisition cost.

The eighteen properties, with a total value of EUR 102.620.000 at the close of the 2020 financial year, are strategically spread throughout Germany to meet the portfolio's diversification risk and objectives.

¹ Source : FMI - World Economic Outlook Database

² Source : destatis.de

³ Source : Savills Investment Market Germany January 2021

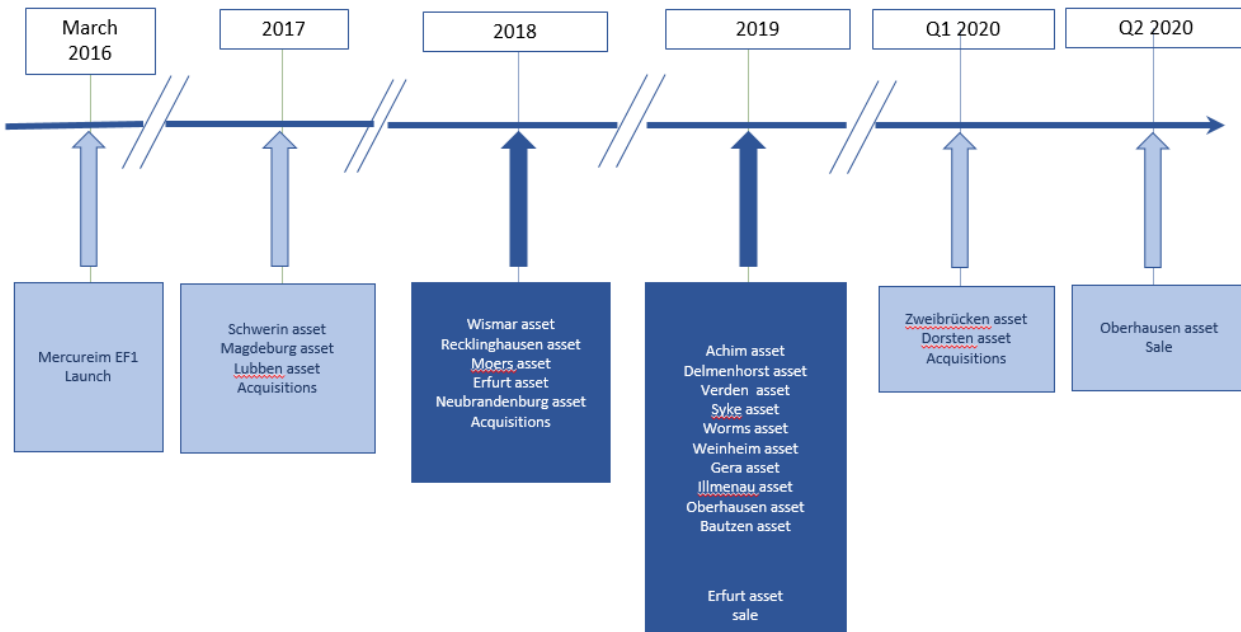
⁴ Sources : JLL Retail Market Overview 4th Quarter 2020

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Milestones

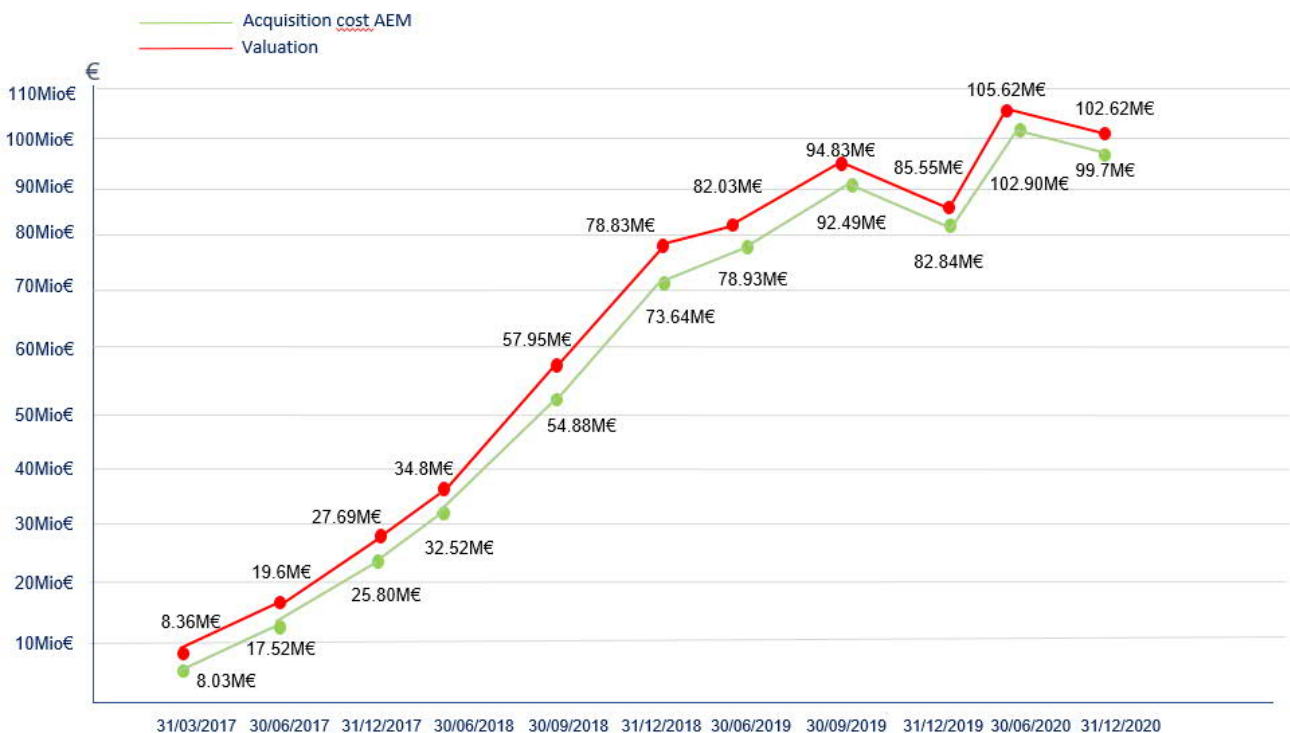
The year 2020 was highlighted by the tremendous dynamism of investments with the acquisition of Zweibrücken and Dorsten real estate assets and the sale of Oberhausen asset during the 4th Quarter of 2020, bringing the Funds' total investments to eighteen as at 31st December 2020.

Almost all the real estate invested has a valuation higher than the acquisition cost, which is explained by the careful sourcing of the properties at the time of acquisition.



Evolution of assets under management since 31/03/2017

The table below summarizes Mercureim EF1's portfolio assets as of December 31, 2020. The entire portfolio generated immediate rental income. The tenants, whose quality allows the sustainability of revenues are bound by long-term leases.



Mercureim Eurofund I S.C.A. SICAV-FIAR

FINANCIAL REVIEW

The net asset value per share of the fund as at December 2021, 2020 are shown in the table below:

	31.12.2020	31.12.2019	31.12/2018	31.12.2017
Class A1 shares	1.822	1.801	1.880	1.757
Class A2 shares	2.712	2.636	2.560	-

IMPACT COVID-19

Given the unprecedented impact COVID 19 is having on the economy, construction sector, markets and society as a whole, the Fund carried out actions plan to mitigate its consequences.

The diversified portfolio of real estate investments with tenants from varied business sectors allow the Fund to mitigate the impact of COVID 19. However, for other tenants which are more affected by the health crisis, the collection of their rents during this period has been temporarily suspended and negotiation with the tenants has been undertaken on a case by case basis. In addition to that, negotiation for delaying payment with credit institutions for certain loan facilities has been successful.

Although Covid-19 has created some turbulences, its impact has been mitigated by the close monitoring of our management teams on the critical areas such as rental collection, negotiation with the credit institutions and cash management. The management strongly believe that the going concern and viability of the Fund remain despite the temporary turbulences created by COVID19.

SUBSEQUENT EVENTS

During the second semester 2021, the management pursues its strategies by seeking good opportunities. It disposes of its real estate asset located in Magdeburg (Germany) with favorable conditions.

Independent auditor's report

To the Shareholders of
Mercureim Eurofund 1 S.C.A. SICAV-FIAR
4, rue Robert Stumper
L-2557 Luxembourg

Opinion

We have audited the financial statements of Mercureim Eurofund 1 S.C.A. SICAV-FIAR (the "Fund") which comprise the statement of net assets as at 31 December 2020, and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers of the Fund's General Partner is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the Fund's General Partner for the financial statements

The Board of Managers of the Fund's General Partner is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Managers of the Fund's General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers of the Fund's General Partner is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers of the Fund's General Partner either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the Fund's General Partner.
- Conclude on the appropriateness of Board of Managers of the Fund's General Partner use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Julie Honoré

Luxembourg, 30 June 2021

Mercureim Eurofund I S.C.A. SICAV-FIAR

Statement of Net Assets as at December 31, 2020

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR EUR
ASSETS		
Formation expenses, net of amortization	3	25,379.88
Acquisition costs		1,257,679.76
Investments	4	47,829,373.77
Cash at banks		2,241,873.44
Commercialisation commissions	10	1,072,634.22
Other receivables and prepayments	5	478,350.42
TOTAL ASSETS		52,905,291.49
LIABILITIES		
Loans and accrued interest	6	5,925,119.86
Accrued expenses and other liabilities	7	2,187,882.64
TOTAL LIABILITIES		8,113,002.50
TOTAL NET ASSETS AS AT DECEMBER 31, 2020		44,792,288.99
TOTAL NET ASSETS AS AT DECEMBER 31, 2019		47,894,934.68
TOTAL NET ASSETS AS AT DECEMBER 31, 2018		34,886,972.74

The accompanying notes form an integral part of these financial statements

Mercureim Eurofund I S.C.A. SICAV-FIAR

Statement of Operations and change in Net Assets for the year ended December 31, 2020

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR
		EUR
INCOME		
Interest bearing loans income		1,139,899.47
Other income		3,760.00
TOTAL INCOME		1,143,659.47
EXPENSES		
Amortization of formation expenses	3	(25,661.20)
Amortization on acquisition cost		(1,246,774.03)
Administration and custody fees	8	(116,429.61)
Professional fees	9	(154,951.74)
Management fees	12	(1,303,805.27)
AIFM fees	13	(80,384.74)
Bank charges		(31,135.80)
Interest expenses		(506,331.39)
Subscription tax		(4,368.13)
Other expenses	11	(1,049,498.99)
TOTAL EXPENSES		(4,519,340.90)
NET INVESTMENT (LOSS)		(3,375,681.43)
NET REALISED RESULT		
- on investments		51,299.62
- on foreign exchange		(12.14)
REALISED RESULT		(3,324,393.95)
NET VARIATION OF THE UNREALISED RESULTS		
- on investments	4	4,988,509.79
RESULT OF OPERATIONS		1,664,115.84
Redemptions		(2,748,179.67)
Dividends		(2,018,581.86)
TOTAL CHANGES IN NET ASSETS		(3,102,645.69)
TOTAL NET ASSETS AT THE BEGINNING OF THE YEAR		47,894,934.68
TOTAL NET ASSETS AT THE END OF THE YEAR		44,792,288.99

The accompanying notes form an integral part of these financial statements

Mercureim Eurofund I S.C.A. SICAV-FIAR

Statistical Information

	Number of shares outstanding 31/12/2020	Net asset value per share 31/12/2020	Net asset value per share 31/12/2019	Net asset value per share 31/12/2018
Class C Share	1.00	-	1,356.6440	1.5100
Class B Share	27,899.00	27.9012	52.9400	1.5100
Ordinary Share - A1	20,072,243.06	1.8217	1.8010	1.8800
Ordinary Share - A3	2,746,463.02	2.7116	2.6360	2.5600

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020

Note 1 – General information

1.1 The Fund

Mercureim Eurofund I S.C.A., SICAV-FIAR (the "Fund") is a partnership limited by shares (*société en commandite par actions*) established in Luxembourg and registered under the Luxembourg law of July 23, 2016 (the "RAIF Law") as an investment company with variable capital (*société d'investissement à capital variable*) - Reserved Alternative Investment Fund ("RAIF") with the Commission de Surveillance du Secteur Financier ("CSSF"). It also qualifies as Alternative Investment Fund ("AIF") under the AIFM Law.

The Fund has a registered office in 4, rue Robert Stumper, L-2557 Luxembourg and is registered in the Luxembourg Register of Commerce under number B 204 861.

The Fund was incorporated in Luxembourg on March 15, 2016 for a limited period of 5 years following the first closing with the possibility to extend the maturity two times of 1 year.

The main objective of the Fund is the creation of a real estate portfolio in Germany, France and Luxembourg through investments in shopping centers, offices, hotels, healthcare facilities and in residential buildings.

The General Partner is Mercureim S.à r.l., a limited company (*société à responsabilité limitée*) organised and established under the amended laws of Luxembourg on August 10, 1915 with a share capital of EUR 12,500.00. The General Partner is registered with the Registre de Commerce et des Sociétés de Luxembourg under number B 204 486.

The General Partner has appointed Fuchs Asset Management S.A., a public limited company established in Luxembourg and registered under the Luxembourg law, as authorized Alternative Investment Fund Manager (the "AIFM") to perform the portfolio management and risk management of the Fund.

The Fund's financial year starts on January 1, and ends on December 31, of each calendar year.

The Fund will invest exclusively in pre-leased real estate assets, generating a minimum of income.

The reference currency of the Fund is the Euro ("EUR").

Although COVID-19 has created some turbulences, its impact has been mitigated by the closed monitoring our management teams. The development of the real estate assets has processed as planned. The management strongly believe that the going concern and viability of the Fund remain despite the temporary turbulences created by COVID-19.

Note 2 – Principle accounting methods

The financial statements are presented in EUR and have been prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds ("Luxembourg GAAP").

The preparation of the financial statements requires the Board of Managers of the General Partner to make estimates and assumptions that affect certain amounts reported in the financial statements. Although these estimates are subject to uncertainties, they are based on the Board of Managers of the General Partner's best knowledge of current events and actions. It is reasonably possible, on the basis of the existing knowledge that outcomes within the next financial year may differ from these estimates.

2.1 Foreign Currency translation

The capital of the Fund is expressed in EUR, and the financial statements are presented in EUR, being the Fund's reference currency and reflecting its primary economic environment.

Foreign currency transactions are translated into EUR at the exchange rate prevailing at the transaction date.

The market value of investments as well as other assets and liabilities expressed in currencies other than the Fund's reporting currency are converted at the exchange rates prevailing at the reporting date.

The resulting realized and unrealized foreign exchange gains or losses are recognized in the statement of operations and changes in net assets.

2.2 Accounting estimates

The preparation of financial statements in accordance with generally accepted accounting principles in Luxembourg requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2.3 Formation expenses

Formation expenses are booked at their acquisition value and are amortized on a straight line basis over five years.

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020 (continued)

Note 2 – Principle accounting methods (continued)

2.4 Acquisition costs

Acquisition costs which are capitalized are amortized on a straight-line basis from the end of the subscription period over the Term of the Fund.

2.5 Valuation of investments

Shares in properties companies are value at fair value which is estimated prudently and in good faith by the AIFM. Fair value of underlying Real Estate assets is estimated by independent appraiser.

2.6 Taxation

In accordance with current legislation in Luxembourg, the Fund is exempt from Luxembourg in-come and net wealth tax. Dividends (if any) are exempt from dividend withholding tax.

The Fund is, however, liable in Luxembourg to a subscription tax (*taxe d'abonnement*) at a rate of 0.01% per annum of its net assets, such tax being payable quarterly and calculated on the basis of the total net assets of the Fund at the end of the relevant quarter.

No stamp duty or other tax is payable in Luxembourg on the issue of shares in the Fund.

2.7 Determination of the net asset value per share

The net asset value per share of each share class is determined by dividing the net asset value of the Fund by the number of shares.

2.8 Debts

Debts are recorded at their reimbursement value.

2.9 Carried interests

Carried interests are recorded under the class B net asset value per share as per mechanism described in the Note 15 below.

Note 3 – Formation Expenses

Formation expenses include incorporation expenses and other expenses relating to the setup of the Fund.

	Year ended December 31, 2020 EUR	Year ended December 31, 2019 EUR
Formation expenses at the beginning of the year	128,306.06	128,306.06
Additions during the year	-	-
Cumulated formation expenses at the end of the year	128,306.06	128,306.06
Amortization at the beginning of the year	(77,264.98)	(51,709.23)
Amortization during the year	(25,661.20)	(25,555.75)
Cumulated amortization at the end of the year	(102,926.18)	(77,264.98)
Balance as at December 31, 2020	25,379.88	51,041.08

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020 (continued)

Note 4 – Investments

Investment	Ownership %	Instruments	Maturity date	Investment costs 31/12/2019 EUR	Unrealised value 31/12/2019 EUR	Carrying value 31/12/2019 EUR	Increase / (decrease) in investment EUR	Increase / (decrease) in unrealised value EUR	Investment costs 31/12/2020 EUR	Unrealised value 31/12/2020 EUR	Carrying value 31/12/2020 EUR
MEF One Erste GmbH	100.00	Equity	N/A	12,800.00	2,303,871.41	2,441,671.41	-	258,800.31	12,800.00	2,562,671.72	2,575,471.72
MEF Zweite GmbH	100.00	Equity	N/A	12,600.00	725,867.58	860,342.58	-	408,179.28	12,600.00	1,134,046.86	1,146,646.86
Dreescher GmbH ¹	94.90	Equity	N/A	100,000.00	2,012,024.47	2,524,524.47	7,300,000.00	949,951.07	7,400,000.00	2,961,975.54	10,361,975.54
Magdebourg GmbH ²	94.00	Equity	N/A	25,000.00	355,024.62	498,080.17	1,122,944.29	999,665.84	1,147,944.29	1,354,690.46	2,502,634.75
Erfurt ³	0.00	Equity	N/A	600.00	158,239.40	174,139.40	(600.00)	(158,239.40)	-	-	-
Sechste	100.00	Equity	N/A	10,000.00	121,947.66	202,780.99	-	160,068.27	10,000.00	282,015.93	292,015.93
Moers	100.00	Equity	N/A	10,000.00	1,540,793.10	1,786,209.77	-	387,202.60	10,000.00	1,927,995.70	1,937,995.70
Funfte	100.00	Equity	N/A	10,000.00	580,617.00	901,389.08	-	967,020.80	10,000.00	1,547,637.80	1,557,637.80
Neunte - Dorsten	100.00	Equity	N/A	10,000.00	(10,000.00)	266,000.00	-	588,621.17	10,000.00	578,621.17	588,621.17
Siebte – Oberhausen ⁴	10.10	Equity	N/A	10,000.00	41,325.36	114,300.86	(8,990.00)	(20,797.91)	1,010.00	20,527.45	21,537.45
Elfte - Zweibrücken	100.00	Equity	N/A	10,000.00	(10,000.00)	160,539.17	-	42,402.37	10,000.00	32,402.37	42,402.37
Zehnte - Bautzen	100.00	Equity	N/A	10,000.00	571,617.76	902,846.93	-	210,244.49	10,000.00	781,862.25	791,862.25
Mercureim Finco S.à.r.l.	100.00	Equity	N/A	12,000.00	(12,000.00)	-	-	-	12,000.00	(12,000.00)	-
Total				233,000.00	8,379,328.36	10,832,824.83	8,413,354.29	4,793,118.89	8,646,354.29	13,172,447.25	21,818,801.54

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020 (continued)

Note 4 – Investments (continued)

Investment	Interest rate %	Instruments	Maturity date	Investment costs 31/12/2019 EUR	Unrealised value 31/12/2019 EUR	Carrying value 31/12/2019 EUR	Increase / (decrease) in investment EUR	Increase / (decrease) in unrealised value EUR	Investment costs 31/12/2020 EUR	Unrealised value 31/12/2020 EUR	Carrying value 31/12/2020 EUR
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	24/02/2022	1,419,414.34	-	1,419,414.34	(1,419,414.34)	-	-	-	-
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	18/05/2022	1,354,626.91	-	1,354,626.91	180,183.34	-	1,534,810.25	-	1,534,810.25
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	16/11/2022	1,727,765.90	-	1,727,765.90	(1,727,765.90)	-	-	-	-
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	22/02/2023	820,239.36	-	820,239.36	-	-	820,239.36	-	820,239.36
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	05/04/2023	321,148.17	-	321,148.17	(86,827.36)	-	234,320.81	-	234,320.81
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	31/07/2023	-	-	-	-	-	-	-	-
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	31/07/2023	2,998,063.04	-	2,998,063.04	(194,433.68)	-	2,803,629.36	-	2,803,629.36
Mercureim Finco S.à.r.l.	6.00%	Interest Bearing Loan	08/11/2023	1,759,917.37	-	1,759,917.37	(3,070.72)	-	1,756,846.65	-	1,756,846.65
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	22/12/2023	5,598,239.50	-	5,598,239.50	(649,837.34)	-	4,948,402.16	-	4,948,402.16
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	06/03/2024	742,771.64	-	742,771.64	(742,771.64)	-	-	-	-
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	06/03/2024	2,600,000.00	-	2,600,000.00	2,841,836.10	-	5,441,836.10	-	5,441,836.10
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	13/06/2024	5,932,407.59	-	5,932,407.59	(148,223.20)	-	5,784,184.39	-	5,784,184.39
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	23/10/2024	900,000.00	-	900,000.00	1,786,303.15	-	2,686,303.15	-	2,686,303.15
Total				26,174,593.82	-	26,174,593.82	(164,021.59)	-	26,010,572.23	-	26,010,572.23
Grand total				26,407,593.82	8,379,328.36	37,007,418.65	8,249,332.70	4,793,118.89	34,656,926.52	13,172,447.25	47,829,373.77

Total increase in unrealised value: EUR 4,972,156.20

Total decrease in unrealised value: EUR (179,037.31)

¹The acquisition price of the investment Dreescher GmbH has been adjusted to EUR 7,400,000.00 by converting the loan granted to Mercureim Finco S.à r.l. relating the financing of this investment and by entering into a new loan between the Fund and Dreescher;

²The acquisition price of the investment Magdeburg GmbH has been adjusted to EUR 1,147,944.29 by converting the loan granted to Mercureim Finco S.à r.l. relating to the financing of this investment.

³On January 23, 2020, the Fund disposed of its 6% remaining interest in the Erfut Investment.

⁴On November 16, 2020, the Fund disposed of 89.90% of its interest in the investment Siebte – Oberhausen. After the disposal, the Fund remains owner of 10.10% of the Siebte-Oberhausen investment.

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Notes to the financial statements as at December 31, 2020 (continued)

Note 5 – Other receivables and prepayments

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Interest receivable	469,832.55	342,919.90
Prepaid management fees	-	11,271.72
Other receivables	8,517.87	135,091.59
Total	478,350.42	489,283.21

Note 6 – Loan and accrued interest

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Loans owed to Dreescher GmbH	5,431,250.00	-
Interest on loans owed to Dreescher GmnH	493,869.86	-
Total	5,925,119.86	-

The loans owed to Dreescher GmbH bear an interest of 2.5% and shall be repaid no later than July 30, 2022.

Note 7 – Accrued expenses and other liabilities

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Accounting fees	9,945.00	-
Registrar and transfer agency fees	-	23,000.00
Domiciliary services	-	10,000.00
Depositary services	57,052.21	71,470.00
Audit fees	54,668.25	27,027.00
Management fees	159,673.08	24,489.51
AIFM fees	24,052.21	-
Amount payable to Mercureim S.à.r.l.	34,986.85	34,986.85
Dividend payable	784,078.53	494,874.51
Subscription tax	4,486.27	1,197.40
Amount payable to Mercureim Finco S.à r.l.	1,014,852.84	60,063.21
VAT payable	44,087.40	14,812.09
Total	2,187,882.64	761,920.57

Note 8 – Administration and custody fees

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Accounting fees	(2,925.00)	(2,925.00)
Reporting fees	(7,020.00)	(7,020.00)
Registrar and transfer agency fees	23,000.00	(46,000.00)
Domiciliary services	(10,250.00)	(13,477.17)
Custody fees	(119,234.61)	(71,470.00)
Total	(116,429.61)	(140,892.17)

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Note 9 – Professional fees

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Legal fees	(24,247.42)	(29,171.67)
Audit fees	(82,309.50)	(28,255.50)
Fiscal fees	(48,054.53)	(4,974.20)
Other fees	(340.29)	(32,942.61)
Total	(154,951.74)	(95,343.98)

Note 10 – Commissions

	December 31, 2020 EUR	December 31, 2019 EUR
Commissions at the beginning of the year	2,711,673.64	1,563,681.01
Additions during the year	69,050.00	1,147,992.63
Cumulated commissions at the end of the year	2,780,723.64	2,711,673.64
Amortization at the beginning of the year	(756,311.29)	-
Amortization during the year	(951,778.13)	(756,311.29)
Cumulated amortization at the end of the year	(1,708,089.42)	(756,311.29)
Balance as at December 31, 2020	1,072,634.22	1,955,362.35

Note 11 – Other expenses

As at December 31, 2020, this caption is composed as follows:

	December 31, 2020 EUR	December 31, 2019 EUR
Commission	(28,768.00)	(121,000.00)
Contributions to professional associations	-	(140.00)
Disbursements	-	(12.20)
Distribution fees	(12,500.00)	(13,500.00)
Amortization on commissions (Note 10)	(951,778.13)	(756,311.29)
Physical board meetings fees	-	(2,500.00)
Register fees	(10,000.00)	(20,000.00)
Tax	-	(1,200.00)
Risk management fees	(4,500.00)	-
Subscription fees	(5,400.00)	-
Other expenses	(36,552.86)	(6,590.69)
Total	(1,049,498.99)	(921,254.18)

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020 (continued)

Note 12 – Management fees

Following the circular resolution of the board dated of March 6, 2017, and in consideration for the management services performed for the benefit of the Fund, the General Partner is entitled to receive an annual management fee, payable quarterly and equal to 1.2% of the last gross asset value.

For the year ended December 31, 2020, management fees amount to EUR 1,303,805.27 (2019: EUR 1,179,644.86).

Note 13 – AIFM fees

The AIFM is entitled to receive an AIFM fee calculated on the gross assets of the Fund and payable quarterly as follows:

- up to EUR 25,000,000.00: 10 bps
- from EUR 25,000,000.00 to EUR 50,000,000.00: 8 bps
- from EUR 50,000,000.00 to EUR 125,000,000.00: 6 bps
- from EUR 125,000,000.00 to EUR 250,000,000.00: 5 bps
- over EUR 250,000,000.00: 4 bps

With a minimum of EUR 15,000.00 per annum.

For the year ended December 31, 2020, AIFM fees amount to EUR 80,384.74 (2019: EUR 84,789.88).

Note 14 – Share capital

The Fund has been initially incorporated with a capital of EUR 31,000 represented by 1 General Partner Share for EUR 1.00 and 30,399 ordinary shares for EUR 30,999.00.

During the subscription period, 3 classes of shares will be available to investors:

- Class A Shares: available for subscription by well-informed investors with a minimum subscription amount of EUR 250,000.00.
- Class A Shares will be available in 3 sub-classes of shares: Class A1 Shares, Class A2 Shares and Class A3 Shares.
- Class B Shares: represent a deferred interest and are initially reserved to key persons with a minimum subscription amount of EUR 250,000.00.
- Class C Shares: reserved to the General Partner.

The Fund distribution policy is a 5% yearly dividend.

Note 15 – Distribution

Since April 1, 2017, the Fund makes Advances on Dividends calculated on a quarterly basis to Class A Shares, for the respective amount at an annual rate of 5 % of the Paid-Up Capital of every Class A Shareholder, rounded up, if necessary, to the third decimal as follows:

- For Class A1 Shareholders, by the payment of Advances on Dividends between the 20th and 30th day of the month following the Valuation Day in question and on a *pro rata temporis* basis between the Subscription Date of every Class A1 Shareholder in question and 31 December of the Subscription year; and
- For Class A3 Shareholders, the Annual Profit-Sharing Rate of 5% will be applied to the amount of Capital Paid Up by the Class A Shareholder on a *pro rata temporis* basis in the period between the Subscription date of every Class A3 Shareholder and 31 December of the Subscription year.

Mercureim Eurofund I S.C.A. SICAV-FIAR

Notes to the financial statements as at December 31, 2020 (continued)

Note 15 – Distribution (continued)

Net Assets are distributed to Shareholders in the following order of priority:

1. The Fund will make priority distributions to Class A Shareholders by means of Advances on Dividends up to the full reimbursement of the same amount as a Capital Paid Up by every Class A Shareholder;
2. Once Class A Shareholders have received the amount indicated in paragraph 1., the Fund will distribute to Class B Shareholders all Distributions up to the full reimbursement of the same amount as the Capital Paid Up by every Class B Shareholder;
3. Once Class B Shareholders have received the amount indicated in paragraph 2., any ultimate Distributions will be allocated to the full payment of the Internal Rate of Return to Class A Shareholders, upon deduction of Advances on Dividends for the benefit of Class A Shareholders before Expiry, in accordance with Section 4.13 of the Private Placement Memorandum;
4. Once Class A Shareholders have received the amount indicated in paragraph 3., any ultimate Distributions will be allocated to the full payment of the Internal Rate of Return to Class A Shareholders, in accordance with Section 4.13 of the Private Placement Memorandum;
5. Once the Internal Rate of Return has been paid in full, ultimate Distributions will be allocated to the payment of Class B Shareholders of 20 % of the total distributed amount, including any Advance on Dividends and other Distributions, to Class A Shareholders; and
6. Lastly, the remaining final amount will be distributed as follows:
 - 80 % will be allocated on a pro rata basis to Class A Shareholders and the Managing Partner, holder of the Class C Share; and
 - 20 % will be allocated to Class B Shareholders.

Distributions under every paragraph above will be completed on a *pari passu* basis between holders of the same Class. In order to remove all doubt, the Distributions will not be based on the Net Asset Value (“NAV”), but solely on Paid-Up Capital.

The amount of carried interests allocated to Class B Shares during the year is EUR 741.091,29.

Note 16 – Commitments

The Fund has signed a pledge agreement in favor of the bank. According to the Depositary Bank Agreement, in order to secure the Fund’s payment obligations towards EDRE, the General Partner grants to the Depositary Bank a first ranking pledge over the assets held in the Cash Account(s) and a right to set off or retain assets held in the Cash Account(s).

Note 17 – Subsequent events

The Fund transferred its registered office to 4, rue Robert Stumper, effective as of 1st January 2021.

During the second semester 2021, the Fund disposed of its real estate asset located in Magdeburg (Germany).

Mercureim Eurofund I S.C.A. SICAV-FIAR

Supplementary Information (Unaudited)

1 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

At the date of the annual accounts, the Fund is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting period.

2 - AIFM disclosures

1./ Remuneration of the AIFM:

The AIFM, Fuchs Asset Management, has elaborated a remuneration policy as required by the Law of 17 December 2010 (UCITS Law) and by the Law of 12 July 2013 (AIFM Law). Such policy aims at preventing excessive risk taking and at ensuring a proper and effective management of risks. Currently, the remuneration of all the employees of the AIFM is fixed. The remuneration of the staff or management was not linked in any way to the performance of the Funds under management. Variable remuneration as defined in the remuneration policy is consistent with the risk management and governance processes. Fixed remuneration is mainly based on the experience, the level of responsibility and the complexity of the task performed. No significant change in the remuneration policy has been noted in 2020.

The article 22 of the AIFM directive (Directive 2011/ 61 / EC of 8 June 2011) and the article 69 (3) of the UCITS V directive (Directive 2014/91/EU of 23 July 2014) require to disclose in the annual report of the Fund the information on the total remuneration of the employees of the AIFM for the financial year. Such information is detailed in the below tables.

Total amount of remuneration for the financial year 2020, split into fixed and variable remuneration, paid by Fuchs Asset Management to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the Fund:

Fixed remuneration	Variable remuneration	Carried interest	Total remuneration	Average number of staff
EUR 2,193,195	EUR 1,200,000	-	EUR 3,393,195	27

Aggregate amount of remuneration broken down by senior management and members of staff of Fuchs Asset Management whose actions have a material impact on the risk profile of the Fund:

Category	Total remuneration
Senior Management	EUR 1,846,345
Staff	EUR 1,546,850

2./ Leverage in the Fund:

As at December 31, 2020, there is no leverage in Mercureim Eurofund I S.C.A. SICAV-RAIF.

3./ Liquidity (how the Fund's is handling the liquidity):

The liquidity management policy applied by Fuchs Asset Management S.A. to Mercureim Eurofund I S.C.A. SICAV-RAIF describes the procedures and monitoring tools that ensure that the liquidity profile of the AIF complies with its underlying obligation at all time.

The liquidity policy details the involvement and roles of the management committee and the risk management function of Fuchs Asset Management S.A. in determining the liquidity profile and monitoring and managing liquidity issues.

The liquidity policy also describes the process for establishing the liquidity profile for every AIF and its main input factors.

Mercureim Eurofund I S.C.A. SICAV-FIAR

Supplementary Information (Unaudited) (continued)

4./ Delegation: which functions are delegated by the AIFM: for eg to the external value, etc:

Over the period ended December 31, 2019, the Central Administration and Depositary Bank functions of Mercureim Eurofund I S.C.A. SICAV-RAIF has been delegated.

The selections and the appointments of the Central Administration and Depositary Bank Agents have been performed in accordance with the provisions of article 19 of the AIFMD.

The Central Administration function has been delegated to Edmond de Rothschild Asset Management (Luxembourg) pursuant to the Central Administration Agreement dated August 1, 2018.

The Depositary Bank function has been delegated to Edmond de Rothschild (Europe) pursuant to the Depositary Bank Agreements dated August 1, 2018.

5./ Risk Management (on one side how the Risk Manager of the AIFM is addressing the risks but also how the Fund's is handling different types of risk):

At the level of Fuchs Asset Management S.A., the Risk Management is executed following the Risk Management Process approved by the Board of Directors of Fuchs Asset Management S.A..

The Risk Management Process is a set of procedures in order to identify, assess, measure and manage all risks associated with the management of the underlying funds.

Risk Management process for AIFs

This part describes the process for setting up the risk management system for AIFs as well as the risk management framework depending on the different strategies of the AIF universe.

Setting up the risk management system for AIFs is a four-step process based on:

- risk assessment,
- data collection and analysis,
- risk monitoring,
- self-assessment and mitigating actions.

AIF strategies covered by the Risk Management Process are hedge fund strategies, private equity strategies, real estate strategies, fund of fund strategies and other strategies.

For Mercureim Eurofund I S.C.A. SICAV-RAIF, Fuchs Asset Management S.A. established a dedicated Risk Management Process.

It is divided into five different parts:

- i) An introductory part describing the Risk Management function of Fuchs Asset Management S.A., how it is organised, how the control functions are organised and how its independence is ensured.
- ii) A governance part describing the roles of the various stakeholders (Risk Management function of Fuchs Asset Management S.A. and the Board of Directors of the Fund).
- iii) A part dedicated to the risk identification including the specific risks incurred by Mercureim Eurofund I S.C.A. SICAV-RAIF, their classification, measurement, the leverage calculation and monitoring. This part also describes the stress and back testing processes.
- iv) A part describing the escalation process and the mitigation systems in place.

Mercureim Eurofund I S.C.A. SICAV-FIAR

Supplementary Information (Unaudited) (continued)

v) A part describing the risk reporting that the Risk Management function of Fuchs Asset Management S.A. is issuing and providing the Board of Directors with.

6./ Material Changes (in respect to conditions under which the AIFM is working, the risk management policy etc) compared to the approved PPM:

As at December 31, 2020, there is no material change to report.

