

# **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, 2021**

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

R.C.S. Luxembourg B 204 861

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

## Table of contents

Management and Administration .....	2
Activity Report .....	3
Independent Auditor's Report .....	6
Financial Statements	
Statement of Net Assets.....	9
Statement of Operations and change in Net Assets .....	10
Number of shares outstanding and net asset value per share as at December 31, 2021.....	11
Notes to the financial statements.....	12
Supplementary Information (Unaudited).....	20

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

## Management and Administration

REGISTERED OFFICE	4, rue Robert Stumper, L-2557 Luxembourg (since January 1, 2021)
BOARD OF MANAGERS OF THE GENERAL PARTNER	Christophe NADAL Bernd VON MANTEUFFEL
ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)	FUCHS ASSET MANAGEMENT S.A.. 49, boulevard Prince Henri, L-1724 Luxembourg
GENERAL PARTNER	MERCUREIM S.à r.l. 26, boulevard Royal, L-2449 Luxembourg (since April 1,2022)
CENTRAL ADMINISTRATION, DOMICILIARY, DEPOSITARY AND PAYING AGENT	EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG) 4, rue Robert Stumper, L-2557 Luxembourg (since January 1, 2021)
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 31<sup>st</sup> DECEMBER 2021

---

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 31<sup>st</sup> December 2021 (the “**Financial Year**”).

### MACROECONOMIC ENVIRONMENT AND MARKET TRENDS

On 11th March 2020, the World Health Organization declared Covid 19 as a pandemic. The pandemic continues to disrupt human ways of living and connections between people, which are at the heart of real estate business.

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 projects has processed as planned and does not encounter unforeseen delays. The management strongly believe that the going concern and viability of the Fund remain despite the temporary turbulences created by COVID19.

The ongoing development in the Eastern European Conflict is being closely followed and monitored. The General Partner continuously engages to monitor and protect against a range of disruptions and assess any potential exposure. The preliminary assessment performed by the General Partner concludes that there is limited overall exposure to the crisis and that it does not have any impact on ability of the Fund to continue as a going Concern.

Although the overall turbulence in capital markets, the German economy grew by 2.9% in 2021 (compared to -4.6% decrease in 2020)<sup>1</sup> after another year of surging Covid-19 cases, pandemic-related restrictions and supply chain pressures. German statistics office said that German growth was still 2% lower in 2021 than in 2019.

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 1.03% compared with 2020. Thus turnover in the main construction industry increased for the consecutive nine year. The number of the persons employed in the construction sector was up 1.44% compared with 2020<sup>1</sup>.

As expected, the German investment market concluded 2021 with a record result: a total real estate transaction volume of EUR 111 billion, up to 36% on the 2020 result. Around 47% of the total transaction volume was invested in residential real estate, nursing homes or student accommodation. Office properties follow with a share of almost 25% and an increase of no less than 12% compared to 2020. Offices are now considered from a quality perspective. There is no doubt that companies need modern, prestigious office space. Logistics properties have continued to develop dynamically in the shadow of the tow dominant real estate segments. Retail market thrives on the success of retail warehouse products. The situation of the retail segment remains challenging with 8% of the total transaction volume. However, more than 70% of the invested capital flowed into retailed warehouses, supermarket and discounters as well as predominantly food-anchored retail parks. This trend is likely to continue as long as shopping centers, departments stores and high street retail properties suffer from pandemic-related restrictions.<sup>2</sup>

Detailed analysis of the German market by regions are carried out and updated regularly by the investment team. The investment team strongly believes that real estate assets offering stable rental income are of interest considering the risk aversion of certain investors given the actual market conditions.

The team also pursues their investment strategy by looking for attractive investment opportunities with strong appreciation potential in terms of rent increase and asset valuation 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.

---

<sup>1</sup> Source : Destatis.Be

<sup>2</sup> Source : JLL Investment Market overview – January 2022

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

## 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 2021

### 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.

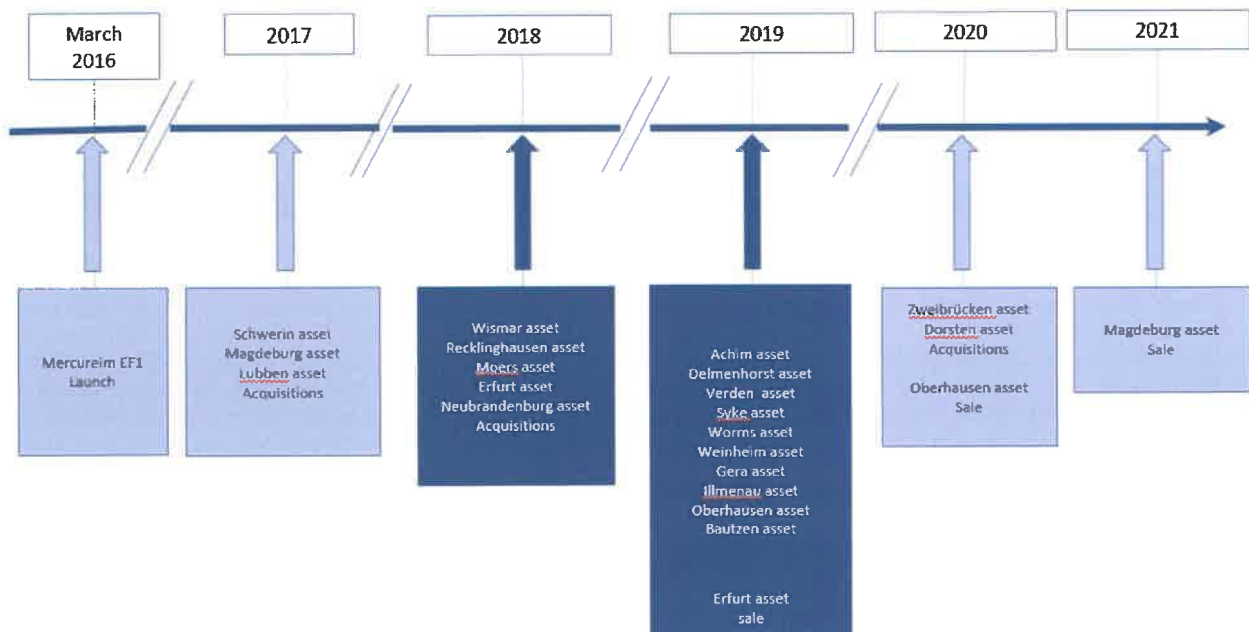
Efficient sourcing has enabled most of the properties to benefit from an independent valuation that is higher than the total acquisition cost.

The seventeen properties, with a total value of EUR 97.450.775 at the close of the 2021 financial year, are strategically spread throughout Germany to meet the portfolio's diversification risk and objectives.

### Milestones

The year 2021 was highlighted by the dynamism of disinvestments with the sale of Magdeburg real estate asset during the 2<sup>nd</sup> Quarter 2021, bringing the Funds' total investment to Seventeen as at 31<sup>st</sup> December 2021. Thanks to our management investment team located in Germany, the Magdeburg real estate asset has reached its full potential at the date of its disposal, generating a net realized gain on disposal of EUR 1.548.820 for the Fund and meeting the strategy and return objective of the Fund.

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.

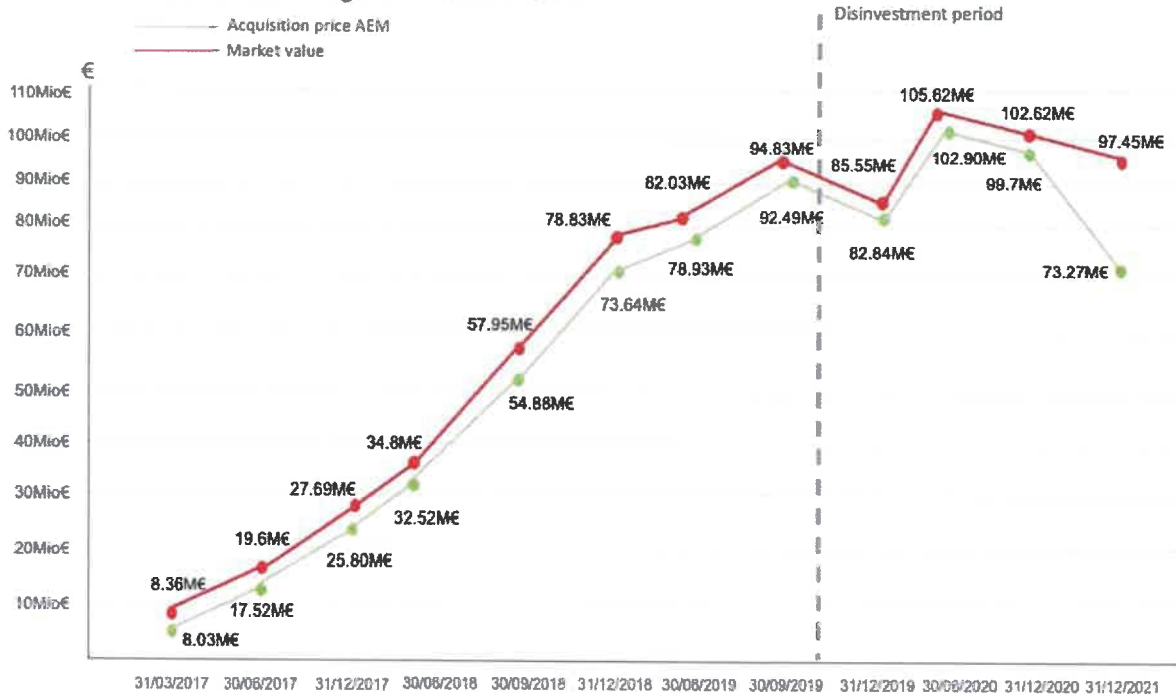


# Mercureim Eurofund I S.C.A. SICAV-FIAR

## Evolution of assets under management since 31/03/2017

The table below summarizes Mercureim EF1's portfolio assets as of December 31, 2021. The entire portfolio generated immediate rental income. The tenants, whose quality allows the sustainability of revenues are bound by long-term leases.

Evolution of Assets under management since 31/03/2017



## FINANCIAL REVIEW

The net asset value per share of the fund as at December 31, 2021, are shown in the table below:

	31.12.2021	31.12.2020	31.12.2019	31.12/2018	31.12.2017
Class A1 shares	1.928	1.822	1.801	1.880	1.757
Class A2 shares	2.885	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.

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 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

The management is pursuing its strategies by seeking good opportunities to sell its real estate asset at the optimum price in order to generate gain on disposal in line with the performance objective of the Fund.

During the second semester 2022, It disposed of its real estate asset located in Lubben (Germany) with favorable conditions.

Bernd von Manteuffel  
Manager

Christophe Nadal  
Manager

## 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 2021, 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 2021, 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

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

## Statement of Net Assets as at December 31, 2021

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR	Mercureim Eurofund I S.C.A., SICAV-FIAR
		2021	2020
		EUR	EUR
<b>ASSETS</b>			
Formation expenses, net of amortization	3	-	25,379.88
Acquisition costs		82,640.72	1,257,679.76
Investments	4	45,824,303.47	47,829,373.77
Cash at banks		2,230,114.49	2,241,873.44
Commercialisation commissions	10	82,510.34	1,072,634.22
Other receivables and prepayments	5	608,777.44	478,350.42
<b>TOTAL ASSETS</b>		<b>48,828,346.46</b>	<b>52,905,291.49</b>
<b>LIABILITIES</b>			
Loans and accrued interests	7	6,060,901.11	5,925,119.86
Accrued expenses and other liabilities	6	2,433,819.68	2,187,882.64
<b>TOTAL LIABILITIES</b>		<b>8,494,720.79</b>	<b>8,113,002.50</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2021</b>		<b>40,333,625.67</b>	
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2020</b>		<b>44,792,288.99</b>	
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2019</b>		<b>47,894,934.68</b>	

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, 2021

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR	Mercureim Eurofund I S.C.A., SICAV-FIAR
		2021	2020
		EUR	EUR
<b>INCOME</b>			
Interest bearing loans income		1,401,491.34	1,139,899.47
Other income		10,920.00	3,760.00
<b>TOTAL INCOME</b>		<b>1,412,411.34</b>	<b>1,143,659.47</b>
<b>EXPENSES</b>			
Amortization of formation expenses	3	(25,379.88)	(25,661.20)
Amortization on acquisition cost		(977,916.04)	(1,246,774.03)
Administration and custody fees	8	(133,893.14)	(116,429.61)
Professional fees	9	(98,188.80)	(154,951.74)
Management fees	12	(1,199,807.53)	(1,303,805.27)
AIFM fees	13	(84,328.59)	(80,384.74)
Bank charges		(42,180.51)	(31,135.80)
Interest expenses		(145,908.68)	(506,331.39)
Subscription tax		(4,090.75)	(4,368.13)
Other expenses	11	(1,272,071.36)	(1,049,498.99)
<b>TOTAL EXPENSES</b>		<b>(3,983,765.28)</b>	<b>(4,519,340.90)</b>
<b>NET INVESTMENT (LOSS)</b>		<b>(2,571,353.94)</b>	<b>(3,375,681.43)</b>
<b>NET REALISED RESULT</b>			
- on investments		1,548,820.27	51,299.62
- on foreign exchange		-	(12.14)
<b>REALISED RESULT</b>		<b>(1,022,533.67)</b>	<b>(3,324,393.95)</b>
<b>NET VARIATION OF THE UNREALISED RESULTS</b>			
- on investments	4	5,727,415.45	4,988,509.79
<b>RESULT OF OPERATIONS</b>		<b>4,704,881.78</b>	<b>1,664,115.84</b>
Redemptions		(7,341,145.76)	(2,748,179.67)
Dividends		(1,822,399.34)	(2,018,581.86)
<b>TOTAL CHANGES IN NET ASSETS</b>		<b>(4,458,663.32)</b>	<b>(3,102,645.69)</b>
<b>TOTAL NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>44,792,288.99</b>	<b>47,894,934.68</b>
<b>TOTAL NET ASSETS AT THE END OF THE YEAR</b>		<b>40,333,625.67</b>	<b>44,792,288.99</b>

The accompanying notes form an integral part of these financial statements

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

## Number of shares outstanding and net asset value per share

	<b>Number of shares outstanding 31/12/2021</b>	<b>Net asset value per share 31/12/2021</b>	<b>Net asset value per share 31/12/2020</b>	<b>Net asset value per share 31/12/2019</b>
Class C Share	1.00	-	-	1,356.6440
Class B Share	27,899.00	81.2070	27.9012	52,9400
Ordinary Share - A1	16,461,179.27	1.9276	1.8217	1.8010
Ordinary Share - A3	2,196,701.47	2.8847	2.7116	2.6360

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

## Notes to the financial statements as at December 31, 2021

### 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").

The registered office of the Fund has changed to 4, rue Robert Stumper, L-2557 Luxembourg.

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 for investment funds.

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.

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 2 – Principle accounting methods (continued)

#### 2.3 Formation expenses

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

As at December 31, 2021, the formation expenses are fully amortized.

#### 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

The shares in properties companies are valued 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 allocating the net asset value of the Fund to each class of shares according to the distribution policy as defined in the note 15.

#### 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 14 below.

### Note 3 – Formation Expenses

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

	Year ended December 31, 2021 EUR	Year ended December 31, 2020 EUR
Formation expenses at the beginning of the year	128,306.06	128,306.06
Additions during the year	-	-
<b>Cumulated formation expenses at the end of the year</b>	<b>128,306.06</b>	<b>128,306.06</b>
Amortization at the beginning of the year	(102,926.18)	(77,264.98)
Amortization during the year	(25,379.88)	(25,661.20)
<b>Cumulated amortization at the end of the year</b>	<b>(128,306.06)</b>	<b>(102,926.18)</b>
<b>Balance at the end of the year</b>	<b>-</b>	<b>25,379.88</b>

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 4 – Investments

Investment	Ownership %	Instruments	Maturity date	Investment costs	Unrealised value	Carrying value	Increase /	Increase /	Investment costs	Unrealised value	Carrying value
				31/12/2020 EUR	31/12/2020 EUR	31/12/2020 EUR	(decrease) in investment EUR	(decrease) in unrealised value EUR	31/12/2021 EUR	31/12/2021 EUR	31/12/2021 EUR
MEF One Erste GmbH	100.00	Equity	N/A	12,800.00	2,562,671.72	2,575,471.72	-	3,569,140.33	12,800.00	6,131,812.05	6,144,612.05
MEF Zweite GmbH	100.00	Equity	N/A	12,600.00	1,134,046.86	1,146,646.86	-	35,752.25	12,600.00	1,169,799.11	1,182,399.11
Dreescher DmbH	94.90	Equity	N/A	7,400,000.00	2,961,975.54	10,361,975.54	-	124,857.53	7,400,000.00	3,086,833.07	10,486,833.07
Magdebourg GmbH*	0.00	Equity	N/A	1,147,944.29	1,354,690.46	2,502,634.75	(1,147,944.29)	(1,354,690.46)	-	-	-
Sechste	100.00	Equity	N/A	10,000.00	282,015.93	292,015.93	-	(126,650.14)	10,000.00	155,365.79	165,365.79
Moers	100.00	Equity	N/A	10,000.00	1,927,995.70	1,937,995.70	-	245,346.71	10,000.00	2,173,342.41	2,183,342.41
Funfte	100.00	Equity	N/A	10,000.00	1,547,637.80	1,557,637.80	-	647,210.56	10,000.00	2,194,848.36	2,204,848.36
Neunte - Dorsten	100.00	Equity	N/A	10,000.00	578,621.17	588,621.17	-	700,266.51	10,000.00	1,278,887.68	1,288,887.68
Siebte - Oberhausen	10.10	Equity	N/A	1,010.00	20,527.45	21,537.45	-	29,450.61	1,010.00	49,978.06	50,988.06
Elfte - Zweibrücken	100.00	Equity	N/A	10,000.00	32,402.37	42,402.37	-	255,914.35	10,000.00	288,316.72	298,316.72
Zehnte - Bautzen	100.00	Equity	N/A	10,000.00	781,862.25	791,862.25	-	246,126.74	10,000.00	1,027,988.99	1,037,988.99
Mercureim Finco S.à.r.l.	100.00	Equity	N/A	12,000.00	(12,000.00)	-	-	-	12,000.00	(12,000.00)	-
<b>Total</b>				<b>8,646,354.29</b>	<b>13,172,447.25</b>	<b>21,818,801.54</b>	<b>(1,147,944.29)</b>	<b>4,372,724.99</b>	<b>7,498,410.00</b>	<b>17,545,172.24</b>	<b>25,043,582.24</b>

\*On 28th May 2021, the Fund disposed of all its interest in the investment "Magdebourg GmbH" generating a net realized gain on disposal of EUR 1,548,820.27.

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 4 – Investments (continued)

	Interest rate %	Instruments	Maturity date	Investment costs 31/12/2020 EUR	Unrealised value 31/12/2020 EUR	Carrying value 31/12/2020 EUR	Increase / (decrease) in investment EUR	Increase / (decrease) in unrealised value EUR	Investment costs 31/12/2021 EUR	Unrealised value 31/12/2021 EUR	Carrying value 31/12/2021 EUR
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	18/05/2022	1,534,810.25	-	1,534,810.25	(235,556.78)	-	1,299,253.47	-	1,299,253.47
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	22/02/2023	820,239.36	-	820,239.36	(4,850.03)	-	815,389.33	-	815,389.33
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	05/04/2023	234,320.81	-	234,320.81	(11,485.37)	-	222,835.44	-	222,835.44
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	31/07/2023	2,803,629.36	-	2,803,629.36	(97,645.79)	-	2,705,983.57	-	2,705,983.57
Mercureim Finco S.à.r.l.	6.00%	Interest Bearing Loan	08/11/2023	1,756,846.65	-	1,756,846.65	-	-	1,756,846.65	-	1,756,846.65
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	22/12/2023	4,948,402.16	-	4,948,402.16	(316,370.52)	-	4,632,031.64	-	4,632,031.64
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	06/03/2024	5,441,836.10	-	5,441,836.10	(348,202.92)	-	5,093,633.18	-	5,093,633.18
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	13/06/2024	5,784,184.39	-	5,784,184.39	(1,821,670.81)	-	3,962,513.58	-	3,962,513.58
Mercureim Finco S.à.r.l.	5.85%	Interest Bearing Loan	23/10/2024	2,686,303.15	-	2,686,303.15	(2,394,068.78)	-	292,234.37	-	292,234.37
<b>Total</b>				<b>26,010,572.23</b>	<b>-</b>	<b>26,010,572.23</b>	<b>(5,229,851.00)</b>	<b>-</b>	<b>20,780,721.23</b>	<b>-</b>	<b>20,780,721.23</b>

<b>Grand total</b>	<b>34,656,926.52</b>	<b>13,172,447.25</b>	<b>47,829,373.77</b>	<b>(6,377,795.29)</b>	<b>4,372,724.99</b>	<b>28,279,131.23</b>	<b>17,545,172.24</b>	<b>45,824,303.47</b>
--------------------	----------------------	----------------------	----------------------	-----------------------	---------------------	----------------------	----------------------	----------------------

**Total increase in unrealised value: EUR 5,854,065.59**

**Total decrease in unrealised value: EUR (1,481,340.60)**



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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 5 – Other receivables and prepayments

As at December 31, 2021, this caption is composed as follows:

	December 31, 2021 EUR	December 31, 2020 EUR
Interest receivable	393,957.86	469,832.55
Prepaid commissions	207,000.00	-
Other receivables	7,819.58	8,517.87
<b>Total</b>	<b>608,777.44</b>	<b>478,350.42</b>

### Note 6 – Accrued expenses and other liabilities

As at December 31, 2021, this caption is composed as follows:

	December 31, 2021 EUR	December 31, 2020 EUR
Accounting fees	12,870.00	9,945.00
Depositary services	24,635.22	57,052.21
Audit fees	39,780.00	54,668.25
Management fees	62,039.61	159,673.08
AIFM fees	19,726.41	24,052.21
Amount payable to Mercureim S.à.r.l.	-	34,986.85
Dividend payable	984,569.87	784,078.53
Subscription tax	2,104.52	4,486.27
Amount payable to Mercureim Finco S.à r.l.	1,193,576.26	1,014,852.84
Other payable	87,517.66	44,087.40
Intragroup account	7,000.13	-
<b>Total</b>	<b>2,433,819.68</b>	<b>2,187,882.64</b>

### Note 7 – Loans and accrued interests

As at December 31, 2021 this caption is composed of payable for an amount of EUR 6,060,901.11 towards the investment Dreescher GmbH further the adjustment of the acquisition price.

### Note 8 – Administration and custody fees

As at December 31, 2021, this caption is composed as follows:

	December 31, 2021 EUR	December 31, 2020 EUR
Accounting fees	(2,925.00)	(2,925.00)
Reporting fees	(7,195.50)	(7,020.00)
Registrar and transfer agency fees	-	23,000.00
Domiciliary services	(10,250.00)	(10,250.00)
Custody fees	(113,522.64)	(119,234.61)
<b>Total</b>	<b>(133,893.14)</b>	<b>(116,429.61)</b>

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 9 – Professional fees

As at December 31, 2021, this caption is composed as follows:

	December 31, 2021 EUR	December 31, 2020 EUR
Legal fees	(34,924.50)	(24,247.42)
Audit fees	(41,008.50)	(82,309.50)
Fiscal fees	(35,305.80)	(48,054.53)
Other fees	13,050.00	(340.29)
<b>Total</b>	<b>(98,188.80)</b>	<b>(154,951.74)</b>

### Note 10 – Commissions

	Year ended December 31, 2021 EUR	Year ended December 31, 2020 EUR
Commissions at the beginning of the year	2,780,723.64	2,711,673.64
Additions during the year	-	69,050.00
<b>Cumulated commissions at the end of the year</b>	<b>2,780,723.64</b>	<b>2,780,723.64</b>
Amortization at the beginning of the year	(1,708,089.42)	(756,311.29)
Amortization during the year	(990,123.88)	(951,778.13)
<b>Cumulated amortization at the end of the year</b>	<b>(2,698,213.30)</b>	<b>(1,708,089.42)</b>
<b>Balance as at December 31, 2021</b>	<b>82,510.34</b>	<b>1,072,634.22</b>

### Note 11 – Other expenses

As at December 31, 2021, this caption is composed as follows:

	December 31, 2021 EUR	December 31, 2020 EUR
Commission	(95,880.00)	(28,768.00)
Distribution fees	(39,400.00)	(12,500.00)
Amortization on commissions (Note 10)	(990,123.88)	(951,778.13)
Register fees	(10,250.00)	(10,000.00)
Tax	(90,287.05)	-
Risk management fees	(4,500.00)	(4,500.00)
Subscription fees	-	(5,400.00)
Other expenses	(41,630.43)	(36,552.86)
<b>Total</b>	<b>(1,272,071.36)</b>	<b>(1,049,498.99)</b>

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 12 – Management fees

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, 2021, management fees amount to EUR 1,199,807.53 (2020: EUR 1,303,805.27).

### 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, 2021, AIFM fees amount to EUR 84,328.59 (2020: EUR 80,384.74).

### 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 were available to the investors:

- Class A Shares: available for subscription by well-informed investors with a minimum subscription amount of EUR 250,000.00.
- Class A Shares: available in 3 sub-classes of shares: Class A1 Shares, Class A2 Shares and Class A3 Shares.
- Class B Share: represent the 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.

### 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. The amount due to class A3 shareholders based on the profit-share rate will be considered due at the end of every fiscal year but will not lead to any payment prior to term. Amounts thus due but not distributed will be credited to class A3 shareholders and added (capitalization) at the end of every fiscal year.

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

## Notes to the financial statements as at December 31, 2021 (continued)

### Note 15 – Distribution (continued)

Accounting to the section 10.4. of the Private Placement Memorandum, 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;
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,
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 B Shares during the year is EUR 2,265,594.70.

### Note 16 – Commitments

The Fund has signed a pledge agreement in favour 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 event

During the first quarter 2022, the Fund completed the disposal of its real estate asset located in Lubben (Germany) for EUR 14.200.000,00.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on February 24, 2022.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets. The Board of Managers of the General Partner regards these events for the Fund as non-adjusting events after the reporting period.

Although neither the Fund’s performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board of Managers of the General Partner continues to monitor the evolving situation and its impact on the financial position of the Fund.

# 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 - Information concerning the sustainability-related disclosures in the financial services sector (Regulation EU 2019/2088, hereafter the "Sustainable Finance Disclosure Regulation" or "SFDR")

At the date of the annual accounts, the Fund does not promote environmental or social characteristics within the meaning of article 8 SFDR, nor is classified as a product that has sustainable investments as its objective for the purposes of article 9 SFDR.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities as defined in Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment (which is also known as the "Taxonomy Regulation" or "TR").

### 3 - AIFM disclosures

#### 1./ Remuneration of the AIFM:

The AIFM, Fuchs Asset Management S.A., has elaborated a remuneration policy as required 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. 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 2021.

The article 22 of the AIFM directive (Directive 2011/ 61 / EC of 8 June 2011) requires to disclose in the annual report of the Company 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 2021, split into fixed and variable remuneration, paid by Fuchs Asset Management S.A. to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the Funds:

Fixed remuneration	Variable remuneration	Carried interest	Total remuneration	Average number of staff
EUR 3,209,084	EUR 2,776,332	-	EUR 5,985,416	32

#### Aggregate amount of remuneration broken down by senior management and members of staff of Fuchs Asset Management S.A.:

Category	Total remuneration
Senior Management	EUR 2,955,093
Staff	EUR 3,030,323

#### 2./ Leverage:

As at December 31, 2021, there is no leverage in Mercureim Eurofund I S.C.A. SICAV-RAIF.

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

## Supplementary Information (Unaudited) (continued)

### 3./ Liquidity:

The liquidity management policy applied by Fuchs Asset Management S.A. to Mercureim Eurofund I S.C.A. SICAV-FIAR 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.

### 4./ Delegation:

The AIFM, Fuchs Asset Management S.A., may delegate functions to third parties under certain conditions.

Over the period ended 31 December 2021, the Central Administration function (including central administrative, transfer, domiciliation and registrar agent duties, hereafter “the Agent”) of Mercureim Eurofund I S.C.A. SICAV-FIAR has been delegated.

The selection and the appointment of the Agent have been performed in accordance with the provisions of article 19 of the AIFMD.

The Central Administration function has been delegated Edmond de Rothschild Asset Management (Luxembourg) pursuant to the Engagement letter dated 01/08/2018. An initial due diligence has been conducted by Fuchs Asset Management S.A. upon Edmond de Rothschild Asset Management (Luxembourg) on-going monitoring due diligence are performed on a quarterly basis.

### 5./ Risk Management:

At the level of Fuchs Asset Management S.A., the risk management function is executed according to the Risk Management Process (the “RMP”) approved by the Board of Directors of Fuchs Asset Management S.A.

The RMP is a set of procedures that enables to identify, assess, measure and manage all risks associated with the management of the underlying funds.

The main procedures within the RMP are:

1. Risk assessment,
2. Data collection and analysis,
3. Risk monitoring,
4. Self-assessment and mitigating actions.

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

The latest RMP is dated May 2021 and includes:

- 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.

- 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).

- A part dedicated to the risk identification, classification and measurement, the leverage calculation and monitoring. This part also describes the stress and back testing processes.

- A part describing the escalation process and the mitigation systems in place.

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

## Supplementary Information (Unaudited) (continued)

- 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.

For Mercureim Eurofund I S.C.A. SICAV-FIAR, a dedicated Risk Profile has been established for the Sub-Fund. The Risk Profiles form integral part of the RMP of Fuchs Asset Management S.A.

### **6./ Material Changes:**

As at 31 December 2021, there is no material change to report with respect to disclosure to investors as described in Directive 2011/61/EU on Alternative Investment Fund Managers.

