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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, 2019**

Registered Office :
20, boulevard Emmanuel Servais
L-2535 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	20, boulevard Emmanuel Servais, L-2535 Luxembourg
BOARD OF MANAGERS OF THE GENERAL PARTNER	Sylvie PROÏA Christophe NADAL
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
CENTRAL ADMINISTRATION, DOMICILIARY, DEPOSITARY AND PAYING AGENT	EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG) 20, boulevard Emmanuel Servais, L-2535 Luxembourg
LEGAL ADVISOR	ATOZ LUXEMBOURG 1 B, Heienhaff - Aerogolf Center, L-1736 SENNINGERBERG
AUDITOR	ERNST & YOUNG S.A. 35E, Avenue JF Kennedy, L-1855 LUXEMBOURG

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

Activity Report

2019 Activity

MERCUREIM EF1 - Real estate income SICAV, which invests in Germany in all areas of commercial and corporate real estate with potential for value creation.

Macro-economic climate

In an environment of low interest rates and uncertainty regarding the stability of the economic climate, the diversification of real estate investments in terms of sector on the one hand and geographical areas on the other hand helps to limit the economic volatility of the investment portfolio in the face of possible cyclical events.

Economic growth in Germany in 2019, although slightly lower than in the previous year, remains higher than in the previous year, pointing to a positive trend in the medium term. Indeed, the country's GDP is estimated at USD 55.73/capita, which corresponds to a growth of +0.9% over the year.

(source: OECD 2019: OECD Economic Studies - Germany 2019 (Abbreviated Version).

Latest market trends

Germany and its commercial real estate remain favored by the market, which appreciates the achievement of Europe's leading economic power to have a particularly low unemployment rate in 2019.

Detailed analyses of the local markets are carried out and updated regularly. These have made it possible to target the most promising locations for Mercureim's investments in the various German lands.

MERCUREIM EF1's priority segment, office real estate, relies on a particularly high level of transaction volume of 31 billion euros in 2019, up by 9% compared to 2018.

The second priority segment of MERCUREIM EF1, commercial real estate represents a transaction volume of 10.1 billion euros, which is an increase of 0.3 billion euros compared to 2018. In this market, the growth in transaction volume is only limited by the volume of available supply.

(source: Colliers international Büro-Vermietung und Investment Marktbericht 2019/2020).

Management assessment regarding the impact of Covid-19 at year-end and in the assessment of subsequent events

Our assessment with respect to the impact of Covid-19 on the financial year ended December 31, 2019 of Mercureim Eurofund I SCA SICAV-FIAR (the "Fund") and its result is remote/nil.

With respect to the financial year 2019, Covid-19 is to be considered as non-adjusting subsequent events.

With respect to our assessment of the impact of Covid-19 on the subsequent events, elements of responses could be found in the next section.

Management's assessment of going concern and viability taking into account the 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. It should be noted that business has been operated as usual until end of March 2020, when the collect of rent was almost completed. 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.

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

Activity Report (continued)

2019 Activity (continued)

Summary of Fund 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.

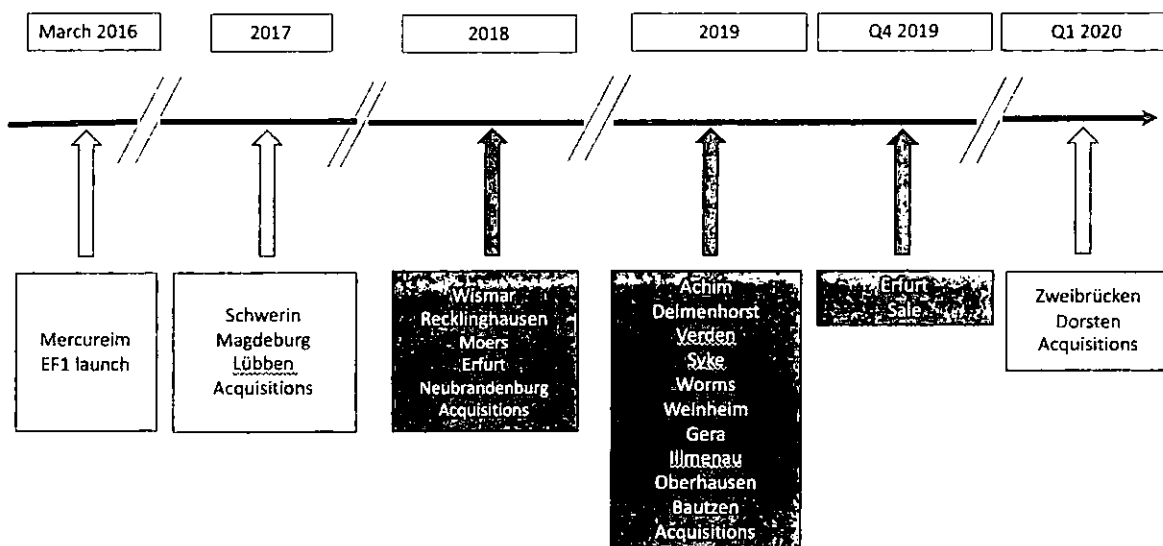
The seventeen properties, with a total value of EUR 85.550.000 at the close of the 2019 financial year, are strategically spread throughout Germany to meet the portfolio's diversification objectives.

Fund milestones

The year 2019 was highlighted by the tremendous dynamism of Mercureim's investments, which made no less than ten new investments, bringing the fund's total investments to eighteen.

Mercureim also completed the sale of the Erfurt asset during the 4th quarter of 2019.

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

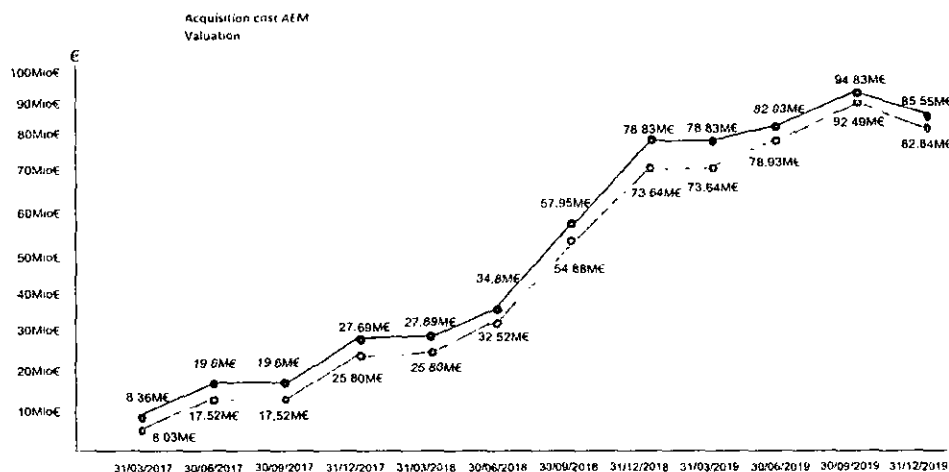
Activity Report (continued)

2019 Activity (continued)

Evolution of assets under management since 31/03/2017

The table below summarizes Mercureim EF1's portfolio assets as of December 31, 2019.

The entire portfolio generated immediate rental income. The tenants, whose quality allows the sustainability of revenues to be anticipated, are bound by long-term leases.



The table below summarizes Mercureim EF1's portfolio assets since inception:

Project	Asset type	Usable Area	Acquisition cost	Valuation End of 19	Current annual rent	Return on acquisition
Year 2017						
Schwerin	Office Building	10.781,54	8.038.930 €	8.360.000 €	744.396 €	9,37%
Lützen	Retail park	14.582,65	9.490.691 €	11.000.000 €	856.613 €	8,56%
Magdeburg	Shopping center	5.320,47	8.273.253 €	8.090.000 €	669.938 €	8,05%
Year 2018						
Wismar	Shopping center / Offices	4.363,78	3.760.347 €	4.200.000 €	311.403 €	8,44%
Reddinghausen	Stores / Offices	5.255,00	2.945.898 €	3.000.000 €	246.000 €	8,35%
Moers	Shopping center	7.379,00	12.842.433 €	13.800.000 €	1.128.595 €	8,64%
Erfurt	Office Building	12.252,00	9.643.068 €	12.100.000 €	773.689 €	8,46%
Neubrandenburg	Office Building	6.456,09	3.871.927,60 €	4.040.000 €	316.394 €	8,38%
2nd quarter 2019						
Worms	Car dealership	2.011,00	2.493.574,06 €	2.610.000 €	210.000 €	8,42%
Achim	Car dealership	3.014,00	1.392.018,66 €	1.290.000 €	113.364 €	8,14%
Syke	Car dealership	2.340,00	1.473.573,60 €	1.400.000 €	120.000 €	8,14%
Weinheim	Car dealership	1.451,00	3.327.720,45 €	3.620.000 €	271.040 €	8,14%
Delmenhorst	Car dealership	1.088,00	1.841.816,49 €	1.860.000 €	150.000 €	8,14%
Verden	Car dealership	1.488,00	1.730.005,16 €	1.640.000 €	140.000 €	8,09%
Hilmenau	Car dealership	1.075,00	1.117.240,40 €	1.030.000 €	90.000 €	8,06%
Gera	Car dealership	2.503,00	3.488.598,33 €	3.610.000 €	279.999 €	8,03%
3rd quarter 2019						
Bautzen	Commercial	17.128,00	13.562.195 €	12.800.000 €	1.089.352 €	8,03%
Oberhausen	Commercial	2.440,00	3.196.941 €	3.200.000 €	236.752 €	7,41%
1st quarter 2020						
Dorsten	Commercial/ residential	8.739,00	13.653.925 €	12.600.000 €	1.379.739 €	6,70%
Zweibrücken	Shopping center	11.300,00	6.400.275 €	6.370.000 €	520.334 €	5,47%

* : Data as of September 2019, the asset was sold in November 2019

Luxembourg, June 26, 2020

The Board of Managers

Past performance is not an indicator of current or future returns.



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Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
Mercureim Eurofund 1 S.C.A. SICAV-FIAR
20, boulevard Emmanuel Servais
L-2535 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 2019, 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 2019, 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.



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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.



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- 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's 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, 26 June 2020

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

Statement of Net Assets as at December 31, 2019

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR
		EUR
ASSETS		
Formation expenses, net of amortization	3	51,041.08
Acquisition costs		2,220,496.47
Investments	5	34,786,922.18
Cash at banks	4	9,153,734.96
Receivable on subscriptions		15.00
Commercialisation commissions	10	1,955,362.35
Other receivables and prepayments	6	489,283.21
TOTAL ASSETS		48,656,855.25
LIABILITIES		
Accrued expenses and other liabilities	7	761,920.57
TOTAL LIABILITIES		761,920.57
TOTAL NET ASSETS AS AT DECEMBER 31, 2019		47,894,934.68
TOTAL NET ASSETS AS AT DECEMBER 31, 2018		34,886,972.74
TOTAL NET ASSETS AS AT DECEMBER 31, 2017		10,625,069.63

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, 2019

	Note	Mercureim Eurofund I S.C.A., SICAV-FIAR
		EUR
INCOME		
Interest bearing loans income		1,537,653.58
TOTAL INCOME		1,537,653.58
EXPENSES		
Amortization of formation expenses	3	(25,555.75)
Amortization on acquisition cost		(856,862.00)
Administration and custody fees	8	(140,892.17)
Professional fees	9	(95,343.98)
Management fees	12	(1,179,644.86)
AIFM fees	13	(84,789.88)
Bank charges		(19,974.67)
Interest expenses		(35,147.04)
Subscription tax		(4,601.98)
Other expenses	11	(921,254.18)
TOTAL EXPENSES		(3,364,066.51)
NET INVESTMENT (LOSS)		(1,826,412.93)
NET REALISED RESULT		
- on investments		2,535,615.30
REALISED RESULT		709,202.37
NET VARIATION OF THE UNREALISED RESULTS		
- on investments	5	1,473,522.03
RESULT OF OPERATIONS		2,182,724.40
Subscriptions		12,918,840.10
Dividends		(2,093,602.56)
TOTAL CHANGES IN NET ASSETS		13,007,961.94
TOTAL NET ASSETS AT THE BEGINNING OF THE YEAR		34,886,972.74
TOTAL NET ASSETS AT THE END OF THE YEAR		47,894,934.68

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 31/12/2019	Net asset value per share 31/12/2019	Net asset value per share 31/12/2018	Net asset value per share 31/12/2017
Class C Share	1.00	1,356.6440	1.5100	1.7570
Class B Share	27,899.00	52.9400	1.5100	1.7570
Ordinary Share - A1	21,465,181.90	1.8010	1.8800	1.7570
Ordinary Share - A3	2,941,837.42	2.6360	2.5600	-

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

Notes to the financial statements as at December 31, 2019

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 20, boulevard Emmanuel Servais, L-2535 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 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 first accounting year began on March 15, 2016 (date of incorporation) and terminated on December 31, 2016.

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").

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, 2019 (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

The value of securities quoted on an official stock exchange or traded on any other organized market is determined according to their last available price at the closing price. Investments in open-ended investment funds are valued on the basis of the last available net asset value per share of such fund. For other securities neither quoted on a stock exchange nor dealt in on another market, their valuation is estimated prudently and in good faith by the AIFM.

2.6 Taxation

In accordance with current legislation in Luxembourg, the Fund is exempt from Luxembourg income 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 accounted on the equity side.

Note 3 – Formation Expenses

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

	Year ended December 31, 2019 EUR	Year ended December 31, 2018 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	(51,709.23)	(25,942.56)
Amortization during the year	(25,555.75)	(25,766.67)
Cumulated amortization at the end of the year	(77,264.98)	(51,709.23)
Balance as at December 31, 2019	51,041.08	76,596.83

Note 4 – Cash at banks

As at December 31, 2019, the caption "Cash at banks" amounts to EUR 9,153,734.96 (2018: EUR 9,813,521.83) and is composed of cash account held at EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG).

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

Notes to the financial statements as at December 31, 2019 (continued)

Note 5 – Investments

Investment	Ownership %	Instruments	Maturity date	Investment costs 31/12/2018 EUR	Unrealised value 31/12/2018 EUR	Carrying value 31/12/2018 EUR	Increase / (decrease) in investment EUR	Increase / (decrease) in unrealised value EUR	Investment costs 31/12/2019 EUR	Unrealised value 31/12/2019 EUR	Carrying value 31/12/2019 EUR
MEF One Erste GmbH	100.00	Equity	N/A	12,800.00	2,278,099.13	2,470,899.13	-	25,772.28	12,800.00	2,303,871.41	2,441,671.41
MEF Zweite GmbH	100.00	Equity	N/A	12,600.00	552,192.84	564,792.84	-	173,674.74	12,600.00	725,867.58	860,342.58
Dreescher DmbH	94.90	Equity	N/A	100,000.00	1,742,724.50	2,436,724.50	-	269,299.97	100,000.00	2,012,024.47	2,524,524.47
Magdebourg GmbH	94.00	Equity	N/A	25,000.00	321,167.89	516,167.89	-	33,856.73	25,000.00	355,024.62	498,080.17
Erfurt	6.00	Equity	N/A	10,000.00	1,194,025.65	1,459,025.65	(9,400.00)	(1,035,786.25)	600.00	158,239.40	174,139.40
Sechste	100.00	Equity	N/A	10,000.00	265,771.56	377,771.56	-	(143,823.90)	10,000.00	121,947.66	202,780.99
Moers	100.00	Equity	N/A	10,000.00	522,722.99	871,722.99	-	1,018,070.11	10,000.00	1,540,793.10	1,786,209.77
Funfte	100.00	Equity	N/A	10,000.00	41,101.77	51,101.77	-	539,515.23	10,000.00	580,617.00	901,389.08
Neunte - Dorsten	100.00	Equity	N/A	-	-	-	10,000.00	(10,000.00)	10,000.00	(10,000.00)	266,000.00
Sieble - Oberhausen	100.00	Equity	N/A	-	-	-	10,000.00	41,325.36	10,000.00	41,325.36	114,300.86
Elfte - Zweibrücken	100.00	Equity	N/A	-	-	-	10,000.00	(10,000.00)	10,000.00	(10,000.00)	160,539.17
Zehnte - Bautzen	100.00	Equity	N/A	-	-	-	10,000.00	571,617.76	10,000.00	571,617.76	902,846.93
Mercureim Finco S.à.r.l.	100.00	Equity	N/A	12,000.00	(12,000.00)	-	(12,000.00)	-	12,000.00	(12,000.00)	-
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	24/02/2022	1,539,752.02	-	1,539,752.02	(120,337.68)	-	1,419,414.34	-	1,419,414.34
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	18/05/2022	1,555,675.65	-	1,555,675.65	(201,048.74)	-	1,354,626.91	-	1,354,626.91
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	16/11/2022	1,766,106.85	-	1,766,106.85	(38,340.95)	-	1,727,765.90	-	1,727,765.90
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	22/02/2023	835,750.35	-	835,750.35	(15,510.99)	-	820,239.36	-	820,239.36
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	05/04/2023	440,148.54	-	440,148.54	(119,000.37)	-	321,148.17	-	321,148.17
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	31/07/2023	2,115,806.62	-	2,115,806.62	(2,115,806.62)	-	-	-	-
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	31/07/2023	3,297,700.69	-	3,297,700.69	(299,637.65)	-	2,998,063.04	-	2,998,063.04
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	08/11/2023	3,785,667.95	-	3,785,667.95	(2,025,750.58)	-	1,759,917.37	-	1,759,917.37
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	22/12/2023	6,000,000.00	-	6,000,000.00	(401,760.50)	-	5,598,239.50	-	5,598,239.50
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	06/03/2024	-	-	-	742,771.64	-	742,771.64	-	742,771.64

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

Notes to the financial statements as at December 31, 2019 (continued)

Note 5 – Investments (continued)

Investment	Ownership %	Instruments	Maturity date	Investment costs 31/12/2018 EUR	Unrealised value 31/12/2018 EUR	Carrying value 31/12/2018 EUR	Increase / (decrease) in investment EUR	Increase / (decrease) in unrealised value EUR	Investment costs 31/12/2019 EUR	Unrealised value 31/12/2019 EUR	Carrying value 31/12/2019 EUR
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	06/03/2024	-	-	-	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	13/06/2024	-	-	-	5,932,407.59	-	5,932,407.59	-	5,932,407.59
Mercureim Finco S.à.r.l.	N/A	Interest Bearing Loan	23/10/2024	-	-	-	900,000.00	-	900,000.00	-	900,000.00
Total				21,539,008.67	6,905,806.33	30,260,315.00	4,856,585.15	1,473,522.03	26,407,593.82	8,379,328.36	37,007,418.65

Total increase in unrealised value: EUR 2,673,132.18

Total decrease in unrealised value: EUR (1,199,610.15)

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

Notes to the financial statements as at December 31, 2019 (continued)

Note 6 – Other receivables and payments

As at December 31, 2019, this caption is composed as follows:

	December 31, 2019 EUR	December 31, 2018 EUR
Interest receivable	342,919.90	35,080.23
Prepaid management fees	11,271.72	-
Other receivables	135,091.59	446,233.89
Total	489,283.21	481,314.12

Note 7 – Accrued expenses and other liabilities

As at December 31, 2019, this caption is composed as follows:

	December 31, 2019 EUR	December 31, 2018 EUR
Registrar and transfer agency fees	23,000.00	-
Domiciliary services	10,000.00	4,166.67
Depositary services	71,470.00	39,819.00
Audit fees	27,027.00	27,027.00
Management fees	-	227,306.75
AIFM fees	1,255.47	44,614.24
Amount payable to Mercureim S.à.r.l.	34,986.85	8,408.21
Amount payable to shareholders – subscriptions	-	6,745,590.10
Dividend payable	494,874.51	171,750.18
Subscription tax	1,197.40	1,466.63
Operating provisions - AIFM fees	23,234.04	-
Other debts	60,063.21	23,495.18
VAT payable	14,812.09	14,812.09
Total	761,920.57	7,308,456.05

Note 8 – Administration and custody fees

As at December 31, 2019, this caption is composed as follows:

	December 31, 2019 EUR	December 31, 2018 EUR
Accounting fees	(2,925.00)	(23,307.13)
Reporting fees	(7,020.00)	(7,020.00)
Registrar and transfer agency fees	(46,000.00)	(1,825.01)
Domiciliary services	(13,477.17)	(8,833.34)
Custody fees	(71,470.00)	(58,359.00)
Total	(140,892.17)	(100,144.48)

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

Notes to the financial statements as at December 31, 2019 (continued)

Note 9 – Professional fees

As at December 31, 2019, this caption is composed as follows:

	December 31, 2019 EUR	December 31, 2018 EUR
Legal fees	(29,171.67)	(37,080.07)
Audit fees	(28,255.50)	(50,544.00)
Fiscal fees	(4,974.20)	-
Other fees	(32,942.61)	-
Total	(95,343.98)	(87,624.07)

Note 10 – Commissions

	Year ended December 31, 2019 EUR	Year ended December 31, 2018 EUR
Commissions at the beginning of the year	1,563,681.01	-
Additions during the year	1,147,992.63	1,563,681.01
Cumulated commissions at the end of the year	2,711,673.64	1,563,681.01
Amortization at the beginning of the year	-	-
Amortization during the year	(756,311.29)	-
Cumulated amortization at the end of the year	(756,311.29)	-
Balance as at December 31, 2019	1,955,362.35	1,563,681.01

Note 11 – Other expenses

As at December 31, 2019, this caption is composed as follows:

	December 31, 2019 EUR
Commission	(121,000.00)
Contributions to professional associations	(140.00)
Disbursements	(12.20)
Distribution fees	(13,500.00)
Amortization on commissions (Note 10)	(756,311.29)
Physical board meetings fees	(2,500.00)
Register fees	(20,000.00)
Tax	(1,200.00)
Other expenses	(6,590.69)
Total	(921,254.18)

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

Notes to the financial statements as at December 31, 2019 (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, 2019, management fees amount to EUR 1,179,644.86 (2018: EUR 601,549.30).

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, 2019, AIFM fees amount to EUR 84,789.88 (2018: EUR 57,442.13).

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, 2019 (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.

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 events

In January 2020, the Fund disposed of its 6% remaining interest in Mercureim Zweite GmbH & Co.Kg. referred as Erfurt investment in the Note 5 of the financial statements.

Following the sale of Erfurt Investment in 2019 and 2020, the fund proceeded to a capital redemption amounted to EUR 2,560,179.66 consisting of 6% of share capital represented by the class A1 and class A3 shares.

During the first quarter 2020, the Fund, indirectly through its subsidiaries, Mercureim Neunte GmbH & Co.Kg and Mercureim Elfte GmbH & Co.Kg, completed the acquisition of a commercial and residential building located in Dorsten for EUR 13,653,925 and a shopping center building located in Zweibrücken for EUR 6,400,275 respectively.

With respect to the financial year 2019, Covid-19 is to be considered as non-adjusting subsequent events.

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 December 17, 2010 (UCITS Law) and by the Law of July 12, 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 2019.

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 July 23, 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 2019, 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 1,477,112	EUR 350,000	-	EUR 1,827,112	20

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 716,522
Staff	EUR 1,110,590

2./ Leverage in the Fund:

As at December 31, 2019, 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, 2019, there is no material change to report.

Mercureim Eurofund I SCA SICAV-FIAR

Société en commandite par actions

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R.C.S. Luxembourg B 204 861

Extrait des résolutions de l'Assemblée Générale Ordinaire, tenue à Luxembourg le 30 juin 2020:

L'Assemblée Générale Ordinaire décide de reporter le résultat de l'année 2019.