Bevco Lux S.à r.l.

Consolidated financial statements for the year ended December 31, 2018

Bevco Lux S.à r.l.
37 A, Avenue J.F. Kennedy,
L-1855 Luxembourg
RCS B209913

TABLE OF CONTENTS

Audit report

To the Partner of
Bevco Lux S.à r.l.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Bevco Lux S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group 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 consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group'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 either intends to liquidate the Group 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 consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report 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 of 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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 Group'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;

- conclude on the appropriateness of the Board of Managers' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

This report, including the opinion, has been prepared for and only for the Partner, Board of Managers and Bonds Holders in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 29 May 2019

Malik Lekehal

Bevco Lux S.à r.l.
Consolidated statement of financial position

	Notes	December 31, 2018	December 31, 2017
		EUR	EUR
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	6,500,202,222	8,009,981,390
Total non-current assets		**6,500,202,222**	**8,009,981,390**
Current assets			
Loans granted	6	136,076,240	126,342,497
Other current assets	7	1,356,826	846,047
Cash and cash equivalents	8	10,836,319	4,516,871
Total current assets		**148,269,385**	**131,705,415**
TOTAL ASSETS		**6,648,471,607**	**8,141,686,805**
EQUITY			
Share capital	9a	102,090,921	76,706,354
Share premium	9b	6,620,388,680	6,446,428,384
Legal reserve	9c	7,670,635	7,368,268
Special reserve account	9d	2,478,672,136	1,436,475,699
Revaluation reserve	2.19	(3,742,932,343)	(678,007,369)
Other reserves	9e	66,212,654	-
Currency translation adjustment	9f	690,302,868	690,302,868
Retained earnings	9g	(740,878,825)	(727,644,971)
Total equity		**5,481,526,726**	**7,251,629,233**
LIABILITIES			
Non-current liabilities			
Debt securities in issue	11a	791,963,569	-
Long term borrowings	11b	265,043,981	-
Total non-current liabilities		**1,057,007,550**	**-**
Current liabilities			
Interests on debt securities in issue	11a	12,504,110	-
Short term borrowings	11b	95,513,468	889,239,284
Other current liabilities	12	1,919,753	818,288
Total current liabilities		**109,937,331**	**890,057,572**
Total liabilities		**1,166,944,881**	**890,057,572**
TOTAL EQUITY AND LIABILITIES		**6,648,471,607**	**8,141,686,805**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of profit or loss

	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
Income		EUR	EUR
Interest income	13	4,889,477	2,625,812
Dividend income	5.4	291,088,514	370,305,785
Net result on foreign currency operations		1,515	86,143
Other income		77,377	-
Total net income		**296,056,883**	**373,017,740**
Expenses			
Administrative expenses	14	(1,801,377)	(1,746,736)
Operating income		**294,255,506**	**371,271,004**
Finance costs	15	(30,514,840)	(14,531,183)
Net loss allowance	2.6	(15,270)	-
Profit before tax		**263,725,396**	**356,739,821**
Income Taxes	16.1	(1,282,519)	-
Withholding tax on dividend income	16.2	(274,699)	(6,293,347)
Other taxes	16.2	(4,815)	(4,815)
Profit for the year		**262,163,363**	**350,441,659**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of comprehensive income

	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
		EUR	EUR
Profit for the year		**262,163,363**	**350,441,659**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net gains on investments in available-for-sale assets	5.3	-	232,152,290
Items that will not be reclassified to profit or loss			
Net loss on investment securities at fair value through other comprehensive income	5.3	(3,064,924,974)	-
Other comprehensive (loss)/income for the year		**(3,064,924,974)**	**232,152,290**
Total comprehensive (loss)/income for the year		**(2,802,761,611)**	**582,593,949**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Consolidated statement of changes in equity
(in EUR)

	Notes	Share capital	Share premium	Legal reserve	Special reserve account	Revaluation reserve	Currency translation reserve	Other reserves	Retained earnings	Total equity
Balance as at January 1, 2017		**76,706,354**	**6,458,777,755**	**-**	**1,137,480,851**	**(910,159,659)**	**690,302,868**	**-**	**(757,016,198)**	**6,696,091,971**
Transactions with owners in their capacity as owners:										
Profit for the year		-	-	-	-	-	-	-	350,441,659	**350,441,659**
Other comprehensive income	5.3	-	-	-	-	232,152,290	-	-	-	**232,152,290**
Transactions with owners in their capacity as owners:										
Allocation to legal reserve	9c	-	-	7,368,268	-	-	-	-	(7,368,268)	-
Share premium reimbursement	9b	-	(12,349,371)	-	-	-	-	-	12,349,371	-
Contribution to special reserve	9d	-	-	-	298,994,848	-	-	-	-	**298,994,848**
Distributions for the year	9g	-	-	-	-	-	-	-	(326,051,535)	**(326,051,535)**
Balance as at January 1, 2018		**76,706,354**	**6,446,428,384**	**7,368,268**	**1,436,475,699**	**(678,007,369)**	**690,302,868**	**-**	**(727,644,971)**	**7,251,629,233**
Changes on initial application of IFRS 9	2.6	-	-	-	-	-	-	-	(94,850)	**(94,850)**
Restated balance at January 1, 2018		**76,706,354**	**6,446,428,384**	**7,368,268**	**1,436,475,699**	**(678,007,369)**	**690,302,868**	**-**	**(727,739,821)**	**7,251,534,383**
Profit for the year		-	-	-	-	-	-	-	262,163,363	**262,163,363**
Other comprehensive income	5.3	-	-	-	-	(3,064,924,974)	-	-	-	**(3,064,924,974)**
Transactions with owners in their capacity as owners:										
Impact of the acquisition of subsidiaries*	9e	-	-	-	-	-	-	66,212,654	-	**66,212,654**
Share capital increase	9a	25,384,567	-	-	-	-	-	-	-	**25,384,567**
Allocation to legal reserve	9c	-	-	302,367	-	-	-	-	(302,367)	-
Share premium increase	9b	-	173,960,296	-	-	-	-	-	-	**173,960,296**
Contribution to special reserve	9d	-	-	-	1,042,196,437	-	-	-	-	**1,042,196,437**
Distributions for the year	9g	-	-	-	-	-	-	-	(275,000,000)	**(275,000,000)**
Balance as at December 31, 2018		**102,090,921**	**6,620,388,680**	**7,670,635**	**2,478,672,136**	**(3,742,932,343)**	**690,302,868**	**66,212,654**	**(740,878,825)**	**5,481,526,726**

** Impact of the acquisition of 100% of the shares in Park S.à r.l. and Quercus BV under the "predecessor accounting" method (Refer to Note 2.3.1).*
Impact on Other reserves pertains to the difference between acquisition values and book values of Park S.à r.l. and Quercus BV.

Bevco Lux S.à r.l.
Consolidated statement of cash flows

	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash flows from operating activities		**EUR**	**EUR**
Profit before tax for the year		263,725,396	356,739,821
Adjustments for:			
Interest income	13	(4,889,477)	(2,625,812)
Dividend income	5.4	(291,088,514)	(370,305,785)
Finance costs	15	30,514,840	14,531,183
Net result on foreign currency operations		(938)	(70,348)
Other non-cash transactions		930,412	-
Net loss allowance	2.6	15,270	-
		(793,011)	(1,730,941)
Changes in:			
Other current assets		(501,684)	(449,775)
Other current liabilities		1,101,465	(1,401,055)
Cash generated used in operating activities		(193,230)	(3,581,771)
Other taxes paid		(9,095)	(713)
Net cash generated used in operating activities		**(202,325)**	**(3,582,484)**
Cash flows from investing activities			
Acquisition of financial assets	5.2	-	(343,773,756)
Loans granted	6	(305,014,571)	(502,000,000)
Reimbursement of loans	6	220,000,000	50,000,000
Interest received		5,008,148	2,283,203
Dividend received	5.4	290,813,815	364,012,438
Net cash used in investing activities		**210,807,392**	**(429,478,115)**
Cash flows from financing activities			
Contributions to special reserve	9d	-	298,994,848
Distributions for the year	9g	(274,400,000)	-
Proceeds from bond issuance	11a	791,928,000	-
Proceeds from borrowings - credit institutions	11b	280,000,000	275,000,000
Proceeds from borrowings - related parties	11b	-	120,000,000
Repayment of borrowings - credit institutions	11b	(983,796,757)	(166,666,881)
Repayment of borrowings - related parties	11b	-	(220,000,000)
Finance costs paid		(21,385,643)	(23,763,062)
Net cash generated from financing activities		**(207,654,400)**	**283,564,905**
Net increase/(decrease) in cash and cash equivalents		**2,950,667**	**(149,495,694)**
Impact of the acquisition of subsidiaries	2.3.1	**3,363,750**	**-**
Cash and cash equivalents at the beginning of the year	8	**4,516,871**	**154,028,360**
Expected credit losses impact		(15)	-
Effects of foreign currency translation differences		5,046	(15,795)
Cash and cash equivalents at the end of the year	8	**10,836,319**	**4,516,871**

The accounting policies and notes on pages 11 to 61 form part of, and should be read in conjunction with, these consolidated financial statements.

1. General information

Bevco Lux S.à r.l. (hereinafter the "Company" or "Bevco Lux"), is a Société à Responsabilité Limitée having its registered office at 37a, Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Trade Register and Companies of Luxembourg ("RCS") under the number B 209.913 after migration of its activities from Bermuda to Luxembourg on October 14, 2016.

Prior to re-domiciliation, the Company was registered as Bevco Ltd. (Company number 40536) in Bermuda and used to be a 100% held direct subsidiary of Aguila Ltd.

Starting from October 14, 2016 the Company's immediate 100% shareholder is USD Bevco S.à r.l. ("USD Bevco") that was incorporated on August 12, 2016 under Luxembourg law. The ultimate controlling party of the Company is Aguila Ltd.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. In particular, the Company may acquire by subscription, purchase, and exchange or in any other manner any securities, shares and other equity securities, bonds, debts, certificates of deposit and other debt instruments and more generally any securities or financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind or origin whatsoever.

The Company may also use its funds to invest in real estate, as well as the reinstatement, management, development and disposal of its assets according to their composition over time. In the course of its business, the Company may borrow in any form whatsoever. It may issue notes, bonds and any other representative security of borrowings and / or claims. However, the Company may not publicly proceed to the raising of equity capital in any form whatsoever.

The Company prepares for the first time consolidated financial statements for the financial year ended December 31, 2018 following the business combination under common control which resulted in the acquisition of two (2) wholly owned subsidiaries namely Park S.à r.l. and Quercus B.V. (Refer to Note 2.3). Comparative 2017 figures were prepared based on the individual financial statements of the Company for 2017.

The consolidated financial statements include the Company and its directly owned subsidiaries (together referred to as the "Group").

Disclosure of investment securities held by the Group is provided in Note 5.

The financial year of the Group begins on January 1 and ends on December 31.

The Group is also part of the consolidated accounts of USD Bevco (the "parent company"), whose registered office is located at 37a, avenue J.F. Kennedy, L-1855 Luxembourg and the consolidated accounts can be obtained at this registered office.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued and effective as at December 31, 2018.

The consolidated financial statements have been authorised and approved for issuance on May 24, 2019 by the Board of Managers of the Group.

2.2 Basis of accounting and going concern

The consolidated financial statements have been prepared on a historical cost basis, except for the measurement of investment securities that have been measured at fair value.

These consolidated financial statements have been prepared on the going concern basis and the Group is viewed as continuing in business for the foreseeable future.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its direct subsidiaries as of December 31, 2018.

2.3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when the Company is exposed to, or has rights to, variable returns from its involvement with its subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains on transactions between the consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction generating the loss provides evidence of an impairment of the transferred asset.

Business combination under common control

As part of the ongoing management of the Company's portfolio, during the second half of 2018, assets ultimately controlled by Aguila Ltd. were contributed to Bevco Lux S.à r.l., leading to the acquisition of two companies under common control:

- Park S.à r.l. which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A., a leading Eurozone real estate company with over 1.8 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, was contributed by SNI International Holdings S.à r.l. to Bevco Lux on August 1, 2018. The fair market value of Park which is attributable to the minority interest in Inmobiliaria Colonial SOCIMI, S.A. amounted to EUR 353,180,268 at the time of the contribution; and

2.3.1 Subsidiaries (continued)

Business combination under common control (continued)

- Quercus B.V. which holds a minority interest in Acorn Holdings B.V. (referred to as a "Private Investee"), the holding company of Jacobs Douwe Egberts (JDE), Keurig Green Mountain and Peet's Coffee (Peet's), the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by Robles Illinois Co-Invest (Cayman) LP down the chain to Bevco Lux on July 18, 2018. The fair market value of Quercus B.V. which is attributable to shares in the Private Investee amounted to EUR 1,042,226,419 at the time of the contribution.

From an accounting perspective, the business combinations under common control are outside the scope of IFRS 3 Business Combinations (paragraph 2 (c)). Management has taken into account the indications included in IAS 8 paragraph 13 in order to identify an accounting policy to be applied to the transaction. In particular the accounting literature sees two alternative approaches: (i) applying IFRS 3 by analogy; or (ii) bringing forward the existing values of the combined entities (i.e., the so called "predecessor accounting" method).

The transaction is seen as an equal exchange of values with no ultimate change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Predecessor accounting may lead to differences on consolidation. For example, there may be a difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity. Such differences have to be included in equity in retained earnings or in other reserves.

These consolidated financial statements include the following companies:

Company	Location	Consolidation method	Percentage of interest / control
Bevco Lux S.à r.l.	Luxembourg	Full	Parent company
Park S.à r.l.	Luxembourg	Full	100%
Quercus B.V.	Netherlands	Full	100%

2.4 Use of judgments, estimates and assumptions

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.5 Adoption of new and revised IFRSs

New and amended standards and interpretations issued, effective and adopted by the Group

The group has applied the following standards for the first time for annual reporting period commencing January 1, 2018:

- IFRS 9 Financial Instruments (Refer to Note 2.6 for more details);
- IFRS 15 Revenue from Contracts with Customers;
- Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28); and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

2.5 Adoption of new and revised IFRSs (continued)

New and amended standards and interpretations issued, effective and adopted by the Group (continued)
Except for IFRS 9 Financial Instruments, none of the accounting pronouncements effective after December 31, 2017 and as of the date of these consolidated financial statements have a material effect on the Group's financial condition or result of operations.

The adoption of IFRS 9 which replaced IAS 39 for annual periods beginning on or after January 1, 2018, required the Group to change its current accounting policies, i.e. classification, measurment and impairment methodologies.

The main financial assets, namely equity investments in Anheuser-Busch InBev SA/NV ("AB InBev") shares, classified as available-for-sale under IAS 39, are designated at initial recognition at fair value through other comprehensive income ("FVOCI") with only dividend income recognised through the statement of profit or loss. The major difference is that, under IFRS 9, there is no recycling of amounts from other comprehensive income to the statement of profit or loss (for example, on sale of an equity instrument), nor are there any impairment requirements. Other financial assets which are held for collection continue to be measured at amortized cost with no material impact from application of the new impairment model. As a result, the adoption of IFRS 9 has no material impact on the Group's consolidated financial statements.

New and amended standards and interpretations issued but not effective for the date of issuance of the Group's consolidated financial statements

Relevant Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 'Leases' which will replace IAS 17 'Leases'. This new standard specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 has also been applied.

As per assessment performed by Management and given that no leases were entered into by the Group, thus, the adoption of IFRS 16 have no significant impact to the Group's consolidated financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 17 Insurance Contracts (issued on May 18, 2017) with IASB effective date January 1, 2021;

- IFRIC 23 Uncertainty over Income Tax Treatments (issued on June 7, 2017) with IASB effective date January 1, 2019, clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment;

2.5 Adoption of new and revised IFRSs (continued)

New standards and interpretations not yet adopted (continued)

- On October 12, the IASB issued amendments to IAS 28. The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on December 12, 2017) with IASB effective date January 1, 2019, include minor amendments affecting IFRS 3, 'Business combinations', IFRS 11, 'Joint arrangements', IAS 12, 'Income taxes', and IAS 23, 'Borrowing costs';
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on February 7, 2018) with IASB effective date January 1, 2019; and
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on March 29, 2018) with IASB effective date January 1, 2020.

2.6 Changes in significant accounting policies

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. This standard replaces IAS 39 Financial instruments: Recognition and measurement. The Group did not adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amount of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current financial year. The Group does not apply hedge accounting.

Consequently, in the notes disclosures, the consequential amendments to IFRS 7 disclosures have only been applied to the current financial year.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Comparatives figures as at December 31, 2017 are not including any IFRS 9 adjustments. The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings. The transition to IFRS 9 did not impact the opening balance of other reserves.

Retained earnings	**Recognition of expected credit losses under IFRS 9**
	EUR
Impact at January 1, 2018	94,850
Expected credit losses recognised through the consolidated statement of profit or loss during the year	15,270
Total impact at December 31, 2018	**110,120**

2.6 Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

The effect of adopting IFRS 9 on the carrying amounts of financial assets from January 1, 2018 to December 31, 2018 relates solely to the IFRS 9 new impairment requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of the financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial guarantees and commitments as at January 1, 2018, as well as the original and new carrying amounts. Differences in the carrying amounts only result from the expected credit losses.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Difference (New - Original)*
			EUR	EUR	EUR
Investment securities (a)	Available for sale	FVOCI - equity instrument	8,009,981,390	8,009,981,390	-
Advances (b)	Loans and receivables	Amortised Cost	845,334	845,176	(158)
Loans granted (b)	Loans and receivables	Amortised Cost	126,342,497	126,316,193	(26,304)
Cash and cash equivalents (c)	Loans and receivables	Amortised Cost	4,516,871	4,516,867	(4)
Provisions (d)	Off-balance sheet financial guarantees and commitments	Off-balance sheet financial guarantees and commitments	-	(68,384)	(68,384)
Total Expected credit losses impact			**8,141,686,092**	**8,141,591,242**	**(94,850)**

**The difference noted in this column are the result of applying the new expected credit loss model. The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements.*

(a) Investment securities represent an equity investment in AB InBev shares that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated this investment at the date of initial application as Financial instruments measured at FVOCI. Unlike the investment under IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss. Under IFRS 9, the same classification applies to new investments held in:

- KKR Sigma Co-Invest L.P., 3G KraftHeinz Company Holdings L.P., 3G Special Situations Fund IV L.P. and Acorn Holdings B.V. (collectively referred to as "Private Investees"); and
- Inmobiliaria Colonial SOCIMI, S.A..

(b) Loans granted, including facilities and advances, previously classified as loans and receivables under IAS 39 are now classified as Financial instruments measured at amortized cost. The Group considered that these financial instruments, whose cash flows are consistent with those of a basic lending arrangement, are held within a business model whose objective is achieved by collecting contractual cash flows. Further, the financial instruments qualify as a Solely Payment of Principal and Interest ("SPPI"). The Group has no intention to sell these loans before maturity.

2.6 Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

i. Classification and measurement of financial assets and financial liabilities (continued)

(c) Cash and cash equivalents are composed of cash balances with banks. These are considered as SPPI by nature and held within a business model whose objective is achieved by collecting contractual cash flows. These instruments are classified as Financial instruments measured at amortized cost.

(d) Provisions arising from the expected credit losses on financial guarantee contracts and loan commitments (Refer to Note 18) were remeasured as EUR 49,750 and EUR 18,634, respectively as at January 1, 2018.

ii. Impairment of financial assets

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at December 31, 2018 results in an additional impairment allowance as follows:

	Expected credit losses recognised during the year EUR
Impairment loss allowance as at December 31, 2017 under IAS 39	**-**
Impact of IFRS 9 adoption at January 1, 2018	94,850
Additional impairment (or reversals) recognised during the year on:	
- Loans granted	9,242
- Financial guarantee contracts	6,078
- Other current assets	(60)
- Cash and cash equivalents	10
Impairment loss allowance as at December 31, 2018 under IFRS 9	**110,120**

2.7 Foreign currency translation

These consolidated financial statements are presented in Euro ("EUR") and all values are presented in EUR except where otherwise indicated.

Translation of foreign currency transactions and balances:

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions which might comprise:

- the spot exchange rate for a given currency as at the date preceding the date of transaction
  - in case of settlements of receivables and payables and other transactions;
- the actual spot rate applied as at this date resulting from the type of transaction
  - in case of foreign currency purchases and sales.

2.7 Foreign currency translation (continued)

At the financial year-end monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate determined at that date:

	Average rate - EUR		Spot rate - EUR	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
USD 1	0.8476	0.8870	0.8734	0.8338
GBP 1	1.1304	1.1413	1.1179	1.1271

The foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

The results and financial position of foreign operations that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of transactions), and all resulting exchange differences are recognised in other comprehensive income.

2.8 Financial assets

2.8.1 Accounting policies under IFRS 9 (current period)

(i) Classification and subsequent measurement

From January 1, 2018, the Group has applied IFRS 9 and classifies its financial assets (debt and equity instruments) as described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:
- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:
- Amortized cost (AC): Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.8.1 (iii) and in Note 3.1b. Interest income from these financial assets are included in 'Interest income' using the effective interest rate method.

2.8 Financial assets (continued)

2.8.1 Accounting policies under IFRS 9 (current period) (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Group does not hold such financial assets as of December 31, 2018.

- FVPL: Financial assets that do not meet the conditions to be measured at AC or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at FVPL is presented in the statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Group does not hold such financial assets as of December 31, 2018.

<u>Business model</u>

The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model reflects how the Group manages the assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Consequently, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

<u>SPPI</u>

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with those of a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting following the change. Such changes are expected to be very infrequent and none occurred during the year.

2.8 Financial assets (continued)

2.8.1 Accounting policies under IFRS 9 (current period) (continued)

(i) Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to deliver cash or another financial instrument and that evidence a residual interest in the issuer's net assets. An example of an equity instrument is a basic ordinary share.

The Group subsequently measures all equity instruments at FVPL, except where the Group's Management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI. The Group's policy is to designate equity investments at FVOCI when those investment are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Dividend income' when the Group's right to receive payments is established.

Gains and losses on equity instruments at FVPL are recognised in profit or loss in the period in which they arise.

(ii) Derecognition

A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from that asset have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iii) Impairment

Where credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses (ECLs), the Group considers reasonable and supportable information that is relevant and available without undue cost effort. This includes both quantitative and qualitative information and analysis, based on the Group historical experience and informed credit assessment including forward-looking information, and based on impairment model requirement of IFRS 9 which replaces the "incurred loss" model in IAS 39 with its ECL model.

For the Group, the financial assets at amortized cost consist of loans granted, advances and cash and cash equivalents.

In addition, ECL are also calculated on loan commitments and financial guarantee contracts.

2.8 Financial assets (continued)

2.8.1 Accounting policies under IFRS 9 (current period) (continued)

(iii) Impairment (continued)

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within 12 months of the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the exposures where the credit risk has not increased significantly since initial recognition, when determining whether the Group historical experience and informed credit assessment and including forward-looking information.

Three Stage allocation

For the Group to comply with IFRS 9 expected credit loss estimation, it is required to appropriately allocate financial assets measured at amortized cost or at fair value through other comprehensive income into stages, where:

- Stage 1 – To this stage the Group will allocate all exposures for which the Group concludes that no significant increase in credit risk occurred since inception of the loan;
- Stage 2 – To this stage the Group would classify financial assets which exhibited significant increases in credit risk since initial recognition;
- Stage 3 – To this stage the Group would classify assets which are considered to be credit impaired.

For financial instruments in stage 1, the adoption of a one (1) year maximum maturity would be appropriate considering that any longer period would still not affect the outcome of the ECL calculation since in stage 1 the Group established ECL based on default events expected to occur in the following 12 months (12 month ECLs).

In stages 2 and 3, the Group will base its calculation on the contractual maturity (Lifetime ECLs).

ECL determined using estimated default probability rates and loss rates for groups of similar credit risk characteristics. Due to the Group's size and very limited data, groups are defined by product type, counterparty credit and product type. Long run average parameters are then estimated for each group. Those average parameters are then adjusted for each exposure taking into account specific idiosyncratic forward-looking information. The adjustment is based on an expert assessment of the counterparty's reaction under plausible scenarios in the forecasted economic environment.

ECLs are discounted at the original effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considers a financial instrument to be in default which is fully aligned with the definition of credit-impaired, when:

- The borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

2.8 Financial assets (continued)

2.8.1 Accounting policies under IFRS 9 (current period) (continued)

(iii) Impairment (continued)

Three Stage allocation (continued)

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans granted are presented separately in the consolidated statement of profit or loss.

2.8.2 Accounting policies under IAS 39 (comparative figures)

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss (FVPL);
- Loans and receivables;
- Held-to-maturity investments (HtM); or
- Available-for-sale financial assets (AFS).

The Group's financial assets include mainly equity instruments that are initially recognised at fair value. These are classified as either financial assets at fair value through profit or loss or available-for-sale.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated at fair value through profit or loss at inception.

Derivatives are categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. They are subsequently measured at fair value with gains or losses recognised in the profit or loss statement.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

2.8 Financial assets (continued)

2.8.2 Accounting policies under IAS 39 (comparative figures) (continued)

b) Subsequent measurement (continued)

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method. When the Group chooses to designate the loans and receivables as measured at FVPL they are measured at fair value with face value changes recognised immediately in the consolidated statement of profit or loss.

Held-to-maturity investments (HtM):

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at FVPL or as available-for-sale.

HtM investments are carried at amortized cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of HtM investments would result in the reclassification of all HtM investments as AFS, and would prevent the Group from classifying investment securities as HtM for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- Sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- Sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Available-for-sale financial assets (AFS):

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are subsequently measured at fair value with changes in fair value, other than impairment losses, recognised directly in other comprehensive income (in "revaluation reserve"). When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss statement.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the assets have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.8 Financial assets (continued)

2.8.2 Accounting policies under IAS 39 (comparative figures) (continued)

d) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Available-for-sale financial assets

The Group assesses at each reporting date whether there is objective evidence that an AFS financial asset is impaired. If any such evidence exists, impairment losses on AFS financial assets are recognised by reclassifying the losses accumulated in the revaluation reserve to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as AFS are not reversed through profit or loss.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit or loss.

2.9 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

2.9.1 Accounting policies under IFRS 9 (current period)

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the expected credit loss allowance calculated in accordance with the principles of IFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

2.9 Financial guarantee contracts (continued)

2.9.1 Accounting policies under IFRS 9 (current period) (continued)

IFRS 9.B2.5(a) specifies that the fair value of a financial guarantee contract at inception is likely to be equal to the premium received, unless there is evidence of the contrary. The Standard does not consider however the case where the premiums are paid over the life of the guarantee. An accounting policy choice is hence required in this regard. Considering the above statement, the Group considered that when no upfront premium is received, the fair value of the financial guarantee contract at inception is nil.

The Group considers that the initial recognition of a financial guarantee contract occurs when the guarantee is signed , even if not drawn.

The loss allowance in relation to financial guarantee contracts is presented as a provision on the liability side.

2.9.2 Accounting policies under IAS 39 (comparative figures)

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount recognised initially less cumulative amortization.

2.10 Loan commitments

Accounting policies under IFRS 9 (current period)

Loan commitments provided by the Group are measured as the amount of the expected credit loss allowance determined in accordance with the principles of IFRS 9 for the undrawn part.

The loss allowance in relation to loan commitments is presented as a provision on the liability side, except for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, in which case the expected credit loss on the undrawn commitment are recognised together with loss allowance on the loan. To the extent that the combined expected credit losses exceed the carrying amount of the loan, the expected credit losses are recognised as a provision.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset against each other with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Taxation

a) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

2.12 Taxation (continued)

b) Deferred tax

Deferred tax is derived using the consolidated statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary and associates, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused taxable tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The exemption on the initial recognition of the deferred tax may need to be revised ("eroded") in the subsequent periods.

Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss.

2.13 Dividend distribution

Dividend distributions to the Group's shareholders are recognised in the Group's consolidated financial statements in the period in which the dividends are declared and approved until such time as they are distributed, either:

- as a reduction of the equity; or
- as a liability.

2.14 Financial liabilities

a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include debt securities issued, borrowings and other current liabilities.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (except for future losses related to loan granting) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.15 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.16 Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This transfer is made following approval of its statutory accounts by the sole shareholder. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

2.17 Interest income

Interest income or expense is recognised using the effective interest method.

2.18 Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

2.19 Revaluation reserve

Accounting policy under IFRS 9 (current financial year)

The reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI. This reserve may or may not be subsequently reclassified to profit or loss when the assets are derecognised or impaired, depending on whether the financial asset is a debt or an equity instrument, respectively.

Accounting policy under IAS 39 (comparative figures)

The reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

3. Financial risk management

3.1 Financial risk factors

The Group's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Group. The financial risk is managed under policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Currency risk

Currency risk management is aimed at managing within acceptable limits both the volatility of cash flows arising from fluctuations in the exchange rate of the functional currency against other currencies, and the adverse effect of movements in exchange rates on the earnings.

Table below summarises the Group's monetary assets and liabilities which are denominated in currencies other than the current functional currency.

	December 31, 2018	December 31, 2017
	EUR	EUR
Assets		
Cash and cash equivalents - USD exposure	437,868	2,919
Foreign currency exposure	**437,868**	**2,919**

As at December 31, 2018, had the exchange rate between the USD to EUR increased or decreased by 10% compared to actual rate with all other variables held constant, the increase or decrease respectively in profit or loss/equity would amount to approximately EUR 43,787 as at December 31, 2018 (December 31, 2017: EUR 292). This is mainly the result of foreign exchange gains/losses on translation of USD denominated transactions as shown above.

Currency risk of the Group is regularly monitored by the Management. The following instruments may be used to minimize the currency risk relating to the Company's foreign exchange transactions:

- forward foreign exchange contracts (also Non Delivery Forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

3.1 Financial risk factors (continued)

a) Market risk (continued)

Currency risk (continued)

At December 31, 2018 the Group has outstanding loan facilities denominated only in EUR which limits the Group's exposure to foreign currency risk. The foreign currency risk related to outstanding loans facilities in USD, draw down by USD Bevco, and cross-guaranteed by the Group is deemed to be limited (Refer to Note 11b). The foreign currency risk for investment securities owned by the Group is related to investment securities denominated in USD.

The net result on foreign currency operations is mainly due to transactions with suppliers.

Price risk

The Group's exposure to equity securities price risk arises from investment securities held by the Group. The exposures are presented in the following table:

	December 31, 2018	December 31, 2017
	EUR	EUR
Fair value through OCI - Equity securities	5,158,064,135	-
Fair value through OCI - Private equity securities and partnerships	1,342,138,087	-
Available-for-sale	-	8,009,981,390
	6,500,202,222	**8,009,981,390**

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Equity instruments expose the Group to price risk commensurate to the volatility of the underlying publicly quoted market price. These securities include equity secuirities of AB InBev and Inmobiliaria Colonial SOCIMI SA. As show in the table below, market data suggests that in aggregate this price risk amounts to a potential positive or negative EUR 1.5 bilion (in a given twelve-month period) as at December 31, 2018 (December 31, 2017: EUR 1.1 bilion).

December 31, 2018

Description	Fair value at December 31, 2018 EUR	Foreign currency exchange impact +/- EUR	Average Committed Capital	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR
- Equity securities						
AB InBev - common shares	346,200,000	N/A	591,657,553	Quoted market price	25.75%	89,146,500
AB InBev - restricted shares	4,500,245,752	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	25.75%	1,158,813,281
Inmobiliaria Colonial SOCIMI SA	311,618,383	N/A	294,169,389	Quoted market price	20.03%	62,417,162
- Private equity securities and partnerships	1,342,138,087	611,836	1,201,965,538	NAV / Comparable method, performed by third party	17.27% - 30.72%	237,498,182
Total	**6,500,202,222**	**611,836**	**13,168,887,419**			**1,547,875,125**

December 31, 2017

Description	Fair value at December 31, 2017 EUR	Foreign currency exchange impact +/- EUR	Average Committed Capital	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR
AB Inbev - common shares	558,780,000	N/A	591,657,553	Quoted market price	13.46%	75,211,788
AB Inbev - restricted shares	7,451,201,390	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	13.46%	1,002,931,707
Total	**8,009,981,390**	**-**	**11,672,752,492**			**1,078,143,495**

** DLOM (Discount from Lack Of Materiality) – Refer to Note 4.2a.*

3.1 Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Management monitors the price risk of its publicly traded equity holdings on an ongoing basis, and continues to take necessary actions and/or decisions in order to mitigate any shift in market prices.

In addition to equity securities held by the Group, the prices of which are determined by publicly quoted market prices, the Group also holds positions in private equity securities and partnerships. These holdings are made up of interests in the Food and Beverage sector and are held via separate entities associated with the Group's Private Investees. The performance of these private investments is reviewed by management periodically, enabling management to take necessary actions and/or decisions in order to mitigate any shift in market prices.

Material investments within the portfolio such as AB InBev and Inmobiliaria Colonial SOCIMI SA are managed on an individual basis and any decisions to be taken are approved by Board of Managers. The primary goal of the Group's investment strategy is to maximise investment returns.

Interest rate risk

The Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Loans and borrowings have floating interest rates on top of the agreed margins of the drawn amounts. Most of the loans and borrowings have floating interest rates, however, these are being closely monitored by the Group to determine and remedy financial impact due to sudden changes in applicable rates. In addition, changes in basis points with all other variables remaining constant are not expected to have a material impact.

	December 31, 2018	December 31, 2017
Non-derivative financial assets	**EUR**	**EUR**
Loans granted (Refer to Note 6)	136,076,240	126,342,497
Non-derivative financial liabilities		
Debt securities in issue (Refer to Note 11a)	804,467,679	-
Borrowings (Refer to Note 11b)	360,557,449	889,239,284

The table below summarises the Group's exposure to interest rate risks, measuring rollover interest rate volatility using the below sensitivity parameters:

	Impact on the profit or loss and equity	
	December 31, 2018	**December 31, 2017**
Sensitivity parameter	**EUR**	**EUR**
+15 basis points would result to a decrease in the statement of profit or loss	(1,543,423)	(1,144,345)
-15 basis points would result to an increase in the statement of profit or loss	1,543,423	1,144,345
+5 basis points would result to a decrease in the statement of profit or loss	(514,474)	(381,448)
-5 basis points would result to an increase in the statement of profit or loss	514,474	381,448

The above reflects the last movements of the European Central Bank ("ECB") rates and can be assumed to be the most likely maximum interest change within a 12 month time period.

3.1 Financial risk factors (continued)

b) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to the Group in relation to lending, hedging, settlement and other financial activities. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored.

The Group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties and working within agreed counterparty limits.

The Group has established minimum counterparty credit ratings and enters into transactions only with financial institutions which are classified as "Investment grade". The Group monitors counterparty credit exposures closely and performs timely review for any downgrade in credit rating of its counterparties.

Based on these factors, the Group considers the risk of counterparty default as at December 31, 2018 to be limited.

Furthermore, the Group's consolidated financial assets are placed with a number of quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level. None of the financial institutions engaged by the Group were in default at December 31, 2018.

The following table contains an analysis of the credit risk exposure of financial instruments for which an allowance is recognised arising from Expected Credit Losses (ECLs). ECL is an average, or mathematically expected, credit loss, generally determined through a combination of expected credit risk exposure, probability of default, and anticipated recovery in default. The gross carrying amount of financial instruments below also represents the Group's maximum exposure to credit risk on these instruments.

	December 31, 2018	December 31, 2017
	EUR	EUR
Loans granted (Refer to Note 6)	136,076,240	126,342,497
Unused credit facilities (Refer to Note 6)	364,285,429	449,000,000
Financial guarantee contracts (Refer to Note 18)	124,728,526	157,213,755
Other current assets (Refer to Note 7)	1,356,826	846,047
Cash and cash equivalents (Refer to Note 8)	10,836,319	4,516,871
Total	**637,283,340**	**737,919,170**

3.1 Financial risk factors (continued)

b) Credit risk (continued)

These instruments are analysed in the table below using Standard & Poor's rating:

	2018					2017
	ECL Staging					
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			
	EUR	EUR	EUR	EUR	EUR	EUR
Credit rating						
A+	8,615,630	-	-	-	8,615,630	-
A	2,219,776	-	-	-	2,219,776	4,514,776
A-	913	-	-	-	913	2,095
Not rated	626,447,021	-	-	-	626,447,021	733,402,299
Gross carrying amout	**637,283,340**	**-**	**-**	**-**	**637,283,340**	**737,919,170**
Impairment loss allowance (Refer to Note 2.6)	(110,120)	-	-	-	(110,120)	-
Carrying amount	**637,173,220**	**-**	**-**	**-**	**637,173,220**	**737,919,170**

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment. If the financial instrument is investment grade, then all the positions shall be allocated in Stage 1, and if the financial instrument is non-investment grade, further analysis shall be performed.

Not rated financial instruments by Standard & Poor's credit agency are represented by credit exposures with related parties which are neither past due nor impaired at the year-end. As per the Group's internal rating policy, these credit exposures were rated to credit risk ratings that are equivalent to the globally understood definition of "investment grade".

3.1 Financial risk factors (continued)

c) Liquidity risk

Liquidity risk management primarily consists of maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities with financial institutions. The Group ensures it maintains the level of its cash and cash equivalents in excess of expected cash outflows on financial liabilities through a cash management policy.

The following are details of the contractual cash flows of non-derivative financial liabilities:

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2018 (in EUR)						
Debt securities in issue	804,467,679	14,000,000	-	-	856,000,000	870,000,000
Borrowings	360,245,358	100,297,750	304,367	228,275	265,043,981	365,874,373
Other current liabilities	1,919,753	1,919,753	-	-	-	1,919,753
	1,166,632,790	**116,217,503**	**304,367**	**228,275**	**1,121,043,981**	**1,237,794,126**
Guarantee	-	5,739,941	118,988,585	-	-	124,728,526
Fees for unused credit facilities	312,091	1,760,653	1,872,030	3,288,848	32,496,052	39,417,583
Irrevocable commitment**	-	364,000,000	-	-	-	364,000,000
Total	**1,166,944,881**	**487,718,097**	**121,164,982**	**3,517,123**	**1,153,540,033**	**1,765,940,235**

		Contractual cash flows*				
	Carrying amount	**< 3 months**	**4 - 6 months**	**7 - 12 months**	**> 12 months**	**Total**
As at December 31, 2017 (in EUR)						
Borrowings	889,015,223	697,753,903	325,325	201,034,579	-	899,113,807
Other current liabilities	818,288	818,288	-	-	-	818,288
	889,833,511	**698,572,191**	**325,325**	**201,034,579**	**-**	**899,932,095**
Guarantee	-	38,225,170	-	-	118,988,585	157,213,755
Fees for unused credit facilities	224,061	1,652,386	2,256,635	5,085,181	39,263,954	48,258,156
Irrevocable commitment**	-	449,000,000	-	-	-	449,000,000
Total	**890,057,572**	**1,187,449,747**	**2,581,960**	**206,119,760**	**158,252,539**	**1,554,404,006**

**Contractual cash flow amounts are gross and undiscounted until maturity.*

The table discloses the drawdowns from USD Bevco, as well as the Group, which is jointly and severally liable co-borrower.

***As at December 31, 2018 and December 31, 2017, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd., which has no specified maturity date, and is disclosed under 1-3 months maturity time band, it can be draw down or withdrawn by either party at any time.*

For financial guarantee contracts, the maximum amount of the guarantees was allocated to the earliest period in which the guarantee could be called.

As at December 31, 2018, the Group and its direct shareholder, USD Bevco S.à r.l., maintain various multi-currency credit lines denominated in USD and EUR (Refer to Note 11b) with financial institutions and related parties, having a total credit capacity of EUR 2,701,703,057 of which EUR 2,505,467,249 was undrawn (December 31, 2017: EUR 2,759,010,000, of which EUR 1,835,862,243 was undrawn).

The facilities can be accessed to meet liquidity needs of both the Group and USD Bevco S.à r.l. in accordance with specific terms outlined in the associated facility agreements. There are no restrictions on the use of the facilities.

The Group does not foresee exposure to liquidity risk in the short-to-medium term given the amount of the collateralised committed credit in place.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders. The Group was not regulated for capital requirement purposes and the Group utilises debt provided by related parties and other financial institutions to fund its activities.

Loan covenants being observed by the Group are:

1) submission of quarterly and/or annual primary financial statements to its lenders; and
2) if any the of the loan-to-value (LTV) ratios for each of the respective bank loan facilities are breached, the respective Lender may give notice (a "Margin Call Notice") to the Group, requiring the margin shortfall to be covered by:
    - depositing additional cash or cash equivalent collateral, to the relevant collateral accounts at the custodian bank;
    - providing additional securities collateral; or
    - prepaying loan principal so the outstanding financing amount no longer exceeds the borrowing base.

There were no covenant breaches as at December 31, 2018 and December 31, 2017 nor as of the date of approval of these consolidated financial statements.

4. Critical accounting judgments and estimates

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

4.1 Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognised in these consolidated financial statements:

a) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Group operates. When indicators of the primary economic environment are mixed, Management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

b) Assessment of significant influence over investees

Management considers that the Group has no significant influence over AB InBev, its Private Investees and Inmobiliaria Colonial SOCIMI, S.A. ("the Investees") as defined in IAS 28, therefore the investees are not considered as associates.

4.1 Judgments (continued)

Lack of significant influence is evidenced by the following:

- the Group owns less than 20% of the voting power of the investees;
- the Group does not participate in policy-making processes, including participation in decisions about dividends or other distributions;
- there are no material transactions between the Group and the investees;
- with the exception of the restricted shareholder's right to appoint a board member, there are no contractual arrangements or management contracts between the Group and the investees which could indicate the presence of significant influence over the investees;
- there is no interchange of managerial personnel or provision of essential technical information;
- the Group does not own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares of the investees which may give the Group additional voting power.

The Group has no Board representatives in its investees Board of Directors, except in the following investees:

- The Group is represented by one non-executive director in AB InBev Boards of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group has right to appoint only one out of fifteen members of the Board of Directors, subject to certain conditions and requirements;
- The Group is represented by one non-executive director in Inmobiliaria Colonial SOCIMI S.A. and in Acorn Holdings B.V. Board of Directors, although, Management believes this does not establish significant influence at the board given all the points above and the fact that the Group appointed only one out of eleven members and one out of 8 members of the Board of Directors, respectively.

Management believes that the Group alone cannot absolutely or relatively, at a certain level, influence the financial and operating policy decisions to be taken by the investees. Moreover in the case of AB InBev, the Group has no representatives in other Committees assisting the Board of Directors subject to certain conditions and requirements.

4.2 Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Estimate of fair value

If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contractual terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and credit rating of a counterparty. Where market-based valuation parameters are not available, Management makes a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used, including similar observable data, historical data and extrapolation techniques.

4.2 Estimates (continued)

a) Estimate of fair value (continued)

The Group considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (a) they are highly susceptible to change from period to period because they require that Management make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterpart, valuation adjustments and specific feature of the transactions and (b) the impact that recognising a change in the valuations would have on the assets reported in the consolidated statement of financial position as well as its income/(expense) could be material. Had Management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer date and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted in a material impact on the Group's net profit and loss reported in the consolidated financial statements.

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data;
- Level 3 – Use of a model with inputs that are not based on observable market data.

4.2 Estimates (continued)

a) *Estimate of fair value (continued)*

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 3 fair values for financial instruments at fair value in the statement of financial position as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities - AB InBev restricted shares	Quoted market price of shares discounted for lack of marketability (DLOM) using Black-Scholes Option Pricing Model	DLOM has been computed based on the following assumptions: - the hypothetical buyer is prudent but without synergistic benefit; - the business will continue as a going concern and not be liquidated - the hypothetical sale will be for cash; - there is a readily available and willing buyer; - volatility of 25.75% was implied (December 31, 2017: 13.46%) - a risk free rate of 0.07% was used (December 31, 2017: (0.04)%); - the time to expiration was based on the time remaining between the valuation date and the date of expiration of the restriction on the sale of the subject AB InBev shares; - the dividend yield of 2.22% was assumed (December 31, 2017: 3.56%).	Had the DLOM increased or decreased by 1% pp. as at December 31, 2018 compared to the actual discount used for AB Inbev restricted shares (December 31, 2018: to 20.42% or 18.42%, respectively and December 31, 2017: to 18.4% or 16.4%, respectively), with all other variables held constant, the increase or decrease in equity would amount to EUR 83,786,251 (December 31, 2017: EUR 90,208,249).
Private equity securities and partnerships	NAV NAV / Comparable method, performed by third party Comparable method, performed by third party	The net accounting value of investments in Partnership is adjusted by the market price of underlying investments. The fair value of Leveraged buyout Partnerships has been computed by a third party applying multiples. The fair value of Private investments has been computed by a third party applying multiples that were derived from selected publicly listed companies based on normalised EV/Sales, EV/EBITDA and P/E multiples.	Had the market price of the underlying investment increased or decreased by 1% pp., with all other variables held constant, the increase or decrease in equity would amount to EUR 84,694,040.

Fair values of restricted shares in AB InBev, private equity securities and partnerships are classified under level 3.

4.2 Estimates (continued)

b) Accounting classifications and fair values

The following table analyses financial and non-financial assets and liabilities, which are measured at fair value upon initial recognition on a recurring and non-recurring basis. Financial and non-financial assets and liabilities are grouped into categories depending on the level in fair value hierarchy based on the inputs.

	Fair value			
As at December 31, 2018 ***(in EUR)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through OCI				
- Equity securities*	657,818,383	-	4,500,245,752	5,158,064,135
- Private equity securities and partnerships	-	-	1,342,138,087	1,342,138,087
Total assets measured at fair value	**657,818,383**	**-**	**5,842,383,839**	**6,500,202,222**
As at December 31, 2017 ***(in EUR)***	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale				
- Equity securities*	558,780,000	-	7,451,201,390	8,009,981,390
- Private equity securities and partnerships	-	-	-	-
Total assets measured at fair value	**558,780,000**	**-**	**7,451,201,390**	**8,009,981,390**

** Shares in AB InBev which are unrestricted and quoted in an active market are classified under level 1, whereas, shares which are restricted for a period of 5 years from the date of business combination between SABMiller and AB InBev are valued under the Black-Scholes Option Pricing Model and therefore classified under level 3. The restriction on these shares will cease by October 2021 (Refer to Note 5).*

4.2 Estimates (continued)

b) Accounting classifications and fair values (continued)

Equity securities

The Group received from AB InBev irrevocable consent to pledge their holding of restricted shares and any rights thereto as security in respect of any bona fide loan, credit facility, note, surety bond, letter of credit or other arrangement. This consent allowed the Group to pledged AB InBev shares as collateral for committed facilities against both its drawndown loans and committed borrowing facilities (Refer to Note 11b). Level 3 investments pertains to AB InBev restricted shares.

The Group engaged an independent consultancy firm in 2016 to determine the fair market value of investment in restricted shares of AB InBev. Based on their valuation report, the discount for lack of marketability (DLOM) arrived at using the Black-Scholes Option Pricing Model is the most appropriate. The indicative value as at December 31, 2018 for the restricted shares was obtained by applying a revised DLOM of 19.48% or EUR 1,088,733,076 discount on the trading price of the unrestricted shares at the end of the year (December 31, 2017: DLOM of 17.4% or EUR 1,569,623,537 discount).

The Group used assumptions that are mainly based on market conditions existing at the reporting date.

Private equity securities and partnerships

Level 3 is comprised of Investee Funds held by the Partnerships that are not quoted in active markets. In determining the fair value of its Investee Funds, the Partnerships relies on the valuation as reported in the latest available financial statements and/or capital account statements provided by the Investee Fund's general partner, unless a partner is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Partnerships reserves the right to assign a fair value to such investments which differs from the one reported by the Investee Fund's general partner. These differences may arise because a number of reasons including but not limited to:

- The report received from the Investee Fund's general partner may be non-coterminous with the Partnership's reporting date;
- The report received by the Investee Fund's general partner may be based on principles that are not aligned with the fair value principles set out in IFRS 13 or that of the Partnership; and
- The Investment Adviser and General Partner of the Partnership may have other observable or unobservable data that would indicate that amendments are required to particular portfolio company investment fair values presented in the report from Investee Fund's general partner.

Level 3 fair value is comprised of Private equity securities measured using the comparable method and computed by a third party applying multiples that were derived from selected publicly listed company. Partnerships which are leveraged buyout are also reported under Level 3 fair value, and measured using the discounted cash flow and comparable methods.

4.2 Estimates (continued)

c) Measurement of fair values

Transfers between Level 1 and 3

There were no transfers from Level 1 to Level 3 or from Level 3 to Level 1 in the financial year ended December 31, 2018 or in 2017.

Reconciliation of level 3 fair value

The movements for Level 3 investments for the year are summarised as follows:

in EUR	Restricted Equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2017	**7,178,045,620**	**-**	**7,178,045,620**
Result included in OCI			-
- Net change in fair value (unrealised)	273,155,770	-	273,155,770
Balance at December 31, 2017	**7,451,201,390**	**-**	**7,451,201,390**
Result included in OCI			
- Net change in fair value (unrealised)	(2,950,955,638)	140,172,549	(2,810,783,089)
Acquisition through equity contribution	-	1,201,965,538	1,201,965,538
Balance at December 31, 2018	**4,500,245,752**	**1,342,138,087**	**5,842,383,839**

Financial instruments not measured at fair value

Except for the information stated in the table below, Management believes that the carrying amount of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values:

As at December 31, 2018 ***(in EUR)***	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial assets				
- Loans granted	-	-	136,076,240	136,076,240
Financial liability				
- Debt securities in issue	791,216,000	-	-	804,467,679

As at December 31, 2017 ***(in EUR)***	**Fair value**			**Carrying value**
	Level 1	***Level 2***	***Level 3***	
Financial assets				
- Loans granted	-	-	126,342,497	126,342,497
Financial liability				
- Debt securities in issue	-	-	-	-

4.2 Estimates (continued)

c) Estimation uncertainty (continued)

Except for the fair values of equity investments, there are no other key assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Investment securities

5.1 Measurement category

Investment securities are summarised by measurement category in the table below:

	December 31, 2018	December 31, 2017
	EUR	EUR
Financial assets		
Listed/Restricted securities		
- Equity securities	5,158,064,135	8,009,981,390
Unlisted securities		
- Private equity securities and partnerships	1,342,138,087	-
	6,500,202,222	**8,009,981,390**

As at December 31, 2018 and December 31, 2017 financial assets measured at FVOCI are illustrated below:

As at December 31, 2018	Anheuser-Busch InBev*	Private equity securities and partnerships	Inmobiliaria Colonial SOCIMI, S.A.	Total
No. of warrants**	-	1,355,145	-	
No. of restricted	96,862,718	-	-	
No. of common shares	6,000,000	5,344,987	38,305,886	
% of share capital***	5.09%	< 20%	7.54%	
Fair value in EUR of restricted shares****	4,500,245,752	-	-	**4,500,245,752**
Fair value in EUR of common shares	346,200,000	1,342,138,087	311,618,383	**1,999,956,470**
TOTAL	**4,846,445,752**	**1,342,138,087**	**311,618,383**	**6,500,202,222**

As at December 31, 2017	Anheuser-Busch InBev*
No. of restricted	96,862,718
No. of common shares	6,000,000
% of share capital***	5.09%
Fair value in EUR of restricted shares****	7,451,201,390
Fair value in EUR of common shares	558,780,000
TOTAL	**8,009,981,390**

**As at December 31, 2017, this financial asset was presented as Available-for-sale, financial assets.*
***Warrant are immediately exercisable and demonstrate similar characteristics than common shares.*
****Percentage (%) of ownerships are less than 20%.*
*****Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev (Refer Note 4.2b).*

Part of shares held in AB InBev are pledged to secure existing credit facilities with financial institutions (Refer Note 11b).

5. Investment securities (continued)

5.2 Investment securities transactions

Equity securities

In October 2016 as a result of a business combination between SABMiller and AB InBev, the Group acquired restricted shares in Anheuser-Busch InBev SA/NV which are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. Subject to limited exceptions, the restricted shares will only be convertible at the election of the holder into new ordinary shares on a one-for-one basis with effect from the fifth anniversary of completion of the acquisition. From completion of the acquisition, such restricted shares rank equally with the new ordinary shares with respect to dividends and voting rights.

During the financial year ended December 31, 2018, the movement in equity securities can be described as follows:

- On August 1, 2018, SNI International Holdings S.à r.l., contributed Park S.à r.l. to Bevco Lux. Park S.à r.l. owned 38,305,886 shares in Inmobiliaria Colonial, SOCIMI, S.A., a listed company incorporated under the laws of Spain investing in European real estate, especially in Spain and France. The shares were valued at EUR 353,180,268 on the date of contribution.
- During the financial year ended December 31, 2017, acquisition of shares in AB InBev amounted to EUR 343,773,756. No additional investment or disposal were made in AB InBev during the year ended December 31, 2018.

Private equity securities and partnerships

During the financial year ended December 31, 2018, the Group received a contribution from its Parent company and contributed in kind its investments held in Private Investees which were valued at EUR 1,201,965,538 on the date of contribution.

5.3 Changes in fair value of investment securities

in EUR	Equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2017	**7,481,715,468**	**-**	**7,481,715,468**
Result included in OCI			
- Net change in fair value (unrealised)	232,152,290	-	232,152,290
Purchases	296,113,632	-	296,113,632
Balance at December 31, 2017	**8,009,981,390**	**-**	**8,009,981,390**
Result included in OCI			
- Net change in fair value (unrealised)	(3,205,097,523)	140,172,549	(3,064,924,974)
Acquisitions through equity contributions	353,180,268	1,201,965,538	1,555,145,806
Balance at December 31, 2018	**5,158,064,135**	**1,342,138,087**	**6,500,202,222**

5. Investment securities (continued)

5.4 Dividend income

During the financial year ended December 31, 2018, the Group received dividends from its securities as follows:

	December 31, 2018 EUR	December 31, 2017 EUR
Gross dividend income from:		
- Equity securities	288,015,610	370,305,785
- Private equity securities and partnerships	3,072,904	-
Total	**291,088,514**	**370,305,785**
Withholding tax on dividend income:		
- Equity securities	-	(6,293,347)
- Private equity securities and partnerships	(274,699)	-
Total withholding tax (Refer to Note 16.2)	**(274,699)**	**(6,293,347)**
Net Dividend income	**290,813,815**	**364,012,438**

6. Loans granted

Details of loans granted as at December 31, 2018, and December 31, 2017 are as follows:

	December 31, 2018 EUR	December 31, 2017 EUR
Non-current portion of loans granted	-	-
Current portion of loans granted	136,076,240	126,342,497
	136,076,240	**126,342,497**

6. Loans granted (continued)

As at December 31, 2018 and December 31, 2017 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

Borrower	**Aguila Ltd.***	**Park S.à r.l.*****	**Blue Clay S.à r.l.**	**Total**
Facility termination date	*undetermined period*	*undetermined period*	*July 30, 2019*	
Interest rate	*EURIBOR + margin*	*Base interest rate + margin*	*EURIBOR + margin*	
Currency	**EUR**	**EUR**	**EUR**	**EUR**
Total committed facility at January 1, 2018	**500,000,000**	**75,000,000**	**-**	**575,000,000**
Facility commitment granted	-	-	300,000	300,000
Total committed facility at December 31, 2018	**500,000,000**	**75,000,000**	**300,000**	**575,300,000**
Principal amount outstanding at January 1, 2018	**51,000,000**	**75,000,000**	**-**	**126,000,000**
Drawdowns / Loans granted**	305,000,000	-	14,571	305,014,571
Repayments**	(220,000,000)	-	-	(220,000,000)
Total principal drawn amount at December 31, 2018	**136,000,000**	**75,000,000**	**14,571**	**211,014,571**
Entry in consolidation scope	-	(75,000,000)	-	(75,000,000)
Total unused credit facilities at December 31, 2018	**364,000,000**	**-**	**285,429**	**364,285,429**
Changes on initial application of IFRS 9 (Refer to Note 2.6)	(10,672)	(15,632)	-	(26,304)
Restated carrying amount at January 1, 2018******	**51,205,215**	**75,110,978**	**-**	**126,316,193**
Impairment loss allowance (Refer to Note 2.6)	(35,544)	-	(2)	(35,546)
Carrying amount at December 31, 2018******	**136,061,671**	**-**	**14,569**	**136,076,240**

Borrower	**Aguila Ltd.***	**SNI Luxembourg S.à r.l**	**Park S.à r.l.*****	**Total**
Facility termination date	*undetermined period*	*August 22, 2017*	*undetermined period*	
Interest rate	*EURIBOR + margin*	*Fixed rate*	*Base interest rate + margin*	
Currency	**EUR**	**EUR**	**EUR**	**EUR**
Total committed facility at January 1, 2017	**-**	**-**	**-**	**-**
Facility commitment granted	500,000,000	50,000,000	75,000,000	625,000,000
Facility commitment terminated	-	(50,000,000)	-	(50,000,000)
Total committed facility at December 31, 2017	**500,000,000**	**-**	**75,000,000**	**575,000,000**
Principal amount outstanding at January 1, 2017	**-**	**-**	**-**	**-**
Drawdowns / Loans granted**	377,000,000	50,000,000	75,000,000	502,000,000
Repayments**	-	(50,000,000)	-	(50,000,000)
Distributed as dividends in kind*	(326,000,000)	-	-	(326,000,000)
Total principal drawn amount at December 31, 2017	**51,000,000**	**-**	**75,000,000**	**126,000,000**
Total unused credit facilities at December 31, 2017	**449,000,000**	**-**	**-**	**449,000,000**
Impairment loss allowance (Refer to Note 2.6)	-	-	-	-
Carrying amount at December 31, 2017******	**51,215,887**	**-**	**75,126,610**	**126,342,497**

**On September 7, 2017, Group's direct shareholder, USD Bevco, entered into an interest bearing loan facility agreement for an undetermined period with Aguila Ltd. amounting to USD 500,000,000 (EUR 436,700,000) which bears interest (i.e. LIBOR + margin). Further, on December 12, 2017, a portion of the loans granted were distributed by the Group as a dividend in kind to USD Bevco which amounted to USD 380,050,800 (EUR 326,000,000) and with interest of USD 60,079 (EUR 51,535).*

*** Movements have been presented on a net basis to reflect real cash movements.*

****As at December 31, 2018, Park S.à r.l. is part of the consolidation scope (Refer to Note 2.3), thus intercompany balances are eliminated and no longer presented in this table.*

*****Includes accrued interests.*

7. Other current assets

As at December 31, 2018 and 2017 other current assets are composed as follows:

	December 31, 2018	**December 31, 2017**
	EUR	**EUR**
Advances to related parties* (Refer to Note 19)	737,872	845,334
Luxembourg wealth tax advances	9,630	713
Other Foreign taxes	192,961	-
Deferred charges	416,461	-
Gross carrying amount	1,356,924	846,047
Less: Impairment loss allowance (Refer to note 2.6)	(98)	-
	1,356,826	**846,047**

**On July 30, 2018 the stand-by-letter of credit (SBLC) issued by the Group to Park S.à r.l. has been transferred to Blue Clay S.à r.l. (Refer to Note 19).*

8. Cash and cash equivalents

The cash and cash equivalents are composed of cash at bank in an amount of EUR 10,836,319 as at December 31, 2018 (December 31, 2017: EUR 4,516,871).

As a result of the adoption of IFRS 9, an impairment loss allowance was recognised as at December 31, 2018 which amounted to EUR 10 (December 31, 2017: nil) (Refer to Note 2.6).

9. Equity

a) Share capital

Ordinary shares issued and fully paid	**No. of shares**	**EUR**
At January 1 and December 31, 2017	**76,706,354**	**76,706,354**
Share capital increase	25,384,567	25,384,567
Outstanding at December 31, 2018	**102,090,921**	**102,090,921**

As at December 31, 2017, the share capital of the Company amounted to EUR 76,706,354 and was composed of 76,706,354 shares all issued and paid.

On July 13 and August 1, 2018, USD Bevco S.à r.l. resolved to increase the share capital of the Company by an amount of EUR 5,973,911 and EUR 10,000,000, respectively, by way of issuance of new shares all having a nominal value of EUR 1 each and fully contributed in kind consisting of interests held in Private Investees.

On August 1, 2018, the Company entered into a share exchange agreement with SNI International Holdings S.à r.l. and contributed in kind consisting 100% of shares in Park S.à r.l. by way of issuance of 9,410,656 new shares all having a value of EUR 1 each.

All issued shares are fully subscribed and paid as at December 31, 2018.

9. Equity (continued)

b) Share premium

	EUR
As at January 1, 2017	**6,458,777,755**
Share premium reimbursement*	(12,349,371)
As at December 31, 2017	**6,446,428,384**
Share premium increase	173,960,296
As at December 31, 2018	**6,620,388,680**

**The sole shareholder of the Group resolved to make a distribution by way of share premium reimbursement which amounted to EUR 12,349,371 for the financial year ended December 31, 2017.*

On July 13 and August 1, 2018, USD Bevco S.à r.l. resolved to contribute in kind to the share premium account of the Company by an amount of EUR 53,765,207 and EUR 90,000,000, respectively, by the way of contribution of interests held in Private Investees.

On August 1, 2018, USD Bevco S.à r.l. resolved to contribute in kind to the share premium account of the Company by an amount of EUR 84,695,904, by the way of contribution of shares in Park S.à r.l. subsequently reduced on December 12, 2018 by an amount of EUR 54,500,815.

c) Legal reserve

	EUR
As at December 31, 2017	**7,368,268**
Allocation to legal reserve	302,367
As at December 31, 2018	**7,670,635**

In accordance with Luxembourg company law, the Parent Company is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital.

d) Special reserve account

	EUR
As at January 1, 2017	**1,137,480,851**
Capital contribution for the year	298,994,848
As at December 31, 2017	**1,436,475,699**
Capital contribution for the year	1,042,196,437
As at December 31, 2018	**2,478,672,136**

On July 18, 2018, USD Bevco S.à r.l. resolved to contribute in kind to the special reserve account of the Company by an amount of EUR 982,000,000, by the way of contribution of 100% shares in Quercus B.V.

On December 27, 2018, USD Bevco S.à r.l. resolved to contribute in kind to the special reserve account of the Company by an amount of EUR 60,196,437, by the way of contribution of shares in Acorn Holdings B.V.

9. Equity (continued)

e) Other reserves

Other reserves amounting to EUR 66,212,654 pertain to:

- Difference between the consideration given for shares held in Park S.à r.l. and its aggregate book value of the assets less liabilities in application of the "predecessor accounting" method (Refer to Note 2.3.1) which amounted to EUR 63,140,104; and
- Net Wealth Tax ("NWT") special reserve of EUR 3,072,550.

f) Currency translation reserve

	EUR
As at January 1, 2017 and December 31, 2017	**690,302,868**
Currency translation adjustment in Other Comprehensive Income	-
As at December 31, 2018	**690,302,868**

Currency translation adjustment at the date of the Group's change in functional currency, on October 14, 2016, amounted to EUR 690,302,868. No such currency translation adjustments arose since October 14, 2016.

g) Retained earnings

	EUR
As at January 1, 2017	**(757,016,198)**
Profit for the year	350,441,659
Share premium reimbursement	12,349,371
Distributions for the year*	(326,051,535)
Allocation to legal reserve	(7,368,268)
As at December 31, 2017	**(727,644,971)**
Changes on initial application of IFRS 9	(94,850)
Restated balance as at January 1, 2018	**(727,739,821)**
Profit for the year	262,163,363
Distributions for the year**	(275,000,000)
Allocation to legal reserve***	(302,367)
As at December 31, 2018	**(740,878,825)**

**During the financial year ended December 31, 2017, the Group made a distribution in kind to USD Bevco consisting of a loan receivable from Aguila Ltd., which amounted to EUR 326,051,535 (Refer to Note 19).*

***On February 27, 2018, the Board of Managers approved the distribution of an interim dividend amounting to EUR 18,000,000 to USD Bevco. On December 6, 2018, Bevco Lux made a distribution of dividend amounting to EUR 257,000,000 to USD Bevco.*

****On April 25, 2018, it was decided to allocate EUR 302,367 to legal reserve, in accordance with Luxembourg company law.*

10. Cash flow information

Income and cash flow statements

The Group reports cash flows using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within financing cash flows. The acquisitions of financial assets are disclosed as cash flows from investing activities which appropriately reflects the Group's business activities.

11. Borrowings

a) Debt securities in issue

Nature	Currency	Interest rate	Maturity date	Principal amount EUR	Discount EUR	Carrying amount as at December 31, 2018 EUR	Carrying amount as at December 31, 2017 EUR
Eurobond	EUR	1.75%	09/02/2023	800,000,000	(8,036,431)	804,467,679	-

On February 9, 2018, the Group issued an unsecured Eurobond with a principal amount of EUR 800,000,000, an interest coupon of 1.75% payable annually in arrears at an issue price of 99.366%, maturing on February 9, 2023.

The proceeds of the Eurobond have been used to pay back margin loan facilities. The Eurobond is rated with an S&P: BBB rating. Furthermore, the Eurobond is officially listed on the Luxembourg Stock Exchange with trading on the Euro MTF segment. The Eurobond Security Code is ISIN: XS1767050351.

The split between current and non-current portion of debt securities in issue is presented below:

	December 31, 2018 EUR	December 31, 2017 EUR
Non-current portion of debt securities in issue	791,963,569	-
Current portion of debt securities in issue	12,504,110	-
	804,467,679	**-**

b) Borrowings

The balances of borrowings were as follows:

	December 31, 2018		December 31, 2017	
	Principal amount EUR	Carrying amount* EUR	Principal amount EUR	Carrying amount* EUR
Borrowings with financial insitutions	190,000,000	185,503,762	893,796,757	889,239,284
Borrowings with related parties	175,043,981	175,053,687	-	-
	365,043,981	**360,557,449**	**893,796,757**	**889,239,284**

**Carrying amount includes prepaid financing costs.*

11. Borrowings (continued)

b) Borrowings (continued)

Borrowings further split between current and non-current portion as presented below:

	December 31, 2018		December 31, 2017	
	Current portion	Non-current portion	Current portion	Non-current portion
	EUR	EUR	EUR	EUR
Borrowings with financial insitutions	95,503,762	90,000,000	889,239,284	-
Borrowings with related parties	9,706	175,043,981	-	-
	95,513,468	**265,043,981**	**889,239,284**	**-**

11. Borrowings (continued)

b) Borrowings (continued)

Terms and conditions on the short-term borrowings and movements in principal amounts are shown in the tables below:

December 31, 2018 ***(in EUR)***	**Currency of drawdawn**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2018**	**Drawdowns***	**Repayments***	**Principal amount December 31, 2018**
Borrowings with financial institution									
Financial institution 1	EUR	EURIBOR + margin	16/02/2019	10/08/2020	16/11/2018	200,000,000	-	(110,000,000)	90,000,000
Financial institution 2	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	75,000,000	180,000,000	(255,000,000)	-
Financial institution 3	EUR	EURIBOR + margin	-	11/10/2019	07/03/2016	300,000,000	-	(300,000,000)	-
Financial institution 4 - Facility A	EUR	EURIBOR + margin	19/03/2019	27/08/2019	07/10/2016	300,000,000	100,000,000	(300,000,000)	100,000,000
Financial institution 4 - Facility B	EUR	EURIBOR + margin	-	26/08/2021	07/10/2016	18,796,757	-	(18,796,757)	-
						893,796,757	280,000,000	(983,796,757)	190,000,000
Borrowings with related parties	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	-	175,043,981	-	175,043,981
Total						**893,796,757**	**455,043,981**	**(983,796,757)**	**365,043,981**

December 31, 2017 ***(in EUR)***	**Currency**	**Interest rate**	**Roll-over date**	**Termination date**	**Date of the Agreement**	**Principal amount January 1, 2017**	**Drawdowns***	**Repayments***	**Principal amount December 31, 2017**
Borrowings with financial institution									
Financial institution 1	EUR	Fixed rate	N/A	16/08/2018	30/09/2016	145,463,638	200,000,000	(145,463,638)	200,000,000
Financial institution 2	EUR	EURIBOR + margin	28/02/2018	21/12/2024	21/12/2017	-	75,000,000	-	75,000,000
Financial institution 3	EUR	EURIBOR + margin	04/03/2018	11/10/2019	07/03/2016	300,000,000	-	-	300,000,000
Financial institution 4 - Facility A	EUR	EURIBOR + margin	30/03/2018	27/08/2019	07/10/2016	300,000,000	-	-	300,000,000
Financial institution 4 - Facility B	EUR	EURIBOR + margin	30/03/2018	26/08/2021	07/10/2016	40,000,000	-	(21,203,243)	18,796,757
						785,463,638	275,000,000	(166,666,881)	893,796,757
Borrowings with related parties	EUR	EURIBOR + margin	N/A	undetermined period	02/05/2017	100,000,000	120,000,000	(220,000,000)	-
Total						**885,463,638**	**395,000,000**	**(386,666,881)**	**893,796,757**

**During 2018 the Group received EUR 455,043,981 (2017: EUR 395,000,000) and repaid EUR 983,796,757 (2017: EUR 386,666,881) of borrowings. These have been presented net in the consolidated statement of cash flows in 2018.*

The facility agreements with financial institutions are cross-guaranteed by the Group and its direct shareholder, USD Bevco, and from a legal perspective the credit facilities denominated in EUR and USD can be drawndown by both or any of the companies in either functional currency.

11. Borrowings (continued)

b) Borrowings (continued)

Total amount of the commitment and its undrawn amount with financial institutions and related parties are disclosed in the table below:

December 31, 2018	Total Commitment (EUR)	Credit facilities drawdown by USD Bevco (EUR)*	Guarantees (EUR)****	Credit facilities drawdown by the Group (EUR)**	Unused Credit facilities (EUR)
Financial institutions	2,201,703,057	-	5,240,400	190,000,000	2,005,467,249
Related parties***	500,000,000	-	-	-	500,000,000
Total	**2,701,703,057**	**-**	**5,240,400**	**190,000,000**	**2,505,467,249**

December 31, 2017	Total Commitment (EUR)	Credit facilities drawdown by USD Bevco (EUR)*	Guarantees (EUR)****	Credit facilities drawdown by the Group (EUR)**	Unused Credit facilities (EUR)
Financial institutions	2,259,010,000	32,518,200	5,002,800	893,796,757	1,335,862,243
Related parties***	500,000,000	-	-	-	500,000,000
Total	**2,759,010,000**	**32,518,200**	**5,002,800**	**893,796,757**	**1,835,862,243**

**Credit facilities drawndown by USD Bevco, original currency of this drawdown was in USD.*
***Credit facilities drawndown by Bevco Lux, original currency of this drawdown was in EUR.*
****In addition, Aguila Ltd. entered into an interest bearing loan facility agreement for an undetermined period with the Group's direct shareholder, USD Bevco, amounting to USD 500,000,000 equivalent to EUR 436,700,000 as at December 31, 2018 (December 31, 2017: EUR 416,900,000). From an overall liquidity perspective, the Group can indirectly benefit from this commitment.*
***** Change in Guarantees is due to foreign currency exchange rate impact.*

From an overall liquidity perspective, the Group can directly/indirectly benefit from this commitment.

Pledged shares

Bank Loan facilities are secured by the pledge of shares in AB InBev presented in the table below:

December 31, 2018		December 31, 2017	
Number*	**Fair value** EUR**	**Number***	**Fair value** EUR**
38,720,558	2,234,176,197	42,420,219	3,263,191,466

**The number of pledged shares reduced on March 31, 2018 following the termination of a credit facility with one of the financial institutions.*

***Fair value includes a discount for lack of marketability (DLOM) in respect of shares in AB InBev since the Group cannot sell its shares before the end of the restriction period. In the event a lender commences an enforcement action, the restriction on the shares will not apply.*

12. Other current liabilities

As at December 31, 2018 and 2017, other current liabilities are composed as follows:

	December 31, 2018	December 31, 2017
	EUR	EUR
Suppliers	169,208	346,763
Audit fees	212,231	103,334
Taxes (Refer to Note 16)	1,287,334	4,815
Bond issuance fees*	-	330,114
Provisions (Refer to Note 2.6)	58,830	-
Others	192,150	33,262
	1,919,753	**818,288**

**Incremental bond issuance fees have been recognised and capitalised in the carrying value and amortized over the life of the bond.*

13. Interest income

Interest income for the years ended December 31, 2018 and 2017 are presented in the table below:

	2018	2017
	EUR	EUR
Interest income from related party loans (Refer to Note 19)	4,889,473	2,625,700
Other interest income	4	112
	4,889,477	**2,625,812**

14. Administrative expenses

Administrative expenses for the years ended December 31, 2018 and 2017 are presented in the table below:

	2018	2017
	EUR	EUR
Service agreement*	640,466	710,225
Accountant fees	573,376	335,829
Legal and other professional fees	220,857	357,763
Audit fees	212,231	257,219
Custody and bank fees	103,954	80,085
Fiscal fees	38,706	-
Director fees	11,437	5,265
Other expenses	350	350
	1,801,377	**1,746,736**

**In 2016, a service agreement (SA) was entered into between the Group, its direct shareholder, other related entities and SNI International Holding S.à r.l., wherein the latter will provide services to its affiliated companies such as consultancy and/or advisory services to be procured by SNI International Holding S.à r.l. through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to SNI International Holdings S.à r.l. by each affiliated company shall be determined on a pro-rata basis in accordance with the terms outlined in the SA.*

15. Finance cost

Finance costs for the year ended December 31, 2018 and 2017 are presented in the table below:

	2018	2017
	EUR	EUR
Interest expenses on bonds	13,377,222	296,314
Fees for unused credit facilities	10,755,287	3,263,260
Interest expenses on borrowing from credit insitutions	4,049,391	10,675,783
Bond issuance fees*	851,965	-
Interest expenses on borrowing from related party (Refer to Note 19)	262,351	11,997
Borrowings early repayments fees	170,959	-
Current account interests expenses	125,618	100,256
Other fees	922,047	183,573
	30,514,840	**14,531,183**

**Amortisation of the capitalised Eurobond issue fees.*

The increase in finance cost is primarily due to the business combination under common control undertaken by the Group. Fees for unused credit facilities have increased following the repayment of most of the credit facilities, which have been replaced by a Eurobond issued by the Group on February 9, 2018 (Refer to Note 11a).

16. Taxes

16.1 Income taxes

Total income taxes in the consolidated statement of profit or loss are as follows:

	2018 EUR	2017 EUR
Current tax	1,282,519	-
Income tax expense	**1,282,519**	**-**

Income taxes are calculated based on the tax rates in the countries where the Group and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

Income tax reconciliation is as follows:

	2018 EUR	2017 EUR
Profit before income tax	**263,725,396**	**356,739,821**
Tax using the Parent company's domestic tax rate*	68,594,975	96,605,144
Tax effect of:		
- Non-deductible expenses	8,409,420	4,408,060
- Tax-exempt income	(77,004,395)	(101,013,204)
- Other adjustments**	1,282,519	-
	1,282,519	**-**

**In accordance with the jurisdiction under which the Parent company operates, the effective tax rate used for the financial year ended December 31, 2018 is 26.01% (2017: 27.08%).*

***Other adjustments pertain to non-deductible tax-related prior year adjustments of EUR 1,122,192 and current year Municipal Business Tax (MBT) of EUR 160,327.*

In Luxembourg a reduction of corporate tax rate from 27.08% to 26.01% was enacted on July 26, 2016.

16.2 Withholding tax and other taxes

Withholding tax and other taxes are as follows:

	2018 EUR	2017 EUR
Withholding tax on listed/restricted securities*	-	6,293,347
Withholding tax on unlisted securities*	274,699	-
Other taxes**	4,815	4,815
	279,514	**6,298,162**

**The Group earns dividend income from the country where its subsidiaries are principally located and registered. Dividends income is recorded on a gross basis with withholding tax being shown as a separate item in the consolidated statement of profit or loss.*

In 2018, due to a tax reform in the country where the latest security income was derived, the withholding tax rate was adjusted to 0% on the dividend income received from AB InBev during the year ended December 31, 2018.

***Other taxes pertain to Net Wealth Tax provisions.*

17. Segment information

The Group invests in securities and mainly derives its revenues and profits from the dividends received and appreciation of its shares held included in its investment portfolio. The Group's Chief Operating Decision Maker (CODM) consisting of the Board of Managers has identified three (3) reportable segments of its business (2017: one (1) reportable segment):

- Brewery;
- Real Estate;
- Other investments which consists of Private investment securities and partnerships.

Measures of profit or loss, total assets and liabilities for the reportable segments that are regularly provided to the Management are presented in the primary consolidated financial statements.

Management monitors the investment portfolio on an ongoing basis, and periodically, as well as on a case-by-case basis, reports to the Board of Managers, which takes actions and/or decisions calculated to create shareholder value over the long term. In its management of the portfolio, Management bases its investment decisions on optimizing for a set of guiding attributes:

- Industries with defensive attributes;
- Assets with branding and/or franchise value;
- Assets with scarcity value.

Management takes a long-term perspective when assessing its investment portfolio and as of December 31, 2018, hereof it has no plans to materially divest its investment in the near future. In determining its investment decisions management makes use of a multitude of publicly available data sources, concerning its current and potential investees and of the fundamental value drivers of the relevant industries in which it invests or may invest.

Industries of the Group's underlying investment portfolio are categorised as follows:

- AB InBev and other investments: Food and beverage industries;
- Inmobiliaria Colonial: Real Estate.

Segment assets and liabilities

There are no reconciling items between the amounts in the consolidated statement of financial position for the reportable segments and the amounts in the Group's consolidated statement of financial position.

Fair value of investments for each reportable segments is disclosed in Note 5.1.

17. Segment information (continued)

Other profit and loss disclosures

	Operating segments			
December 31, 2018	**Brewery**	**Real Estate**	**Private equity securities and Partnerships**	**Total**
Interest income	3,645,792	234,418	1,009,267	**4,889,477**
Dividend income	288,015,610	-	3,072,904	**291,088,514**
Net result on foreign currency operations	1,816	(332)	31	**1,515**
Other income	-	77,377	-	**77,377**
Total net income	**291,663,218**	**311,463**	**4,082,202**	**296,056,883**
Administrative expenses	(1,147,914)	(219,511)	(433,952)	**(1,801,377)**
Operating income	**290,515,304**	**91,952**	**3,648,250**	**294,255,506**
Finance costs				**(30,514,840)**
Net loss allowance				**(15,270)**
Profit before tax				**263,725,396**
Income Taxes				**(1,282,519)**
Withholding tax on dividend income				**(274,699)**
Other taxes				**(4,815)**
Profit for the year				**262,163,363**

December 31, 2017	**Brewery**	**Real Estate**	**Private equity securities and Partnerships**	**Total**
Interest income	2,625,812	-	-	**2,625,812**
Dividend income	370,305,785	-	-	**370,305,785**
Net result on foreign currency operations	86,143	-	-	**86,143**
Total net income	**373,017,740**	**-**	**-**	**373,017,740**
				-
Administrative expenses	(1,746,736)	-	-	**(1,746,736)**
Operating income	**371,271,004**	**-**	**-**	**371,271,004**
Finance costs				**(14,531,183)**
Net loss allowance				-
Profit before tax				**356,739,821**
Income Taxes				-
Withholding tax on dividend income				**(6,293,347)**
Other taxes				**(4,815)**
Profit for the year				**350,441,659**

18. Commitments

Pledge

Part of AB InBev shares are pledged in favour of international financial institutions (Refer to Note 11b). The pledges secure each lender's amount of committed credit facility in favour of the Group, and require lender consent prior to encumbering or selling any of the pledged shares. The Group may request a release of pledged securities to the lender with a Margin Return Notice, subject to meeting required loan to values and lender consent.

The Group opened several margin security accounts with the respective financial institutions. Some of these accounts are subject to pledge agreements granted in favour of financial institutions with which the Group has entered into borrowing facility agreements. The purpose of such security accounts places an obligation on the Group to lodge securities or cash whenever margin-calls are issued by financial institutions in order to secure the obligations of the Group. To date, no margin-call notices have been received by the Group.

Guarantees

"SBLC 1"

In order to secure an acquisition by a related entity, and more precisely the second payment that is in relation to the acquisition for an amount of EUR 118,988,585 ("the purchase price") due in the first quarter 2019, the Group agreed to issue a stand-by letter of credit ("SBLC") from a financial institution in favour of the seller by which it engages to settle the second instalment of the purchase price. This SBLC bears interest at 1.40% plus implementation fees of EUR 137,512 charged to the Group.

In order to protect the Group from any disbursements made in connection with the guarantee, there is a separate guarantee provided by Aguila Ltd., for the benefit of the Group, which will allow the Group to recover any payments made in favour of the seller and will expire in April 2019.

The Group will recharge to its related entity in respect of these SBLC all the fees incurred plus a margin in compliance with the transfer pricing rules and regulations in place between the related entities.

An amendment to the facility agreement in place with financial institution 1 was signed on February 16, 2017, in which, its direct shareholder, USD Bevco was added as guarantor of the Group. No further amendments took place since that date.

On August 8, 2018 the counterparty of the SBLC has been amended and assigned from Park S.à r.l. to Blue Clay S.à r.l. (subsidiary of SNI International Holdings S.à r.l.).

"SBLC 2"

The Group acts as a guarantor for USD Bevco as it holds the AB InBev shares which are pledged as guarantee on the credit facility agreements. As at December 31, 2018 and December 31, 2017, the maximum exposure which the Group could potentially become liable amounts to EUR 5,739,941 (consisting of accrued interest of EUR 499,541 and guarantee fees of EUR 5,240,400) as of December 31, 2018 and EUR 38,225,170 (consisting of principal drawdown of EUR 32,518,200, accrued interest of EUR 47,505, accrued commitment fees of EUR 656,665 and guarantee fees of EUR 5,002,800) as of December 31, 2017 respectively.

Irrevocable commitments

As at December 31, 2018 the outstanding commitments with Aguila Ltd. amounted to EUR 364,000,000 (December 31, 2017: EUR 449,000,000) as outlined in Note 6.

19. Related party transactions

Major transactions and balances with related parties for the year ended December 31, 2018 and 2017 are summarised in the tables below:

	TOTAL	Aguila Ltd *Ultimate parent*	SNI International Holdings S.à r.l. *Direct parent of USD Bevco*	USD Bevco S.à r.l. *Direct parent*	Blue Clay S.à r.l. *Subsidiary of SNI International Holdings S.à r.l.*	Park S.à r.l. *Previously, a subsidiary of SNI International Holdings S.à r.l.*	Meristem S.à r.l. *Shareholder of USD Bevco*	Notes
As at December 31, 2018								
Financial position items								
Loans to related parties	**136,076,240**	136,061,671	-	-	14,569	-	-	*6*
Other current assets	**737,872**	-	-	-	730,429	-	7,443	*7*
Loans from related parties	**175,053,687**	-	-	175,053,687	-	-	-	*11b*
Off balance sheet items								
Guarantees issued	**124,728,526**	-	-	5,739,941	118,988,585	-	-	*18*
Guarantees received	**118,988,585**	118,988,585	-	-	-	-	-	*18*
Irrevocable unused commitment issued	**364,285,429**	364,000,000	-	-	285,429	-	-	*6*
Irrevocable unused commitment received	**500,000,000**	500,000,000	-	-	-	-	-	*11b*
Year ended December 31, 2018								
Profit or loss statement items								
Interest income	**4,889,473**	2,140,588	-	-	730,429	2,018,456	-	*13*
Interest expense	**262,351**	-	-	262,351	-	-	-	*15*
Administrative expenses	**640,466**	-	640,466	-	-	-	-	*14*

	TOTAL	Aguila Ltd *Ultimate parent*	SNI International Holdings S.à r.l. *Direct parent of USD Bevco*	USD Bevco S.à r.l. *Direct parent*	SNI Luxembourg S.à r.l. *Subsidiary of SNI International Holdings S.à r.l.*	Park S.à r.l. *Previously, a subsidiary of SNI International Holdings S.à r.l.*	Meristem S.à r.l. *Shareholder of USD Bevco in 2018*	Notes
As at December 31, 2017								
Financial position items								
Loans to related parties	**126,342,497**	51,215,887	-	-	-	75,126,610	-	*6*
Other current assets	**845,334**	-	-	-	-	845,334	-	*7*
Off balance sheet items								
Guarantees issued	**157,213,755**	-	-	38,225,170	-	118,988,585	-	*18*
Guarantees received	**118,988,585**	118,988,585	-	-	-	-	-	*18*
Irrevocable unused commitment issued	**449,000,000**	449,000,000	-	-	-	-	-	*6*
Irrevocable unused commitment received	**500,000,000**	500,000,000	-	-	-	-	-	*11b*
Year ended December 31, 2017								
Profit or loss statement items								
Interest income	**2,625,700**	525,209	-	-	258,386	1,842,105	-	*13*
Interest expense	**11,997**	11,997	-	-	-	-	-	*15*
Administrative expenses	**710,225**	-	710,225	-	-	-	-	*14*

Transactions with related parties are based on normal commercial terms and conditions.

Dividend distribution

On February 27, 2018, the Board of Managers approved the distribution of a 2017 interim dividend amounting to EUR 18,000,000 to USD Bevco.

In addition, the Board of Managers approved the distribution of a dividend amounting to EUR 257,000,000 to USD Bevco on November 6, 2018.

During the financial year ended December 31, 2017, the Group made a distribution in kind to USD Bevco consisting of a loan receivable from Aguila Ltd. (Refer to Note 6) which amounted to EUR 326,051,535.

19. Related party transactions (continued)

Transaction with employees

As at December 31, 2018, the average number of employees directly employed by the Group was nil (2017: nil).

Key management personnel

EUR 11,437 have been paid or is payable to key management personnel for the year ended December 31, 2018 and EUR 5,265 for the year ended December 31, 2017.

20. Subsequent events

a) *Financing activity*

Credit institutions

On January 4, 2019, the Group and its direct parent (USD Bevco) made a drawdown of EUR 87,340,000 or USD 100,000,000 on the facility agreement granted by financial institutions 3.

On February 6, 2019, the Group made a drawdown of EUR 10,000,000 on the facility agreement granted by financial institution 4, which is due on May 6, 2019.

On February 15, 2019, the Group rolled over an existing loan amounting to EUR 90,000,000 with financial institution 1 under the same terms and new repayment date on May 15, 2019.

On March 19, 2019, the Group rolled over an existing loan amounting to EUR 100,000,000 with financial institution 4 under the same terms and new repayment date on June 19, 2019.

On April 3, 2019, the Group and its direct parent (USD Bevco) have:

- Extended the maturity date to April 3, 2024 for the secured tranche of the multi-currency credit facility agreement amounting to USD 350,000,000 or EUR 305,690,000 with financial institution 3; and
- Entered into a new unsecured tranche agreement amounting to USD 150,000,000 or EUR 131,010,000 with financial institution 3 and having a maturity date on April 3, 2022.

On April 4, 2019, the Group and its direct parent (USD Bevco) rolled over an existing loan amounting to EUR 87,340,000 USD 100,000,000 with financial institutions 3 under the same terms and new repayment date on July 4, 2019.

On April 30, 2019, the Group and its direct parent (USD Bevco) have:

- Extended the maturity date to 29 April 2022 for the secured tranche of the multi-currency credit facility agreement amounting to USD 200,000,000 or EUR 174,680,000 with financial institution 4; and
- Entered into a new unsecured tranche agreement amounting to USD 150,000,000 or EUR 131,010,000 with financial institution 4 and having a maturity date on 30 April 2021.

On May 6, 2019, the Group made a drawdown of EUR 5,000,000 from its unsecured tranche agreement with financial institution 1. Furthermore, on the same date, the Group made a drawdown of EUR 5,000,000 from its secured tranche agreement with financial institution 1.

On May 7, 2019, the Group made a drawdown of EUR 50,000,000 from its unsecured tranche agreement with financial institution 4. Furthermore, on the same date, the Group repaid the principal amount outstanding of EUR 60,000,000 on its outstanding secured tranche with financial institution 4.

20. Subsequent events (continued)

a) *Financing activity (continued)*

On May 15, 2019, the Group repaid the principal amount of EUR 50,000,000 on its outstanding unsecured tranche with financial institution 1. Furthermore, on the same date, the Group repaid the principal amount of EUR 50,000,000 on its outstanding secured tranche agreement with financial institution 1.

Eurobond

On February 11, 2019, the Group settled the annual coupon payment of EUR 14,000,000 on its Eurobond to the various bondholders.

b) Investing activity

Related parties

On February 5, 2019, the Group entered, as lender, into an interest bearing loan agreement, with Blue Clay S.à r.l. for a total principal amount of EUR 300,000 with effective date as at November 29, 2018 (Refer to Note 19). On March 7, 2019, the loan was fully repaid and the facility was subsequently cancelled.

On March 21, 2019, the guarantee (namely "SBLC 1") has been cancelled and terminated (Refer to Note 18).

Investment securities

On March 25, 2019, the Group has received a net dividend amounting to USD 331,583 (or EUR 292,789) from its Private equity securities and partnerships.

On March 28, 2019, the Group received a net dividend amounting to EUR 9,720,816 from its Private equity securities and partnerships.

On May 10, 2019, the Group has received a net dividend amountind to EUR 102,862,718 from its investment in AB InBev.