

Bevco Lux S.à r.l.

**Consolidated financial statements for the year ended
December 31, 2020**

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

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Audit report

To the Board of Managers 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 2020, 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 2020;
- 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Restriction on Distribution and Use

This report, including the opinion, has been prepared for and only for the Board of Managers, the Shareholder and the Bondholders 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, 27 May 2021

Malik Lekehal

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

	Notes	December 31, 2020 EUR	December 31, 2019* EUR
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	6,987,765,132	8,386,328,754
Total non-current assets		6,987,765,132	8,386,328,754
Current assets			
Loans granted	6	316,075,955	75,991,153
Current tax assets	16.3	1,288,574	1,131,762
Other current assets	7	286,538	62,480
Cash and cash equivalents	8	129,270,062	22,168,885
Total current assets		446,921,129	99,354,280
TOTAL ASSETS		7,434,686,261	8,485,683,034
EQUITY			
Share capital	9a	102,090,921	102,090,921
Share premium	9b	6,620,388,680	6,620,388,680
Legal reserve	9c	10,209,092	10,209,092
Special reserve account	9d	2,478,672,136	2,478,672,136
Reserve for unrealised FV movements of financial assets at FVOCI		(3,320,349,028)	(1,781,400,865)
Other reserves	9e	66,212,654	66,212,654
Currency translation adjustment	9f	690,302,868	690,302,868
Retained earnings	9g	(544,080,885)	(735,396,265)
Total equity		6,103,446,438	7,451,079,221
LIABILITIES			
Non-current liabilities			
Debt securities in issue	11a	1,090,116,031	793,891,177
Long term borrowings	11b	171,685,015	220,835,015
Total non-current liabilities		1,261,801,046	1,014,726,192
Current liabilities			
Interests on debt securities in issue	11a	11,585,578	12,504,110
Short term borrowings	11b	50,851,992	811,150
Current tax liabilities	16.4	6,163,640	5,631,648
Other current liabilities	12	837,567	930,713
Total current liabilities		69,438,777	19,877,621
Total liabilities		1,331,239,823	1,034,603,813
TOTAL EQUITY AND LIABILITIES		7,434,686,261	8,485,683,034

*Certain comparative figures were realigned to conform with the current year presentation.

The accounting policies and notes on pages 11 to 62 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, 2020	For the year ended December 31, 2019
Income		EUR	EUR
Interest income	13	3,752,670	2,133,991
Dividend income	5.4	92,580,980	272,019,748
Net result on foreign currency operations		(925,164)	(2,508)
Other income		30,173	31,675
Total net income		95,438,659	274,182,906
Expenses			
Administrative expenses	14	(1,991,671)	(2,399,315)
Operating income		93,446,988	271,783,591
Finance costs	15	(38,655,046)	(44,337,434)
Net change in loss allowance	3.1b	(127,293)	28,044
Profit before tax		54,664,649	227,474,201
Income taxes	16.1	(683,990)	(488,350)
Withholding tax on dividend income	16.2	(2,390,028)	(422,580)
Other taxes	16.2	(4,815)	(4,815)
Profit for the year		51,585,816	226,558,456

The accounting policies and notes on pages 11 to 62 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, 2020	For the year ended December 31, 2019
		EUR	EUR
Profit for the year		51,585,816	226,558,456
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Net (loss)/gain on investment securities at fair value through other comprehensive income	5.3	(1,538,948,163)	1,961,531,478
Net realised gains on its privately held investment	5.2	139,729,564	28,840,717
Income tax relating to these items	16.5	-	(4,978,156)
Other comprehensive (loss)/income for the year, net of tax		(1,399,218,599)	1,985,394,039
Total comprehensive (loss)/income for the year		(1,347,632,783)	2,211,952,495

The accounting policies and notes on pages 11 to 62 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	Reserve for unrealised FV movements of financial assets at FVOCI	Other reserves	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2019		102,090,921	6,620,388,680	7,670,635	2,478,672,136	(3,742,932,343)	66,212,654	690,302,868	(740,878,825)	5,481,526,726
Profit for the year		-	-	-	-	-	-	-	226,558,456	226,558,456
Other comprehensive income	5.3	-	-	-	-	1,985,394,039	-	-	-	1,985,394,039
Transactions with owners in their capacity as owners:										
Allocation to legal reserve	9c	-	-	2,538,457	-	-	-	-	(2,538,457)	-
Distributions for the year	9g	-	-	-	-	-	-	-	(242,400,000)	(242,400,000)
Balance as at December 31, 2019		102,090,921	6,620,388,680	10,209,092	2,478,672,136	(1,757,538,304)	66,212,654	690,302,868	(759,258,826)	7,451,079,221
Reclassification*		-	-	-	-	(23,862,561)	-	-	23,862,561	-
Restated balance as at December 31, 2019*		102,090,921	6,620,388,680	10,209,092	2,478,672,136	(1,781,400,865)	66,212,654	690,302,868	(735,396,265)	7,451,079,221
Profit for the year		-	-	-	-	-	-	-	51,585,816	51,585,816
Other comprehensive (loss)	5.3	-	-	-	-	(1,399,218,599)	-	-	-	(1,399,218,599)
Reclassification of realised items of investment securities at fair value through OCI		-	-	-	-	(139,729,564)	-	-	139,729,564	-
Balance as at December 31, 2020		102,090,921	6,620,388,680	10,209,092	2,478,672,136	(3,320,349,028)	66,212,654	690,302,868	(544,080,885)	6,103,446,438

*Certain comparative figures were realigned to conform with the current year presentation.

As a consequence, realised gain on the disposal of Investment securities have been reclassified from "Reserve for unrealised FV movements of financial assets at FVOCI" to "Retained earnings" for a total amount of EUR 23,862,561 as of December 31, 2019.

The accounting policies and notes on pages 11 to 62 form part of, and should be read in conjunction with, these consolidated financial statements.

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

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash flows from operating activities		EUR	EUR
Profit before tax for the year		54,664,649	227,474,201
<i>Adjustments for:</i>			
Interest income	13	(3,752,670)	(2,133,991)
Dividend income	5.4	(92,580,980)	(272,019,748)
Finance costs	15	38,655,046	44,337,434
Net result on foreign currency operations		925,164	2,508
Other non-cash transactions		(763,552)	(319,817)
Net change in gain/(loss) allowance	3.1b	127,293	(28,044)
		<u>(2,725,050)</u>	<u>(2,687,457)</u>
<i>Changes in:</i>			
Other current assets		(224,058)	1,091,755
Other current liabilities		(93,146)	298,294
Cash (used in) operating activities		<u>(3,042,254)</u>	<u>(1,297,408)</u>
Foreign taxes refunds		-	192,961
Other taxes paid		(313,626)	(2,249,138)
Net cash (used in) operating activities		<u>(3,355,880)</u>	<u>(3,353,585)</u>
Cash flows from investing activities			
Additional capital contribution to a private investee	5.3	(654,977)	(633,898)
Loans granted	6	(400,000,000)	(130,000,000)
Reimbursement of loans and other advances	6	160,000,000	190,014,583
Reimbursement of investments held in equity securities	5.2	-	4,879,558
Interest received	13	3,342,600	1,715,348
Dividend received	5.4	90,190,952	271,597,168
Proceeds from disposal of investment securities	5.2	-	100,000,003
Net cash (used in) / generated from investing activities		<u>(147,121,425)</u>	<u>437,572,762</u>
Cash flows from financing activities			
Distributions for the year	9g	-	(242,400,000)
Proceeds from bonds issuance	11a	495,865,000	-
Bonds redemption	11a	(199,629,000)	-
Proceeds from borrowings - credit institutions	11b	361,000,000	255,000,000
Repayment of borrowings - credit institutions	11b	(361,000,000)	(395,000,000)
Finance costs paid		(38,657,518)	(40,486,613)
Net cash generated from / (used in) financing activities		<u>257,578,482</u>	<u>(422,886,613)</u>
Net increase in cash and cash equivalents		107,101,177	11,332,564
Cash and cash equivalents at the beginning of the year	8	22,168,885	10,836,319
Effects of foreign currency translation differences		-	2
Cash and cash equivalents at the end of the year	8	<u>129,270,062</u>	<u>22,168,885</u>

The accounting policies and notes on pages 11 to 62 form part of, and should be read in conjunction with, these consolidated financial statements.

Bevco Lux S.à r.l.
Notes to the consolidated financial statements
For the year ended December 31, 2020
(in EUR)

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.

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 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.

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Notes to the consolidated financial statements
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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 (EU), issued and effective as at December 31, 2020.

The consolidated financial statements have been authorised and approved for issuance on May 10, 2021 by the Board of Managers of the Company.

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.

The Board of Managers has recognised the impact of "Covid-19" on the global economy and continues to monitor this. Based on the information available the Board of Managers does not believe that there are sufficient facts and data available to conclude that there has been any material lasting impact on the financial performance of the Company. The Board of Managers does not believe that the impact of the virus will have a material adverse effect on the financial condition or liquidity of the Company and therefore continues to adopt a going concern assumption as the basis for preparing its consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its direct subsidiaries as of December 31, 2020.

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 subsidiaries 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. ("Park") which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A. ("Colonial"), a leading Eurozone real estate company with over 1.79 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, was contributed by the direct parent of USD Bevco to Bevco Lux on August 1, 2018. The fair market value of Park which is attributable to the minority interest in Colonial amounted to EUR 353,180,268 at the time of the contribution; and

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2.3 Basis of consolidation (continued)

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 being the majority investor in Jacobs Douwe Egberts Peet's N.V. ("JDEP") publicly traded on Euronext Amsterdam (ISIN: NL0014332678) and Keurig Dr. Pepper Inc. ("KDP") publicly traded on New York Stock Exchange ("NYSE") (ISIN: US49271V1008), the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by the ultimate parent company 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 as at December 31, 2020 and December 31, 2019:

Company	Location	Consolidation method	Percentage of interest / control
Bevco Lux S.à r.l.	Luxembourg	N/A	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.

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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, 2020:

Amendments to IFRS 3 - Definition of a Business

The amendments to IFRS 3 was issued on October 22, 2018 and clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. The adoption of this standard did not have material impact on the Group's consolidated financial statements;

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement issued on September 26, 2019, provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The adoption of this standard did not have material impact on the Group's consolidated financial statements;

Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments issued on October 31, 2018 provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The adoption of this standard did not have material impact on the Group's consolidated financial statements; and

Amendments to References to the Conceptual Framework in IFRS Standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The adoption of these amendments issued on March 29, 2018 did not have material impact on the Group's consolidated financial statements.

New standards, amendments and interpretations not yet effective or not yet adopted by the Group

Certain new standards and interpretation are relevant for the Group and effective for annual periods beginning after January 1, 2021 and have not been early adopted by the Group:

- Amendments to IAS 1 – Presentation of financial statements: Classification of liabilities as current or non-current (issued on January 23, 2020) with effective date January 1, 2022;
- Amendment to IFRS 3 - Reference to the Conceptual Framework (issued in May 2020) with effective date on January 1, 2022;
- Amendment to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued in May 2020) with effective date on January 1, 2022;

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2.5 Adoption of new and revised IFRSs (continued)

- Amendment to IFRS 9 - Fees in the “10 per cent” test for derecognition of financial liabilities (2018-2020 annual improvements) with effective date on January 1, 2022; and
- IFRS 17 – Insurance contracts (issued in May 2017) with effective date January 1, 2023.

None of the accounting pronouncements are expected to have a material impact on the Group's financial condition or result of operations.

2.6 Foreign currency translation

Functional and presentation currency:

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

Bevco Lux is acting with a high degree of autonomy in regard to its parent company, USD Bevco. The financing and operating activities as well as its revenues and expenses are mainly derived in EUR. In addition, the Group is directly linked to its underlying investments wherein its economic activities are driven in EUR. Thus, the functional currency of the Group is EUR.

The presentation currency of the Group does not differ from its functional currency (refer to Note 4.1 (a)).

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.

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:

	<u>Average rate - EUR</u>		<u>Spot rate - EUR</u>	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
USD 1	0.8768	0.8934	0.8149	0.8902
GBP 1	1.1248	1.1399	1.1123	1.1754

The foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at period 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 consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

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2.6 Foreign currency translation (continued)

- income and expenses for each consolidated statement of profit or loss and consolidated 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.

2.7 Financial assets

(i) Classification and subsequent measurement

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 fair value through profit or loss ("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 2.7 (iii) and in Note 3.1b. Interest income from these financial assets are included in 'Interest income' using the effective interest rate method.
- **Fair value through other comprehensive income ("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, 2020.
- **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 debt instrument that is subsequently measured at FVPL is recognised directly in the consolidated statement of profit or loss and is presented net within other gains/(losses) in the period in which it arises. The Group holds investment in money market funds which are measured at FVPL as of December 31, 2020.

Loans granted, including facilities, advances, and cash at bank, are 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.

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2.7 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model

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.

SPPI

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 a 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 period following the change. Such changes are expected to be very infrequent and none occurred during the current or prior years.

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 investments 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, but may however be transferred within equity such as to retained earnings. 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.

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2.7 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Equity instruments (continued)

Investment securities consist of equity investments and private equity securities and partnerships. The Group has equity investments in Anheuser-Busch InBev SA/NV ("AB InBev"), Colonial and KDP ("KDP" or "KDP shares"). Furthermore, the Group has private equity securities and partnerships 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"). As permitted by IFRS 9, the Group has designated these investments at the date of initial application as financial instruments measured at FVOCI.

(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.

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

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

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.

A significant increase in credit risk is considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

- Past due criterion: The obligor is past due more than 30 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.
- The Group identifies an exposure as having higher credit risk due to increase in leverage.

2.7 Financial assets (continued)

(iii) Impairment (continued)

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 is 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 to determine the probability of default ("PD"). 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 Group in full, without recourse by the Group to action such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has opted for the low credit risk exemption for all assets in the scope of IFRS 9 impairment methodology and 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.

2.7 Financial assets (continued)

(iii) Impairment (continued)

Symmetry of the transfer criterion

Transfer approach from stage to stage forth and back is symmetrical. Specifically, if in subsequent reporting periods the credit quality of a financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then the asset is reassigned. The symmetry property of the transfer criterion holds also in the case of not significant modifications of financial instruments, which do not lead to derecognition.

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 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.

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.

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. The Group considers 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 within liabilities in the Group's consolidated statement of financial position.

2.9 Loan commitments

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.

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2.10 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.

2.11 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.

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 period 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.

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2.11 Taxation (continued)

b) Deferred tax (continued)

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 also recognised in equity and not in the consolidated statement of profit or loss.

2.12 Dividend distribution

Dividend distributions to the Group's shareholder 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.

2.13 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 consolidated statement of profit or loss 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 financial liability 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 financial liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.14 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. Transaction costs are accounted net of tax for equity related transaction, in accordance with IAS 12.

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2.15 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 shareholder.

2.16 Interest income and interest expense

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

2.17 Dividend income

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

2.18 Reserve for unrealised FV movements of financial assets at FVOCI

This comprises of 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.

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.

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3.1 Financial risk factors (continued)

a) Market risk (continued)

Currency risk (continued)

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

	December 31, 2020	December 31, 2019
	EUR	EUR
Assets		
Cash and cash equivalents - USD exposure	29,095	44,004
Foreign currency exposure	29,095	44,004

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 and in equity would amount to EUR 2,910 as at December 31, 2020 (December 31, 2019: EUR 4,400).

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 Group's foreign exchange transactions:

- forward foreign exchange contracts (also non-deliverable forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

As at December 31, 2020, 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, drawn down by USD Bevco, and cross-guaranteed by the Group is deemed to be limited. 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, 2020	December 31, 2019
	EUR	EUR
Fair value through OCI - Equity securities	6,460,605,510	6,892,363,102
Fair value through OCI - Private equity securities and partnerships	527,159,622	1,493,965,652
Fair value through P&L - Money market funds	99,985,501	-
	7,087,750,633	8,386,328,754

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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 securities of AB InBev, Colonial, KDP and private equity securities and partnerships. As shown in the table below, market data suggests that in aggregate this price risk amounts to a potential positive or negative EUR 1.9 billion (in a given twelve-month period) as at December 31, 2020 (December 31, 2019: EUR 1.5 billion in a given twelve-month period).

December 31, 2020						
Description	Fair value at December 31, 2020 EUR	Foreign currency exchange impact +/- EUR	Average Committed Capital EUR	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR
- Equity securities						
AB InBev - common shares	342,060,000	N/A	591,657,553	Quoted market price	26.40%	90,303,840
AB InBev - restricted shares	4,978,212,413	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	26.40%	1,314,248,077
Inmobiliaria Colonial SOCIMI, S.A.	231,768,540	N/A	218,130,546	Quoted market price	50.14%	116,208,746
Keurig DrPepper - common shares	356,560,841	(27,884,373)	345,169,637	Quoted market price	21.67%	77,266,734
Keurig DrPepper - restricted shares**	552,003,716	(34,710,216)	572,898,678	Quoted market price adjusted by DLOM*	21.67%	119,619,205
- Private equity securities and partnerships	527,159,622	(19,230,705)	369,247,377	Third party valuation based on comparable method	15.89% - 43.44%	174,637,091
Total	6,987,765,132	(81,825,294)	13,178,198,730			1,892,283,693
December 31, 2019						
Description	Fair value at December 31, 2019 EUR	Foreign currency exchange impact +/- EUR	Average Committed Capital EUR	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR
- Equity securities						
AB InBev - common shares	436,260,000	N/A	591,657,553	Quoted market price	20.09%	87,644,634
AB InBev - restricted shares	6,128,017,044	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	20.09%	1,231,118,624
Inmobiliaria Colonial SOCIMI, S.A.	328,086,058	N/A	218,130,546	Quoted market price	15.39%	50,492,444
- Private equity securities and partnerships	1,493,965,652	3,110,940	1,202,599,436	Third party valuation based on comparable method	8.46% - 34.90%	135,148,370
Total	8,386,328,754	3,110,940	13,093,482,474			1,504,404,072

* DLOM (Discount for Lack of Marketability) – Refer to Note 4.2a.

** During the year, a series of transactions occurred resulting to KDP shares transferred and made available to the Group – Refer to Note 5.2.

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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. Given the lack of a public market and potential other marketability factors, there is inherent price risk involved in valuing these privately-held investments. 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. Refer to Note 4.2 for further details on the valuation methodologies employed.

Material investments within the portfolio such as AB InBev, Colonial and KDP are managed on an individual basis and any decisions to be taken are approved by the 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, 2020	December 31, 2019
	EUR	EUR
<i>Financial assets at amortised costs</i>		
Loans granted (Refer to Note 6)	316,075,955	75,991,153
<i>Financial liabilities at amortised costs</i>		
Debt securities in issue* (Refer to Note 11a)	1,101,701,609	806,395,287
Borrowings (Refer to Note 11b)	222,537,007	221,646,165

* Debt securities in issue represent the Eurobonds, which bear a fixed interest rate, thus is not exposed to interest rate risk.

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3.1 Financial risk factors (continued)

a) Market risk (continued)

Interest rate risk (continued)

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

Sensitivity parameter ("+ bps" would result to a decrease and "- bps" would result to an increase in the statement of profit or loss)	<u>Impact on the profit or loss and equity</u>	
	For the year ended December 31, 2020	For the year ended December 31, 2019
	EUR	EUR
+15 basis points	(1,512,244)	(1,428,075)
-15 basis points	1,512,244	1,428,075
+5 basis points	(504,081)	(476,025)
-5 basis points	504,081	476,025

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 twelve-month time period.

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, 2020 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, 2020.

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3.1 Financial risk factors (continued)

b) Credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an allowance is recognised arising from 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, 2020	December 31, 2019
	EUR	EUR
Loans granted (Refer to Note 6)	316,207,506	76,008,812
Unused credit facilities (Refer to Note 6)	184,000,000	424,000,000
Other current assets (Refer to Note 7)	286,538	62,480
Cash at bank (Refer to Note 8)	29,284,649	22,168,917
Total	529,778,693	522,240,209

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

	As at December 31, 2020				
	ECL Staging				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	Total
	12-month ECL EUR	Lifetime ECL EUR	Lifetime ECL EUR	EUR	EUR
Credit rating					
A+	28,776,355	-	-	-	28,776,355
A	309,502	-	-	-	309,502
A-	198,792	-	-	-	198,792
Not rated	500,494,044	-	-	-	500,494,044
Gross carrying amount	529,778,693	-	-	-	529,778,693
Accumulated impairment loss allowance	(193,736)	-	-	-	(193,736)
Carrying amount	529,584,957	-	-	-	529,584,957

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3.1 Financial risk factors (continued)

b) Credit risk (continued)

	As at December 31, 2019				
	ECL Staging			Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3		
Credit rating	12-month ECL EUR	Lifetime ECL EUR	Lifetime ECL EUR	EUR	EUR
A+	16,616,531	-	-	-	16,616,531
A	5,550,785	-	-	-	5,550,785
A-	1,601	-	-	-	1,601
Not rated	500,071,292	-	-	-	500,071,292
Gross carrying amount	522,240,209	-	-	-	522,240,209
Accumulated impairment loss allowance	(66,444)	-	-	-	(66,444)
Carrying amount	522,173,765	-	-	-	522,173,765

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 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".

Expected credit losses recognised during the financial year are as follows:

Expected credit losses	December 31, 2020	December 31, 2019	Accumulated 2018 movements
	EUR	EUR	EUR
Accumulated beginning balance	66,444	110,120	-
Additional impairment (or reversals) recognised during the period on:			
- Loans granted	113,892	(17,887)	35,546
- Financial guarantee contracts	13,344	(25,709)	74,462
- Other current assets	-	(98)	98
- Cash and cash equivalents	56	18	14
Accumulated ending balance	193,736	66,444	110,120

ECLs are assessed on a forward-looking basis and there were no significant changes to estimation techniques or assumptions used during the year ended December 31, 2020. Furthermore, there were no financial instruments written off or fully impaired as at December 31, 2020.

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3.1 Financial risk factors (continued)

b) Credit risk (continued)

Variations in ECLs during the year are as disclosed below:

		December 31, 2019	Breakdown of ECL variation					December 31, 2020
		EUR	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	Other	EUR
Loss allowance measured at an amount equal to 12-month ECL	Stage 1	66,444	94,592	-	48,935	(16,295)	60	193,736
- ECLs in provisions (Note 12)		48,753	(5,265)	-	34,901	(16,295)	3	62,097
- ECLs on loans granted (Note 6)		17,659	99,857	-	14,034	-	1	131,551
- ECLs others		32	-	-	-	-	56	88
Loss allowance measured at an amount equal to lifetime ECL for	Stage 2-3	-	-	-	-	-	-	-
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	-	-

		December 31, 2018	Breakdown of ECL variation					December 31, 2019
		EUR	New / Increase in exposure	Repayment / (Extinguishment)	Change in credit risk	Transfer	Other	EUR
Loss allowance measured at an amount equal to 12-month ECL	Stage 1	110,120	29,056	(64,696)	(6,845)	14,522	(15,713)	66,444
- ECLs in provisions (Note 12)		74,462	29,056	(39,224)	(2,835)	2,927	(15,633)	48,753
- ECLs on loans granted (Note 6)		35,546	-	(25,472)	(4,010)	11,595	-	17,659
- ECLs others		112	-	-	-	-	(80)	32
Loss allowance measured at an amount equal to lifetime ECL for	Stage 2-3	-	-	-	-	-	-	-
- ECLs on loans granted (Note 6)		-	-	-	-	-	-	-
Financial assets that are purchased or originated credit impaired		-	-	-	-	-	-	-

As at December 31, 2020 and December 31, 2019, there were no stage 2 or stage 3 exposures therefore no ECL variation. Neither there were financial assets that are purchased or originated as credit impaired.

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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, 2020						
(in EUR)						
Debt securities in issue	1,101,701,609	10,506,493	-	7,500,000	1,166,383,985	1,184,390,478
Borrowings	222,130,229	193,750	50,092,569	-	200,425,358	250,711,677
Current tax liabilities	6,163,640	6,163,640	-	-	-	6,163,640
Other current liabilities	837,567	837,567	-	-	-	837,567
	1,330,833,045	17,701,450	50,092,569	7,500,000	1,366,809,343	1,442,103,362
Fees for unused credit facilities	406,778	2,266,131	2,518,250	5,098,540	24,916,764	34,799,685
Irrevocable commitment**	-	184,000,000	-	-	-	184,000,000
Total	1,331,239,823	203,967,581	52,610,819	12,598,540	1,391,726,107	1,660,903,047
		Contractual cash flows*				
	Carrying amount	< 3 months	4 - 6 months	7 - 12 months	> 12 months	Total
As at December 31, 2019						
(in EUR)						
Debt securities in issue	806,395,287	13,995,913	-	-	842,004,087	856,000,000
Borrowings	221,265,778	198,056	193,750	396,111	1,093,679,249	1,094,467,166
Current tax liabilities	5,631,648	5,631,648	-	-	-	5,631,648
Other current liabilities	930,713	930,713	-	-	-	930,713
	1,034,223,426	20,756,330	193,750	396,111	1,935,683,336	1,957,029,527
Guarantee	-	-	-	-	-	-
Fees for unused credit facilities	380,387	2,694,424	2,692,395	5,110,911	32,982,456	43,480,186
Irrevocable commitment**	-	424,000,000	-	-	-	424,000,000
Total	1,034,603,813	447,450,754	2,886,145	5,507,022	1,968,665,792	2,424,509,713

* 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, 2020 and December 31, 2019, 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 drawn down by Aguila Ltd. from the Group at any time subject to its terms and conditions.

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, 2020, 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 2,302,665,000 of which EUR 2,252,665,000 was undrawn (December 31, 2019: EUR 2,366,670,000, of which EUR 2,316,670,000 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.

In addition, Aguila Ltd. entered into an interest-bearing loan facility agreement for an undetermined period with the Group's direct shareholder, amounting to USD 500,000,000 equivalent to EUR 407,450,000 as at December 31, 2020 (December 31, 2019: EUR 445,100,000). From an overall liquidity perspective, the Group can indirectly benefit from this commitment.

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.

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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, semi-annual and/or annual primary financial statements to its lenders; and
- 2) if any 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, 2020 and December 31, 2019 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. These consolidated financial statements are presented in EUR, which is the Group's functional and presentational currency.

b) Assessment of significant influence over investees

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

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;

4.1 Judgments (continued)

b) Assessment of significant influence over investees (continued)

- with the exception of the restricted shareholder's right to appoint a board member in AB InBev, 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 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 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 Colonial 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 of the Board of Directors;
- The Group is represented by one non-executive director in a Private Investee, 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 nine members of the Board of Directors.

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 period 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.

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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 consolidated 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	<p>DLOM has been computed based on the following assumptions:</p> <ul style="list-style-type: none"> - 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 26.40% was implied (December 31, 2019: 20.09%); - a risk free rate of (0.67)% was used (December 31, 2019: (0.37)%); - 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 0.99% was assumed (December 31, 2019: 2.36%). 	Had the DLOM increased or decreased by 1% pp. as at December 31, 2020 compared to the actual discount used for AB InBev restricted shares (December 31, 2020: to 8.85% or 10.85%, respectively and December 31, 2019: to 11.99% or 13.99%, respectively), with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 55,221,436 (December 31, 2019: EUR 70,428,882).
- KDP restricted shares*	Quoted market price of shares discounted for lack of marketability (DLOM) using Black-Scholes Option Pricing Model	<p>DLOM has been computed based on the following assumptions:</p> <ul style="list-style-type: none"> - 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 29.50% - 30.69% was implied; - a risk free rate of 0.09% - 0.11% was used; - 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 KDP shares; - the dividend yield of 2.12% was assumed. 	Had the DLOM increased or decreased by 1% pp. as at December 31, 2020 compared to the actual discount used for KDP restricted shares (December 31, 2020: to 4.42% - 7.24% or 6.42% - 9.24%, respectively), with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 9,085,646.

* During the year, a series of transactions occurred resulting to KDP shares transferred and made available to the Group – Refer to Note 5.2.

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4.2 Estimates (continued)

a) Estimate of fair value (continued)

Valuation techniques and significant unobservable inputs (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Private equity securities and partnerships	Third party valuation based on comparable method	The net accounting value of investments in Partnership is adjusted by the market price of underlying investments.	Had the market price of the underlying investment increased or decreased by 1% pp. as at December 31, 2020 and December 31, 2019, with all other variables held constant, the increase or decrease in other comprehensive income would amount to EUR 5,271,596 (December 31, 2019: EUR 14,939,657).
	Third party valuation based on comparable method	Management uses valuation reports performed by third parties, who employ a variety of methods to determine portfolio holding valuations. These include the capitalization of earnings via multiples (e.g. EV/EBITDA and P/E multiples) - Implied P/E: 23.6x - 26.4x (December 31, 2019: 23.1x - 28.1x); - Implied EV/EBITDA: 14.6x - 16.5x (December 31, 2019: 17.8x - 18.1x);	

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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			
	Level 1	Level 2	Level 3	Total
As at December 31, 2020 (in EUR)				
Financial assets at fair value through OCI				
- Equity securities*	930,389,381	-	5,530,216,129	6,460,605,510
- Private equity securities and partnerships	-	-	527,159,622	527,159,622
Financial assets at fair value through P&L				
- Money market funds**	99,985,501	-	-	99,985,501
Total assets measured at fair value	1,030,374,882	-	6,057,375,751	7,087,750,633

	Fair value			
	Level 1	Level 2	Level 3	Total
As at December 31, 2019 (in EUR)				
Financial assets at fair value through OCI				
- Equity securities*	764,346,058	-	6,128,017,044	6,892,363,102
- Private equity securities and partnerships	-	-	1,493,965,652	1,493,965,652
Total assets measured at fair value	764,346,058	-	7,621,982,696	8,386,328,754

* 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). KDP shares which are restricted for a period ranging from 6 to 12 months or up to June 2021 are also classified under level 3.

** Investments in money market funds which are considered as cash equivalents are classified under level 1 (Refer to Note 8).

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 pledge AB InBev shares as collateral for committed facilities against both its drawn down loans and committed borrowing facilities (Refer to Note 11b).

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. Such valuation methodology is still in use and applicable as at December 31, 2020. The indicative value as at December 31, 2020 for the restricted shares was obtained by applying a revised DLOM of 9.85% or EUR 543,931,140 discount on the trading price of the unrestricted shares at the end of the year (December 31, 2019: DLOM of 12.99% or EUR 914,871,181 discount). The same valuation methodology has been applied to the KDP restricted shares valuation, obtained by applying a revised DLOM of 5.42% or EUR 12,883,731 for six-month period restricted shares and 8.24% or EUR 29,380,613 for twelve-month period restricted shares.

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4.2 Estimates (continued)

b) Accounting classifications and fair values (continued)

Equity securities (continued)

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

Therefore, the level 3 investments pertain to AB InBev restricted shares and KDP shares which are also restricted by virtue of a lock up agreement ranging from six to twelve months from the date the latter were made available to the Group (Refer to Note 5).

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.

c) Measurement of fair values

Transfers between Level 1 and 3

There were no transfers from Level 1 to Level 3 in the year ended December 31, 2020 or the year ended December 31, 2019. However, restrictions on part of KDP shares ceased during the year and these shares amounting to EUR 356,560,841 as at December 31, 2020 have been transferred from Level 3 to Level 1, refer to Note 4.2b.

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4.2 Estimates (continued)

c) Measurement of fair values (continued)

Reconciliation of Level 3 fair value

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

<i>in EUR</i>	Restricted equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2020	6,128,017,044	1,493,965,652	7,621,982,696
Result included in OCI			
- Net change in fair value (unrealised)	(1,063,936,258)	(284,494,387)	(1,348,430,645)
- Net gain on the restructuring of its privately held investment to create new classes of shares	-	220,612,838	220,612,838
- Net loss on redemption of a privately held investment	(80,883,274)	-	(80,883,274)
Additional capital contribution to a private investee	-	654,977	654,977
Acquisition of financial assets	903,579,458	-	903,579,458
Redemption of investments in private equity security	-	(903,579,458)	(903,579,458)
Transfer to level 1 fair value	(356,560,841)	-	(356,560,841)
Balance at December 31, 2020	5,530,216,129	527,159,622	6,057,375,751

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 recognised in the consolidated financial statements approximated their fair values:

As at December 31, 2020 (in EUR)	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Financial assets				
- Loans granted	-	-	316,075,955	316,075,955
Financial liability				
- Borrowings	-	-	222,537,007	222,537,007
- Debt securities in issue	1,149,070,211	-	-	1,101,701,609
As at December 31, 2019 (in EUR)				
	Level 1	Level 2	Level 3	Carrying value
Financial assets				
- Loans granted	-	-	75,991,153	75,991,153
Financial liability				
- Borrowings	-	-	221,646,165	221,646,165
- Debt securities in issue	833,232,000	-	-	806,395,287

d) Estimation uncertainty

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.

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5. Investment securities

5.1 Measurement category

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

	December 31, 2020	December 31, 2019
	EUR	EUR
Financial assets		
Listed securities		
- Equity securities	6,460,605,510	6,892,363,102
Unlisted securities		
- Private equity securities and partnerships	527,159,622	1,493,965,652
	6,987,765,132	8,386,328,754

As at December 31, 2020 and December 31, 2019 financial assets measured at FVOCI are illustrated below:

As at December 31, 2020	Anheuser-Busch InBev	Inmobiliaria Colonial SOCIMI, S.A.	Keurig Dr Pepper	Private equity securities and partnerships****	Total
Reportable segment (Refer to Note 17)	(Beverage)	(Real Estate)	(Beverage)		
No. of warrants*	-	-	-	7,374,537	
No. of restricted	96,862,718	-	22,788,323	-	
No. of common shares	6,000,000	28,880,815	13,672,994	29,086,780	
% of share capital**	5.22%	5.68%	2.59%	< 20%	
Fair value in EUR of restricted shares***	4,978,212,413	-	552,003,716	-	5,530,216,129
Fair value in EUR of common shares	342,060,000	231,768,540	356,560,841	527,159,622	1,457,549,003
TOTAL	5,320,272,413	231,768,540	908,564,557	527,159,622	6,987,765,132

As at December 31, 2019	Anheuser-Busch InBev	Inmobiliaria Colonial SOCIMI, S.A.	Private equity securities and partnerships	Total
Reportable segment (Refer to Note 17)	(Brewery)	(Real Estate)		
No. of warrants*	-	-	1,355,145	
No. of restricted	96,862,718	-	-	
No. of common shares	6,000,000	28,880,815	5,344,987	
% of share capital**	5.25%	5.68%	< 20%	
Fair value in EUR of restricted shares***	6,128,017,044	-	-	6,128,017,044
Fair value in EUR of common shares	436,260,000	328,086,058	1,493,965,652	2,258,311,710
TOTAL	6,564,277,044	328,086,058	1,493,965,652	8,386,328,754

* Warrants are immediately exercisable and demonstrate similar characteristics than common shares.

** Percentage (%) of ownerships are less than 20%. Aggregate shares held in AB InBev represent a 5.22% (December 31, 2019: 5.25%) ownership (excluding treasury shares), or 5.09% (including treasury shares).

*** Fair value includes a discount for lack of marketability (DLOM) in respect of the restricted shares in AB InBev and KDP shares which are also restricted (Refer to Note 4.2b).

**** During the period, one of the Group's privately held investments further simplified its equity composition due to its underlying investment portfolio going public and being listed in stock exchanges resulting to creation of new classes of shares and partial redemption of these new shares (Refer Note 5.2).

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

Part of shares held in Colonial are pledged as guarantee as part of an agreement with Sierra Nevada (Bermuda) L.P. (Refer Note 18).

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5. Investment securities (continued)

5.2 Investment securities transactions

Equity securities

During the financial year ended December 31, 2020, the movement in equity securities can be described as follows:

- In March 2020, Acorn Holdings BV ("Acorn"), one of the Group's privately held investments, underwent a recapitalisation of its ordinary shares into two types of tracking shares by exchanging the classes of ordinary shares held by Quercus BV ("Quercus") and all other shareholders for new classes of shares tracking the underlying investment portfolio. In addition, it allows tracking the net equity value related to the underlying investment portfolio of the listed companies controlled by Acorn. Such simplification into per class of new shares resulted in a realised gain of EUR 220,612,838 on the newly converted K and J tracking shares;
- On June 11, 2020, Quercus redeemed 27,345,988 of its tracking K shares in exchange for the same number of direct shares of Keurig Dr. Pepper Inc. (NYSE: KDP). The redemption price per share was set at EUR 25.24 (USD 28.54), resulting in a gain of EUR 12,654,673. These KDP shares are restricted, 50% for a period six (6) months and the remaining 50% for a period of twelve (12) months from the redemption date. Therefore, in calculating the fair value on June 11, 2020 of EUR 690,339,274 a DLOM was applied, which resulted in a loss of EUR 66,363,178. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 683,741,069 as of December 31, 2020; and
- On September 8, 2020, Quercus converted the warrants into 7,374,537 K shares of Acorn. Subsequently, on September 8, 2020, Quercus redeemed 9,115,329 of its tracking shares in exchange for the same number of direct shares of KDP. The redemption price per share was set at EUR 24.98 (USD 29.54), resulting in a gain of EUR 1,834,183. These KDP shares are restricted for a period of six (6) months from the redemption date. Therefore, in calculating the fair value on September 8, 2020 of EUR 227,729,041 a DLOM was applied, which resulted in a loss of EUR 14,520,096. The DLOM reduces over time as the restriction period diminishes thus the loss is considered temporary. Quercus immediately distributed in kind these shares to Bevco Lux, where they remain with a fair value of EUR 224,823,488 as of December 31, 2020.

During the financial year ended December 31, 2019, the movement in equity securities can be described as follows:

- On July 1, 2019, the Group received reimbursement of its investments held in Colonial which amounted to EUR 4,879,558; and
- On September 6, 2019, the Group sold 9,425,071 shares in Colonial for a total proceeds amounting to EUR 100,000,003 which resulted to a gain on disposal of EUR 28,840,717.

In October 2016 as a result of a business combination between SABMiller and AB InBev, the Group acquired restricted shares in AB InBev 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.

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5. Investment securities (continued)

5.2 Investment securities transactions (continued)

Private equity securities and partnerships

During the financial year ended December 31, 2020, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 648,201.

During the financial year ended December 31, 2019, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 633,898.

Covid-19 assessment

Towards the end of 2019, a new virus (Covid-19) emerged, and infections started to occur around the globe. Subsequently, on March 11, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it.

The financial impact resulting from the Covid-19 crisis has been directly taken into consideration and has well been reflected in the valuation of investment securities held by the Group as at December 31, 2020 briefly described as follows:

- Its equity securities are driven by and linked to market conditions being listed shares; and
- The valuation of its private equity securities and partnerships is reflecting the Covid-19 impact.

As per Management's assessment, the impact of Covid-19 crisis did not affect the Group's financial liquidity and remains in a positive position to be able to settle existing financial obligations.

5.3 Changes in fair value of investment securities

	Equity securities	Private equity securities and partnerships	Total
<i>in EUR</i>			
Balance at January 1, 2020	6,892,363,102	1,493,965,652	8,386,328,754
Result included in OCI			
- Net change in fair value (unrealised)	(1,254,453,776)	(284,494,387)	(1,538,948,163)
- Net gain on the restructuring of its privately held investment to create new classes of shares	-	220,612,838	220,612,838
- Net loss on redemption of a privately held investment	(80,883,274)	-	(80,883,274)
Additional capital contribution to a private investee	-	654,977	654,977
Acquisition of financial assets	903,579,458	-	903,579,458
Redemption of investments in private equity security	-	(903,579,458)	(903,579,458)
Balance at December 31, 2020	6,460,605,510	527,159,622	6,987,765,132

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5. Investment securities (continued)

5.4 Dividend income

During the financial year ended December 31, 2020 and December 31, 2019, the Group received dividends from its securities as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Gross dividend income from:		
- Equity securities	65,455,067	187,934,511
- Private equity securities and partnerships	27,125,913	84,085,237
Total	92,580,980	272,019,748
Withholding tax on dividend income:		
- Equity securities	(1,979,428)	-
- Private equity securities and partnerships	(410,600)	(422,580)
Total withholding tax (Refer to Note 16.2)	(2,390,028)	(422,580)
Net Dividend income	90,190,952	271,597,168

6. Loans granted

Details of loans granted as at December 31, 2020, and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Current portion of loans granted	316,075,955	75,991,153
	316,075,955	75,991,153

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6. Loans granted (continued)

As at December 31, 2020 and December 31, 2019 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

As at December 31, 2020

Borrower	Aguila Ltd.	Total
Facility termination date	<i>undetermined period</i>	
Interest rate	<i>EURIBOR + margin</i>	
Currency	EUR	EUR
Total committed facility at January 1, 2020	500,000,000	500,000,000
Facility commitment terminated	-	-
Total committed facility at December 31, 2020	500,000,000	500,000,000
Principal amount outstanding at January 1, 2020	76,000,000	76,000,000
Drawdowns / Loans granted**	400,000,000	400,000,000
Repayments**	(160,000,000)	(160,000,000)
Total principal drawn amount at December 31, 2020	316,000,000	316,000,000
Total unused credit facilities at December 31, 2020	184,000,000	184,000,000
Accrued interest at December 31, 2020	207,506	207,506
Impairment loss allowance (Refer to Note 3.1b)	(131,551)	(131,551)
Carrying amount at December 31, 2020	316,075,955	316,075,955

As at December 31, 2019

Borrower	Aguila Ltd.	Blue Clay S.à r.l.	Total
Facility termination date	<i>undetermined period</i>	<i>June 30, 2019*</i>	
Interest rate	<i>EURIBOR + margin</i>	<i>EURIBOR + margin</i>	
Currency	EUR	EUR	EUR
Total committed facility at January 1, 2019	500,000,000	300,000	500,300,000
Facility commitment terminated	-	(300,000)	(300,000)
Total committed facility at December 31, 2019	500,000,000	-	500,000,000
Principal amount outstanding at January 1, 2019	136,000,000	14,571	136,014,571
Drawdowns / Loans granted**	130,000,000	-	130,000,000
Repayments**	(190,000,000)	(14,571)	(190,014,571)
Total principal drawn amount at December 31, 2019	76,000,000	-	76,000,000
Total unused credit facilities at December 31, 2019	424,000,000	-	424,000,000
Accrued interest at December 31, 2019	8,812	-	8,812
Impairment loss allowance (Refer to Note 3.1b)	(17,659)	-	(17,659)
Carrying amount at December 31, 2019	75,991,153	-	75,991,153

*On March 7, 2019 the loan granted to Blue Clay S.à r.l. was fully repaid and the facility has been subsequently cancelled.

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

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7. Other current assets

As at December 31, 2020 and December 31, 2019 other current assets are composed as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Advances to related parties* (Refer to Note 19)	273,857	62,480
VAT receivable	11,767	-
Other receivables	914	-
	286,538	62,480

**Advances to related parties are linked to a pledge agreement entered into with Sierra Nevada (Bermuda) L.P. (Refer to Note 18).*

8. Cash and cash equivalents

The cash and cash equivalents are composed of:

- Cash at bank in an amount of EUR 29,284,561 as at December 31, 2020 (December 31, 2019: EUR 22,168,885). Accumulated impairment loss allowance arising from ECLs amounted to EUR 88 as at December 31, 2020 (December 31, 2019: EUR 32). Impairment loss allowance recognised for the financial year ended December 31, 2020 amounted to EUR 56 (for the year ended December 31, 2019: EUR 18) (Refer to Note 3.1b); and
- Investments held in money market funds have maturities of less than three months which are considered as cash equivalents amounted to EUR 99,985,501 as at December 31, 2020 (December 31, 2019: nil).

9. Equity

a) Share capital

Ordinary shares issued and fully paid	No. of shares
As at January 1, 2019	102,090,921
As at December 31, 2019 and December 31, 2020	102,090,921

As at December 31, 2020, and December 31, 2019, the share capital of the Company amounted to EUR 102,090,921 and was composed of 102,090,921 issued shares. All issued shares are fully subscribed and paid as at December 31, 2020, and December 31, 2019.

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9. Equity (continued)

b) Share premium

	EUR
As at January 1, 2019	6,620,388,680
As at December 31, 2019 and December 31, 2020	<u>6,620,388,680</u>

c) Legal reserve

	EUR
As at January 1, 2019	7,670,635
Allocation to legal reserve	2,538,457
As at December 31, 2019 and December 31, 2020	<u>10,209,092</u>

In accordance with Luxembourg company law, Bevco Lux being the parent company of the Group 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, 2019	2,478,672,136
As at December 31, 2019 and December 31, 2020	<u>2,478,672,136</u>

Special reserve account includes equity contributions made by the shareholder without the issuance of new shares.

e) Other reserves

As at December 31, 2020 and December 31, 2019, other reserves amounted to EUR 66,212,654 which pertains 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 adjustment

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.

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9. Equity (continued)

g) Retained earnings

	EUR
As at January 1, 2019	(740,878,825)
Profit for the year	226,558,456
Allocation to legal reserve (Refer to Note 9c) *	(2,538,457)
Distributions for the period **	(242,400,000)
As at December 31, 2019	(759,258,826)
Reclassification of realised items of investment securities at fair value through OCI	23,862,561
Restated balance as at December 31, 2019 ***	(735,396,265)
Profit for the profit	51,585,816
Reclassification of realised items of investment securities at fair value through OCI	139,729,564
Allocation to legal reserve (Refer to Note 9c)****	-
As at December 31, 2020	(544,080,885)

* On June 24, 2019, it was decided to allocate EUR 2,538,457 to legal reserve in accordance with Luxembourg company law.

** Also, on June 24, 2019, the Board of Managers of the Company approved the distribution of an interim dividend amounting to EUR 170,000,000 to USD Bevco. On December 12, 2019, the Board of Managers approved the distribution of a 2019 dividend amounting to EUR 72,400,000 to USD Bevco.

*** Certain comparative figures were realigned to conform with the current year presentation.

**** No such allocation to legal reserve of distribution took place in the period from January 1, 2020 to December 31, 2020.

10. Cash flow information

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	Amortised Discount EUR	Amortised Capitalised Cost EUR	Carrying amount as at December 31, 2020 EUR	Carrying amount as at December 31, 2019 EUR
Eurobond 1	EUR	1.75%	09/02/2023	600,371,000	(1,649,691)	(1,476,674)	606,631,583	806,395,287
Eurobond 2	EUR	1.50%	16/09/2027	500,000,000	(3,970,097)	(3,158,507)	495,070,026	-

On February 9, 2018, the Group issued an unsecured Eurobond ("Eurobond 1") 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. On September 18, 2020, part of this Eurobond has been repaid for a total amount of EUR 199,629,000.

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11. Borrowings (continued)

a) Debt securities in issue (continued)

On September 16, 2020, the Group issued an unsecured Eurobond ("Eurobond 2") with a principal amount of EUR 500,000,000, an interest coupon of 1.50% payable annually in arrears at an issue price of 99.17%, maturing on September 16, 2027. 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: XS2231165668.

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

	December 31, 2020	December 31, 2019
	EUR	EUR
Non-current portion of debt securities in issue	1,090,116,031	793,891,177
Current portion of debt securities in issue	11,585,578	12,504,110
	1,101,701,609	806,395,287

b) Borrowings

The balances of borrowings were as follows:

	December 31, 2020		December 31, 2019	
	Principal amount	Carrying amount*	Principal amount	Carrying amount*
	EUR	EUR	EUR	EUR
Borrowings with financial institutions	50,000,000	47,075,798	50,000,000	46,324,032
Borrowings with related parties	175,043,981	175,461,209	175,043,981	175,322,133
	225,043,981	222,537,007	225,043,981	221,646,165

*Carrying amount includes prepaid financing costs and bank overdrafts.

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

	December 31, 2020		December 31, 2019	
	Current portion	Non-current portion	Current portion	Non-current portion
	EUR	EUR	EUR	EUR
Borrowings with financial institutions*	50,434,764	(3,358,966)	532,998	45,791,034
Borrowings with related parties	417,228	175,043,981	278,152	175,043,981
	50,851,992	171,685,015	811,150	220,835,015

*Negative amount pertains to capitalised prepaid financing costs and being amortised over the long term.

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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:

<i>December 31, 2020 (in EUR)</i>	Currency of drawdown	Interest rate	Roll-over date	Termination date	Date of the Agreement	Principal amount December 31, 2019	Drawdowns*	Repayments*	Non-cash movement**	Principal amount December 31, 2020
<u>Borrowings with financial institution</u>										
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500,000	(55,500,000)	-	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	-	10/08/2023	10/08/2018	-	55,500,000	(55,500,000)	-	-
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	100,000,000	(100,000,000)	-	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	-	03/04/2022	03/04/2019	-	100,000,000	(100,000,000)	-	-
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	-	-	-	-	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	18/03/2021	30/04/2021	30/04/2019	50,000,000	50,000,000	(50,000,000)	-	50,000,000
						50,000,000	361,000,000	(361,000,000)	-	50,000,000
<u>Borrowings with related parties</u>	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,043,981	-	-	-	175,043,981
Total						225,043,981	361,000,000	(361,000,000)	-	225,043,981
<i>December 31, 2019 (in EUR)</i>	Currency of drawdown	Interest rate	Roll-over date	Termination date	Date of the Agreement	Principal amount January 1, 2019	Drawdowns*	Repayments*	Non-cash movement**	Principal amount December 31, 2019
<u>Borrowings with financial institution</u>										
Financial institution 1 - Secured tranche	EUR	EURIBOR + margin	-	10/08/2020	10/08/2018	45,000,000	72,500,000	(117,500,000)	-	-
Financial institution 1 - Unsecured tranche	EUR	EURIBOR + margin	-	10/08/2020	10/08/2018	45,000,000	72,500,000	(117,500,000)	-	-
Financial institution 2 - Secured tranche	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	-	-	-	-	-
Financial institution 3 - Secured tranche	EUR	EURIBOR + margin	-	03/04/2024	03/04/2019	-	-	-	-	-
Financial institution 3 - Unsecured tranche	EUR	EURIBOR + margin	-	03/04/2022	03/04/2019	-	100,000,000	(100,000,000)	-	-
Financial institution 4 - Secured tranche	EUR	EURIBOR + margin	-	29/04/2022	30/04/2019	100,000,000	10,000,000	(60,000,000)	(50,000,000)	-
Financial institution 4 - Unsecured tranche	EUR	EURIBOR + margin	07/02/2020	30/04/2021	30/04/2019	-	-	-	50,000,000	50,000,000
						190,000,000	255,000,000	(395,000,000)	-	50,000,000
<u>Borrowings with related parties</u>	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,043,981	-	-	-	175,043,981
Total						365,043,981	255,000,000	(395,000,000)	-	225,043,981

* During the financial year ended December 31, 2020, the Group received proceeds of EUR 361,000,000 (December 31, 2019: EUR 255,000,000) and repaid EUR 361,000,000 (December 31, 2019: EUR 395,000,000) of borrowings.

** Non-cash movements pertain to transfers between loan facilities with no actual proceeds drawn and/or repaid to financial institutions. No similar movement occurred for the financial year ended December 31, 2020.

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11. Borrowings (continued)

b) Borrowings (continued)

On August 6, 2020, the Group entered into an amendment agreement with financial institution 1 to extend the maturity date of the credit facility for both secured and unsecured tranche until August 10, 2023.

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 drawn down by both or any of the companies in either functional currency.

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

December 31, 2020	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	1,802,665,000	-	-	50,000,000	1,752,665,000
Related parties	500,000,000	-	-	-	500,000,000
Total	2,302,665,000	-	-	50,000,000	2,252,665,000

December 31, 2019	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	1,866,670,000	-	-	50,000,000	1,816,670,000
Related parties	500,000,000	-	-	-	500,000,000
Total	2,366,670,000	-	-	50,000,000	2,316,670,000

* Credit facilities drawn down by USD Bevco, original currency of this drawdown was in USD. No amount drawn by the former as at December 31, 2020 and December 31, 2019. As disclosed in Note 3.1 c), both USD Bevco and Bevco Lux can access the same credit facilities in either USD or EUR currencies.

** Credit facilities drawn down by Bevco Lux, original currency of this drawdown was in EUR.

Pledged shares

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

December 31, 2020		December 31, 2019	
Number of shares	Fair value EUR	Number of shares	Fair value EUR
38,720,558	2,207,459,012	38,720,558	2,815,371,772

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12. Other current liabilities

As at December 31, 2020 and December 31, 2019, other current liabilities are composed as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Suppliers	667,744	731,137
Audit fees payable	85,025	143,881
Provisions (Refer to Note 3.1b)	62,097	48,753
Debt to staff	10,593	-
Social security costs payable	8,417	-
Cash advance from Ultimate parent (Refer to Note 19)	3,691	6,942
	837,567	930,713

13. Interest income

Interest income for the financial year ended December 31, 2020 and December 31, 2019 are presented in the table below:

	2020	2019
	EUR	EUR
Interest income from related party loans (Refer to Note 19)*	3,752,670	2,133,989
Other interest income	-	2
	3,752,670	2,133,991

** Of the interest income, an amount of EUR 3,342,600 (December 31, 2020 : EUR 1,715,348) was received, and the reminder was accrued.*

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14. Administrative expenses

Administrative expenses for the financial year ended December 31, 2020 and December 31, 2019 are presented in the table below:

	2020	2019
	EUR	EUR
Service agreement*	547,143	1,018,439
Legal and other professional fees	468,547	192,130
Accountant fees	345,147	645,236
Custody and bank fees	301,860	90,680
Audit fees	280,654	438,406
Staff costs	19,010	-
Director fees	16,643	11,115
Fiscal fees	9,752	3,169
Other expenses	2,915	140
	1,991,671	2,399,315

* 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. ("SNI"), wherein the latter will provide services to its affiliated companies such as consultancy and/or advisory services to be procured by SNI through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to SNI by each affiliated company shall be determined in accordance with the terms outlined in the SA. Effective as from December 1, 2020, this SA entered into by the Group with SNI was terminated and replaced by a new SA. The Group will now provide services to its affiliated companies such as consultancy and/or advisory services to be procured by the Group through its Finance Director and other employees and, as the case may be, by external advisors. The amount to be paid to the Group by each affiliated company shall be determined in accordance with the terms outlined in the SA.

15. Finance costs

Finance costs for the financial year ended December 31, 2020 and December 31, 2019 are presented in the table below:

	2020	2019*
	EUR	EUR
Interest expenses on bonds**	22,925,747	14,993,328
Fees for unused credit facilities	6,816,413	7,509,868
Interest expenses on borrowing from related party (Refer to Note 19)	3,009,277	16,924,921
Interest expenses on borrowing from credit institutions	2,806,644	2,421,730
Bond issuance fees***	1,425,987	934,279
Amortisation of financing costs****	850,000	850,000
Current account interests expenses	457,999	65,748
Net change in fair value of money market funds measured at FVPL	14,499	-
Other fees	348,480	637,560
	38,655,046	44,337,434

* Certain comparative figures were realigned to conform with the current period's presentation.

** Interest expenses on bonds includes EUR 6,004,840 premium on Eurobond 1 partial repayment.

*** Fees incurred consequently from the issuance of the Eurobond 1 were capitalised amounting to EUR 4,671,393 (Refer to Note 11a) and amortised until its maturity date on February 9, 2023. Capitalised Eurobond 1 issue fees are amortised on a straight line basis amounting to EUR 934,279 per annum.

Fees incurred from the issuance of Eurobond 2 were capitalised amounting to EUR 3,295,609 (Refer to Note 11a) and amortised until its maturity date on September 16, 2027. Capitalised Eurobond issue fees are amortised on a straight line basis amounting to EUR 467,683 per annum.

**** This item pertains to the amortisation of prepaid financing costs included in the total carrying amount of borrowings with financial institutions as disclosed in Note 11b).

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16. Taxes

16.1 Income taxes

Income taxes incurred for the financial year ended December 31, 2020 and December 31, 2019 were as follows:

	2020	2019
	EUR	EUR
Income Taxes	683,990	488,350
Income tax expense	683,990	488,350

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:

	2020	2019
	EUR	EUR
Profit before income tax	54,664,649	227,474,201
Tax using the Parent company's domestic tax rate*	13,633,363	56,732,066
Tax effect of:		
- Non-deductible expenses	9,593,233	9,213,328
- Tax-exempt income	(22,542,606)	(65,453,530)
- Adjustments in respect to income tax reported in previous year	-	(3,514)
	683,990	488,350

* In accordance with the jurisdiction under which Bevco Lux (the parent company of the Group) operates, the effective tax rate used for the financial year ended December 31, 2020 is 24.94% (December 31, 2019: 24.94%).

In Luxembourg a reduction of corporate tax rate from 26.01% to 24.94% was enacted on April 26, 2019.

16.2 Withholding tax and other taxes

Withholding tax and other taxes for the financial year ended December 31, 2020 and December 31, 2019 are as follows:

	2020	2019
	EUR	EUR
Withholding tax on dividend income*	2,390,028	422,580
Other taxes**	4,815	4,815
	2,394,843	427,395

* 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. For the financial year ended December 31, 2020, withholding taxes were incurred arising on dividends received from the Group's investment in Private equity securities and Partnerships which amounted to EUR 2,390,028 (December 31, 2019: EUR 422,580).

** Other taxes pertain to Net Wealth Tax provisions.

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16. Taxes (continued)

16.3 Current tax assets

As at December 31, 2020 and December 31, 2019, current tax assets pertain to tax advances paid and are composed as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Net Wealth Tax	9,630	9,630
Corporate Income Tax	843,300	843,300
Municipal Business Tax	435,644	278,832
Current tax assets	1,288,574	1,131,762

16.4 Current tax liabilities

As at December 31, 2020 and December 31, 2019, current tax liabilities are composed as follows:

	December 31, 2020	December 31, 2019
	EUR	EUR
Net Wealth Tax - Estimated Tax	9,630	4,815
Corporate Income Tax - Estimated income tax	4,490,153	3,990,423
Municipal Business Tax - Estimated income tax	1,663,857	1,636,410
Current tax liabilities	6,163,640	5,631,648

16.5 Taxes reported in other comprehensive income

Amount of income tax relating to other comprehensive income for the financial years ended December 31, 2020 and December 31, 2019 pertains to the following:

	2020	2019
Income tax attributable to the sale of equity securities	-	4,978,156
Income tax reported in other comprehensive income	-	4,978,156

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 (December 31, 2019: three (3) reportable segments):

- Beverages (December 31, 2019: Brewery);
- Real Estate;
- Other investments which consists of Private investment securities and partnerships that operate in the Fast-Moving Consumer Goods ("FMCG") sector, particularly in the food and beverage sector.

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17. Segment information (continued)

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, 2020, 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, KDP and other investments: Food and Beverage industries;
- 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 segment is disclosed in Note 5.1.

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17. Segment information (continued)

Other profit and loss disclosures

	Operating segments (in EUR)			Total
	Beverages*	Real Estate	Private equity securities and Partnerships	
December 31, 2020				
Interest income	2,798,143	179,916	774,611	3,752,670
Dividend income	59,678,904	5,776,163	27,125,913	92,580,980
Net result on foreign currency operations	(689,839)	(44,356)	(190,969)	(925,164)
Other income	22,498	1,447	6,228	30,173
Total net income	61,809,706	5,913,170	27,715,783	95,438,659
Administrative expenses	(1,485,070)	(95,488)	(411,113)	(1,991,671)
Operating income	60,324,636	5,817,682	27,304,670	93,446,988
Finance costs				(38,655,046)
Net loss allowance				(127,293)
Profit before tax				54,664,649
Income Taxes				(683,990)
Withholding tax on dividend income				(2,390,028)
Other taxes				(4,815)
Profit for the year				51,585,816

	Operating segments (in EUR)			Total
	Brewery*	Real Estate	Private equity securities and Partnerships	
December 31, 2019				
Interest income	1,591,190	102,311	440,490	2,133,991
Dividend income	185,152,892	2,781,619	84,085,237	272,019,748
Net result on foreign currency operations	(2,180)	275	(603)	(2,508)
Other income	-	31,675	-	31,675
Total net income	186,741,902	2,915,880	84,525,124	274,182,906
Administrative expenses	(1,470,517)	(412,666)	(516,132)	(2,399,315)
Operating income	185,271,385	2,503,214	84,008,992	271,783,591
Finance costs				(44,337,434)
Net loss allowance				28,044
Profit before tax				227,474,201
Income Taxes				(488,350)
Withholding tax on dividend income				(422,580)
Other taxes				(4,815)
Profit for the year				226,558,456

*The previously reported segment of "Brewery" is now defined as "Beverages" to broaden the scope of the reportable segment to include shares held in AB InBev and KDP as at December 31, 2020.

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18. Commitments

Pledge

"Pledge 1"

Part of AB InBev shares are pledged in favour of international financial institutions (Refer to Note 11 b). 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.

"Pledge 2"

On September 6, 2019, the Group and its parent (USD Bevco) (together referred as "Pledgor") entered into a pledge agreement with a financial institution 2 over a newly opened pledged security and cash account held with financial institution 1. The pledged security and cash account will secure the present and future obligations and liabilities of Sierra Nevada (Bermuda) L.P. as part of an agreement entered into with a financial institution. The Group will receive an arm's length remuneration for providing the pledge, as outlined in the Remuneration Agreement, signed by the Group and Sierra Nevada (Bermuda) L.P. on the same date. As at December 31, 2020 14,000,000 Colonial shares were pledged (December 31, 2019: 11,000,000) having a total fair value amounting to EUR 112,350,000 (December 31, 2019: EUR 124,960,000). The pledge expires on September 6, 2022.

Guarantees

"Guarantee over facility agreement"

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.

"SBLC recently terminated in Q3-2019"

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. This outstanding SBLC expired on September 30, 2019.

"SBLC terminated in Q1-2019"

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 allowed the Group to recover any payments made in favour of the seller. This guarantee has been terminated on April 19, 2019.

The Group has recharged 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.

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18. Commitments (continued)

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.).

On March 21, 2019, the guarantees under the SBLC have been cancelled and terminated.

Irrevocable commitment

As at December 31, 2020, the outstanding commitments with Aguila Ltd. amounted to EUR 184,000,000 (December 31, 2019: EUR 424,000,000) as outlined in Note 6.

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19. Related party transactions

Major transactions and balances with related parties for the financial years ended December 31, 2020 and December 31, 2019 are summarised in the tables below:

	TOTAL	Aguila Ltd <i>Ultimate parent</i>	SNI International Holdings S.à r.l. <i>Direct parent of USD Bevco</i>	USD Bevco S.à r.l. <i>Direct parent</i>	Blue Clay S.à r.l. <i>Subsidiary of SNI International Holdings S.à r.l.</i>	Sierra Nevada (Bermuda) LP <i>Shareholder of SNI International Holdings S.à r.l.</i>	Notes
(in EUR)							
As at December 31, 2020							
Financial position items							
Loans to related parties	316,075,955	316,075,955	-	-	-	-	6
Other current assets	273,857	-	-	-	-	273,857	7
Loans from related parties	175,461,209	-	-	175,461,209	-	-	11b
Other current liabilities	3,691	-	3,691	-	-	-	12
Off balance sheet items							
Irrevocable unused commitment issued	184,000,000	184,000,000	-	-	-	-	6
Irrevocable unused commitment received	500,000,000	500,000,000	-	-	-	-	11b
Year ended December 31, 2020							
Profit or loss statement items							
Interest income	3,752,670	3,541,293	-	-	-	211,377	13
Interest expense	3,009,277	-	-	3,009,277	-	-	15
Administrative expenses	547,143	-	547,143	-	-	-	14

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

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19. Related party transactions (continued)

	TOTAL	Aguila Ltd <i>Ultimate parent</i>	SNI International Holdings S.à r.l. <i>Direct parent of USD Bevco</i>	USD Bevco S.à r.l. <i>Direct parent</i>	Blue Clay S.à r.l. <i>Subsidiary of SNI International Holdings S.à r.l.</i>	Sierra Nevada (Bermuda) LP <i>Shareholder of SNI International Holdings S.à r.l.</i>	Notes
(in EUR)							
As at December 31, 2019							
Financial position items							
Loans to related parties	75,991,153	75,991,153	-	-	-	-	6
Other current assets	62,480	-	-	-	-	62,480	7
Loans from related parties	175,322,133	-	-	175,322,133	-	-	11b
Other current liabilities	6,942	4,454.00	2,488	-	-	-	12
Off balance sheet items							
Irrevocable unused commitment issued	424,000,000	424,000,000	-	-	-	-	6
Irrevocable unused commitment received	500,000,000	500,000,000	-	-	-	-	11b
Year ended December 31, 2019							
Profit or loss statement items							
Interest income	2,133,989	1,626,944	-	-	444,565	62,480	13
Interest expense	16,924,921	-	-	16,924,921	-	-	15
Administrative expenses	1,018,439	-	1,018,439	-	-	-	14

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

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19. Related party transactions (continued)

Dividend distribution

During the financial year ended December 31, 2020, no dividends were distributed.

During the financial year ended December 31, 2019, dividends have been distributed as follows:

- On June 24, 2019, the Board of Managers approved the distribution of a 2019 interim dividend amounting to EUR 170,000,000 to USD Bevco;
- On December 12, 2019, the Board of Managers approved the distribution of a 2019 dividend amounting to EUR 72,400,000 to USD Bevco.

Number of employees

As at December 31, 2020, the average number of employees directly employed by the Group was 0.3 (or 3.3 annualised) (December 31, 2019: nil).

Key management personnel

EUR 10,794 have been paid or is payable to key management personnel for the financial period ended December 31, 2020 (December 31, 2019: EUR 11,115).

20. Comparative figures

Certain comparative figures were realigned to conform with the current period's presentation, however, they did not have any impact on the previously reported profit and equity of the Group.

21. Subsequent events

a) Financing activity

Credit institutions

Transactions with credit institutions reported after December 31, 2020 and on or before issuance date of the consolidated financial statements are as follows:

- The Group rolled over its outstanding loan with financial institution 4 - unsecured tranche amounting to EUR 50,000,000 for additional three (3) months and maturing on July 30, 2021.

On April 22, 2021, the Group (as "borrower") entered into an amendment agreement with financial institution 4 (as "lender") in order to, amongst others, renew the term of its facility agreement and to extend the maturity date of the credit facility for a period of two (2) years ending on April 30, 2023, with a plus one-year extension option subject to mutual consent. The total commitment credit facility amount was reduced by USD 25,000,000 compare to the old commitment credit facility amount.

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21. Subsequent events (continued)

b) Investing activity

Related parties

Transactions with related parties reported after December 31, 2020 and on or before issuance date of the consolidated financial statements are as follows:

- Aguila Ltd. made additional drawdowns from its loan facility with the Group for a total amount of EUR 182,835,821;
- Aguila Ltd. rolled over its outstanding loan facility with the Group for a total amount of EUR 498,835,821.

Net cash movements from these transactions will be reflected in the following period and to be included in the financial caption for “loans granted”.

Investment securities

Transactions with investments held in Listed equity securities reported after December 31, 2020 and on or before issuance date of the consolidated financial statements are as follows:

- The Group sold 4,657,378 KDP shares at an average price of USD 32.21 per share for gross proceeds of EUR 122,235,026 (or USD 150,000,032);
- The Group received net dividends for a total amount of EUR 57,884,633.

Net cash movements from these transactions will be reflected in the following period and to be included in the financial caption for “investment securities”.

On March 18, 2021, the Group's subsidiary - Quercus B.V. executed its right under a warrant for ordinary shares in Acorn, pursuant to which the Quercus received 7,374,537 additional shares in Acorn. Pursuant to this transaction, shares currently held by the Quercus in Acorn were redeemed in exchange for a total number of 7,889,968 AMS listed shares in JDE Peet's N.V. (the “JDEP shares”) for a total value of EUR 245,781,971 or having a market price of EUR 31.1512 per share. Upon receipt of the shares, Quercus immediately distributed them in kind to Bevco Lux.

As a result, the Group divested and no longer hold any shares in Acorn. Hence, the Group is no longer a shareholder of, nor has any representation in the Board of Directors of Acorn.

Subsidiary

The Group is currently contemplating to wind-up the business of its subsidiary - Quercus B.V., who previously held directly the minority interest in Acorn.

Euro money market

After December 31, 2020 and on or before issuance date of the consolidated financial statements, the Group redeemed its money market funds held for a total amount of EUR 99,931,047.