

Bevco Lux S.à r.l.

**Interim consolidated financial statements for the six months ended
June 30, 2019**

Bevco Lux S.à r.l.
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RCS B209913

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To the Partner of
Bevco Lux S.à r.l.

Report on Review of Interim Consolidated Financial Statements

We have reviewed the accompanying interim consolidated financial statements of Bevco Lux S.à r.l. and its subsidiaries (together the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the interim consolidated financial statements

The Board of Managers is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises".

This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance with the applicable financial reporting framework.

A review of interim consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Restriction on Distribution and Use

Our report on the interim consolidated financial statements is prepared for and only for the Partner, Board of Managers and 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, 30 September 2019

A handwritten signature in dark ink, appearing to read "Malik Lekehal", written over a horizontal line.

Malik Lekehal

Bevco Lux S.à r.l.
Interim consolidated statement of financial position

	Notes	June 30, 2019 <i>unaudited</i> EUR	December 31, 2018 EUR
ASSETS			
Non-current assets			
Financial assets			
Investment securities	5	8,718,126,881	6,500,202,222
Total non-current assets		8,718,126,881	6,500,202,222
Current assets			
Loans granted	6	136,046,368	136,076,240
Other current assets	7	490,132	1,356,826
Cash and cash equivalents	8	12,192,562	10,836,319
Total current assets		148,729,062	148,269,385
TOTAL ASSETS		8,866,855,943	6,648,471,607
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	7,670,635
Special reserve account	9d	2,478,672,136	2,478,672,136
Revaluation reserve	2.18	(1,525,641,582)	(3,742,932,343)
Other reserves	9e	66,212,654	66,212,654
Currency translation adjustment	9f	690,302,868	690,302,868
Retained earnings	9g	(746,818,070)	(740,878,825)
Total equity		7,695,416,699	5,481,526,726
LIABILITIES			
Non-current liabilities			
Debt securities in issue	11a	792,918,460	791,963,569
Long term borrowings	11b	370,410,015	265,043,981
Total non-current liabilities		1,163,328,475	1,057,007,550
Current liabilities			
Interests on debt securities in issue	11a	5,446,575	12,504,110
Short term borrowings	11b	953,405	95,513,468
Other current liabilities	12	1,710,789	1,919,753
Total current liabilities		8,110,769	109,937,331
Total liabilities		1,171,439,244	1,166,944,881
TOTAL EQUITY AND LIABILITIES		8,866,855,943	6,648,471,607

The accounting policies and notes on pages 10 to 56 form part of, and should be read in conjunction with, these interim consolidated financial statements.

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

for six months ended June 30:

	Notes	2019 <i>unaudited</i> EUR	2018 <i>unaudited</i> EUR
Income			
Interest income	13	1,726,447	2,272,553
Dividend income	5.4	180,655,377	205,725,436
Net result on foreign currency operations		-	(1,882)
Other income		28,998	-
Total net income		182,410,822	207,996,107
Expenses			
Administrative expenses	14	(1,265,321)	(611,637)
Operating income		181,145,501	207,384,470
Finance costs	15	(14,482,804)	(14,413,895)
Net change in loss allowance	3.1b	45,824	(46,005)
Profit before tax		166,708,521	192,924,570
Withholding tax on dividend income	16.2	(104,494)	-
Other taxes	16.2	(4,815)	(4,815)
Profit for the period		166,599,212	192,919,755

The accounting policies and notes on pages 10 to 56 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.**Interim consolidated statement of comprehensive income**

<u>for six months ended June 30:</u>			
	Notes	2019	2018
		<i>unaudited</i>	<i>unaudited</i>
		EUR	EUR
Profit for the period		<u>166,599,212</u>	<u>192,919,755</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Net gain/(loss) on investment securities at fair value through other comprehensive income	5.3	2,217,290,761	(739,485,279)
Other comprehensive income/(loss) for the period		<u>2,217,290,761</u>	<u>(739,485,279)</u>
Total comprehensive income/(loss) for the period		<u>2,383,889,973</u>	<u>(546,565,524)</u>

The accounting policies and notes on pages 10 to 56 form part of, and should be read in conjunction with, these interim consolidated financial statements.

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

	Notes	Share capital	Share premium	Legal reserve	Special reserve account	Revaluation reserve	Other reserves	Currency translation reserve	Retained earnings	Total equity
Balance as at January 1, 2018		76,706,354	6,446,428,384	7,368,268	1,436,475,699	(678,007,369)	-	690,302,868	(727,644,971)	7,251,629,233
Changes on initial application of IFRS 9		-	-	-	-	-	-	-	(94,850)	(94,850)
Restated balance at January 1, 2018		76,706,354	6,446,428,384	7,368,268	1,436,475,699	(678,007,369)	-	690,302,868	(727,739,821)	7,251,534,383
Profit for the period		-	-	-	-	-	-	-	192,919,755	192,919,755
Other comprehensive income/(loss)	5.3	-	-	-	-	(739,485,279)	-	-	-	(739,485,279)
Transactions with owners in their capacity as owners:										
Allocation to legal reserve	9c	-	-	302,367	-	-	-	-	(302,367)	-
Distributions for the period	9g	-	-	-	-	-	-	-	(18,000,000)	(18,000,000)
Balance as at June 30, 2018 (unaudited)		76,706,354	6,446,428,384	7,670,635	1,436,475,699	(1,417,492,648)	-	690,302,868	(553,122,433)	6,686,968,859
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 period		-	-	-	-	-	-	-	166,599,212	166,599,212
Other comprehensive income/(loss)	5.3	-	-	-	-	2,217,290,761	-	-	-	2,217,290,761
Transactions with owners in their capacity as owners:										
Allocation to legal reserve	9c	-	-	2,538,457	-	-	-	-	(2,538,457)	-
Distributions for the period	9g	-	-	-	-	-	-	-	(170,000,000)	(170,000,000)
Balance as at June 30, 2019 (unaudited)		102,090,921	6,620,388,680	10,209,092	2,478,672,136	(1,525,641,582)	66,212,654	690,302,868	(746,818,070)	7,695,416,699

The accounting policies and notes on pages 10 to 56 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Interim consolidated statement of cash flows

for six months ended June 30:

	Notes	2019	2018
		<i>unaudited</i>	<i>unaudited</i>
Cash flows from operating activities		EUR	EUR
Profit before tax for the period		166,708,521	192,924,570
<i>Adjustments for:</i>			
Interest income	13	(1,726,447)	(2,272,553)
Dividend income	5.4	(180,655,377)	(205,725,436)
Finance costs	15	14,482,804	14,413,895
Other non-cash transactions		361,617	-
Net change in loss allowance	3.1b	(45,824)	46,005
		<u>(874,706)</u>	<u>(613,519)</u>
<i>Changes in:</i>			
Other current assets		866,694	428,874
Other current liabilities		913,227	(615,992)
Cash used in operating activities		<u>905,215</u>	<u>(800,637)</u>
Other taxes paid		(1,122,191)	(713)
Net cash used in operating activities		<u>(216,976)</u>	<u>(801,350)</u>
Cash flows from investing activities			
Additional capital contribution to a private investee	5.3	(633,898)	-
Loans granted	6	-	(305,000,000)
Reimbursement of loans and other advances		1,194,808	-
Interest received		1,301,205	1,292,313
Dividend received	5.4	180,550,883	205,725,436
Net cash generated from/(used in) investing activities		<u>182,412,998</u>	<u>(97,982,251)</u>
Cash flows from financing activities			
Distributions for the period	9g	(170,000,000)	(18,000,000)
Proceeds from bond issuance	11a	-	791,928,000
Proceeds from borrowings - credit institutions	11b	120,000,000	100,000,000
Repayment of borrowings - credit institutions	11b	(110,000,000)	(763,796,757)
Finance costs paid		(20,840,266)	(9,131,573)
Net cash (used in)/generated from financing activities		<u>(180,840,266)</u>	<u>100,999,670</u>
Net increase in cash and cash equivalents		1,355,756	2,216,069
Cash and cash equivalents at the beginning of the period	8	10,836,319	4,516,871
Effects of foreign currency translation differences		487	1,872
Cash and cash equivalents at the end of the period	8	<u>12,192,562</u>	<u>6,734,812</u>

The accounting policies and notes on pages 10 to 56 form part of, and should be read in conjunction with, these interim consolidated financial statements.

Bevco Lux S.à r.l.
Notes to the interim consolidated financial statements
For the six months ended June 30, 2019
(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.

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

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

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

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

The Company prepared for the first time consolidated financial statements for the financial year ended December 31, 2018 following the business combination under common control which resulted in the acquisition of two (2) wholly owned subsidiaries namely Park S.à r.l. and Quercus B.V. (Refer to Note 2.3.1). Comparative figures were prepared based on the individual financial statements of the Company as at and for the six-month period ended June 30, 2018.

The interim 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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(in EUR)

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

These interim consolidated financial statements for the six months ended June 30, 2019 (the “period”) have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union (EU) and contain a full set of financial statements in accordance with IAS 1 as of June 30, 2019 and for the six months period then ended.

The interim consolidated financial statements have been authorised and approved for issuance on September 30, 2019 by the Board of Managers of the Group.

2.2 Basis of accounting and going concern

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

2.3 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its direct subsidiaries as of June 30, 2019.

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.

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

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

Business combination under common control

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

- Park S.à r.l. which holds a minority interest in Inmobiliaria Colonial SOCIMI, S.A., a leading Eurozone real estate company with over 1.8 million square meters of primarily central business district office spaces in Madrid, Paris and Barcelona, was contributed by 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 Inmobiliaria Colonial SOCIMI, S.A. amounted to EUR 353,180,268 at the time of the contribution; and

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2.3.1 Subsidiaries (continued)

Business combination under common control (continued)

- Quercus B.V. which holds a minority interest in Acorn Holdings B.V. (referred to as a "Private Investee"), the holding company of Jacobs Douwe Egberts (JDE), Keurig Green Mountain and Peet's Coffee (Peet's), the largest pure-play FMCG coffee company in the world and the leading single serve coffee platform in the US respectively, contributed by 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 interim consolidated financial statements include the following companies as at June 30, 2019 and December 31, 2018:

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

2.4 Use of judgments, estimates and assumptions

The preparation of interim 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 interim 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, 2019:

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 'Leases' which will replace IAS 17 'Leases'. This new standard specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. As per assessment performed by Management and given that no leases were entered into by the Group, adoption of IFRS 16 will have no significant and/or material impact on the Group's financial results;

Prepayment Features with Negative Compensation – Amendments to IFRS 9 Financial Instruments

On 12 October 2017, IASB issued an amendment to IFRS 9 Financial Instruments (the Amendment). This allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income, adoption of IFRS 9 will have no significant and/or material impact on the Group's financial results;

Amendments to IAS 28 Investments in Associates and Joint Ventures

On October 12, 2017, the IASB issued amendments to IAS 28 to clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied, adoption of IAS 28 will have no significant and/or material impact on the Group's financial results;

Annual Improvements to IFRS Standards 2015-2017 Cycle

On December 12, 2017, with effective date as from January 1, 2019, IASB issued minor amendments affecting IFRS 3, 'Business combinations', IFRS 11, 'Joint arrangements', IAS 12, 'Income taxes', and IAS 23, 'Borrowing costs', adoption of IFRS Standards 2015-2017 Cycle will have no significant and/or material impact on the Group's financial results;

Amendments to IAS 19 Employee Benefits

On February 7, 2018, amendments to IAS 19 for plan amendment, curtailment or settlement and with IASB effective date January 1, 2019, adoption of IAS 19 will have no significant and/or material impact on the Group's financial results; and

IFRIC 23 Uncertainty over Income Tax Treatments

Issued on June 7, 2017, with IASB effective date January 1, 2019, clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment, adoption of IFRIC 23 will have no significant and/or material impact on the Group's financial results.

None of the accounting pronouncements, effective after December 31, 2018 and as of the date of these interim consolidated financial statements, have a material effect on the Group's financial condition or result of operations.

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2.6 Foreign currency translation

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

Translation of foreign currency transactions and balances:

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

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

At the end of the reporting period 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>		
	June 30, 2019	June 30, 2018	June 30, 2019	December 31, 2018	June 30, 2018
USD 1	0.8852	0.8267	0.8787	0.8734	0.8578
GBP 1	1.1449	1.1367	1.1154	1.1179	1.1286

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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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.

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2.7 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

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 June 30, 2019.
- **FVPL:** Financial assets that do not meet the conditions to be measured at AC or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at FVPL is presented in the consolidated statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The Group does not hold such financial assets as of June 30, 2019.

Loans granted including facilities and advances, cash and cash equivalents 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.

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.

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2.7 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

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

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

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

Equity instruments

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

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

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

Investment securities consist of equity investment and private equity securities and partnerships. The Group has equity investments in AB InBev and Inmobiliaria Colonial SOCIMI, S.A. 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.

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2.7 Financial assets (continued)

(ii) Derecognition (continued)

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 and cash equivalents.

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, when determining whether the Group historical experience and informed credit assessment and including forward-looking information.

Three Stage allocation

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

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

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

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

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2.7 Financial assets (continued)

(iii) Impairment (continued)

Three Stage allocation (continued)

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

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

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

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

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

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

Presentation of impairment

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

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

2.8 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.

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2.8 Financial guarantee contracts (continued)

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

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

The loss allowance in relation to financial guarantee contracts is presented as a provision 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.

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.

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2.11 Taxation (continued)

b) Deferred tax (continued)

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.

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

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

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

2.12 Dividend distribution

Dividend distributions to the Group's shareholders are recognised in the Group's interim 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.

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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 income statement over the period of the borrowings using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (except for future losses related to loan granting) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

c) Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the 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. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

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 shareholders.

2.16 Interest income

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 Revaluation reserve

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

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3. Financial risk management

3.1 Financial risk factors

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

a) Market risk

Currency risk

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

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

	June 30, 2019 <i>unaudited</i> EUR	December 31, 2018 EUR
Assets		
Cash and cash equivalents - USD exposure	48,018	437,868
Foreign currency exposure	48,018	437,868

As at June 30, 2019, had the exchange rate between the USD to EUR increased or decreased by 10% compared to actual rate with all other variables held constant, the increase or decrease respectively in profit or loss/equity would amount to approximately EUR 4,802 as at June 30, 2019 (December 31, 2018: EUR 43,787). This is mainly the result of foreign exchange gains/losses on translation of USD denominated transactions as shown above.

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

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

At June 30, 2019 the Group has outstanding loan facilities denominated only in EUR which limits the Group's exposure to foreign currency risk. The foreign currency risk related to outstanding loans facilities in USD, draw down by USD Bevco, and cross-guaranteed by the Group is deemed to be limited (Refer to Note 11b). The foreign currency risk for investment securities owned by the Group is related to investment securities denominated in USD.

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

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3.1 Financial risk factors (continued)

a) Market risk (continued)

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:

	June 30, 2019 <i>unaudited</i>	December 31, 2018
	EUR	EUR
Fair value through OCI - Equity securities	7,258,048,371	5,158,064,135
Fair value through OCI - Private equity securities and partnerships	1,460,078,510	1,342,138,087
	8,718,126,881	6,500,202,222

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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 and Inmobiliaria Colonial SOCIMI, S.A.. As show in the table below, market data suggests that in aggregate this price risk amounts to a potential positive or negative EUR 1.6 billion (in a given six-month period) as at June 30, 2019 (December 31, 2018: EUR 1.5 billion in a given twelve-month period).

June 30, 2019 (unaudited)	Fair value at June 30, 2019 EUR	Foreign currency exchange impact +/- EUR	Average Committed Capital EUR	Valuation Technique	Reasonable possible shift +/- (%)	Change in valuation +/- EUR
Description						
- Equity securities						
AB InBev - common shares	467,040,000	N/A	591,657,553	Quoted market price	20.38%	95,182,752
AB InBev - restricted shares	6,415,610,688	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	20.38%	1,307,501,458
Inmobiliaria Colonial SOCIMI, S.A.	375,397,683	N/A	294,169,389	Quoted market price	16.21%	60,851,964
- Private equity securities and partnerships	1,460,078,510	694,681	1,202,599,435	NAV / Comparable method, performed by third party	11.33% - 25.67%	169,842,367
Total	8,718,126,881	694,681	13,169,521,316			1,633,378,541
December 31, 2018						
Description						
- Equity securities						
AB InBev - common shares	346,200,000	N/A	591,657,553	Quoted market price	25.75%	89,146,500
AB InBev - restricted shares	4,500,245,752	N/A	11,081,094,939	Quoted market price adjusted by DLOM*	25.75%	1,158,813,281
Inmobiliaria Colonial SOCIMI, S.A.	311,618,383	N/A	294,169,389	Quoted market price	20.03%	62,417,162
- Private equity securities and partnerships	1,342,138,087	611,836	1,201,965,538	NAV / Comparable method, performed by third party	17.27% - 30.72%	237,498,182
Total	6,500,202,222	611,836	13,168,887,419			1,547,875,125

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

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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 and Inmobiliaria Colonial SOCIMI, S.A. are managed on an individual basis and any decisions to be taken are approved by Board of Managers. The primary goal of the Group's investment strategy is to maximise investment returns.

Interest rate risk

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

	June 30, 2019 <i>unaudited</i> EUR	December 31, 2018 EUR
<i>Non-derivative financial assets</i>		
Loans granted (Refer to Note 6)	136,046,368	136,076,240
<i>Non-derivative financial liabilities</i>		
Debt securities in issue (Refer to Note 11a)	798,365,035	804,467,679
Borrowings (Refer to Note 11b)	371,363,420	360,557,449

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

	<u>Impact on the profit or loss and equity</u>		
Sensitivity parameter ("+ bps" would result to a decrease and "- bps" would result to an increase in the statement of profit or loss)	For the six months ended June 30, 2019 <i>unaudited</i> EUR	For the twelve months ended December 31, 2018 EUR	For the six months ended June 30, 2018 <i>unaudited</i> EUR
+15 basis points	(775,262)	(1,543,423)	(885,781)
-15 basis points	775,262	1,543,423	885,781
+5 basis points	(258,421)	(514,474)	(295,260)
-5 basis points	258,421	514,474	295,260

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 6 month time period.

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3.1 Financial risk factors (continued)

b) Credit risk

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

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

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

Based on these factors, the Group considers the risk of counterparty default as at June 30, 2019 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 June 30, 2019.

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.

	June 30, 2019	December 31, 2018
	<i>unaudited</i>	
	EUR	EUR
Loans granted (Refer to Note 6)	136,046,368	136,076,240
Unused credit facilities (Refer to Note 6)	364,000,000	364,285,429
Financial guarantee contracts (Refer to Note 18)	5,828,161	124,728,526
Other current assets* (Refer to Note 7)	7,443	1,356,826
Cash and cash equivalents (Refer to Note 8)	12,192,562	10,836,319
Total	518,074,534	637,283,340

*As at June 30, 2019, the other current assets which amounted to EUR 7,443 pertain to advances to related parties (refer to Note 7).

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3.1 Financial risk factors (continued)

b) Credit risk (continued)

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

As at June 30, 2019 (unaudited)					
	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+	11,984,761	-	-	-	11,984,761
A	208,188	-	-	-	208,188
A-	(387)	-	-	-	(387)
Not rated	505,881,972	-	-	-	505,881,972
Gross carrying amount	518,074,534	-	-	-	518,074,534
Accumulated impairment loss allowance	(48,664)	-	-	-	(48,664)
Carrying amount	518,025,870	-	-	-	518,025,870
As at December 31, 2018					
	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+	8,615,630	-	-	-	8,615,630
A	2,219,776	-	-	-	2,219,776
A-	913	-	-	-	913
Not rated	626,447,021	-	-	-	626,447,021
Gross carrying amount	637,283,340	-	-	-	637,283,340
Accumulated impairment loss allowance	(110,120)	-	-	-	(110,120)
Carrying amount	637,173,220	-	-	-	637,173,220

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

Not rated financial instruments by Standard & Poor's credit agency are represented by credit exposures with related parties which are neither past due nor impaired at the end of reporting period. 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".

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3.1 Financial risk factors (continued)

b) Credit risk (continued)

Expected credit losses recognised during the period are as follows:

Expected credit losses	June 30, 2019* (unaudited)	December 31, 2018	June 30, 2018 (unaudited)
	EUR	EUR	EUR
Accumulated beginning balance	110,120	140,855	94,850
Additional impairment (or reversals) recognised during the period on:			
- Loans granted	(4,010)	(41,986)	51,228
- Financial guarantee contracts	(57,355)	11,226	(5,148)
- Other current assets	(98)	20	(80)
- Cash and cash equivalents	7	5	5
Accumulated ending balance	48,664	110,120	140,855

*The movement for the six months period ended June 30, 2019 does not tie up with profit and loss statement as Park is now in scope of consolidation.

ECLs are assessed on a forward-looking basis and there were no significant changes to estimation techniques or assumptions used during the period ended June 30, 2019. Furthermore, there were no financial instruments written off or fully impaired as at June 30, 2019.

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*					Total
	Carrying amount	< 3 months	4 - 6 months	7 - 12 months	> 12 months	
<i>As at June 30, 2019 (in EUR) (unaudited)</i>						
Debt securities in issue	798,365,035	-	-	13,995,913	842,004,087	856,000,000
Borrowings	371,009,817	720,958	688,444	1,020,194	207,789,194	210,218,790
Other current liabilities	1,710,789	1,710,789	-	-	-	1,710,789
	1,171,085,641	2,431,747	688,444	15,016,107	1,049,793,281	1,067,929,579
Guarantee	-	5,828,161	-	-	-	5,828,161
Fees for unused credit facilities	353,603	2,538,699	2,517,953	5,071,910	36,048,722	46,177,284
Irrevocable commitment**	-	364,000,000	-	-	-	364,000,000
Total	1,171,439,244	374,798,607	3,206,397	20,088,017	1,085,842,003	1,483,935,024

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

*Contractual cash 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 June 30, 2019 and December 31, 2018, irrevocable commitment represents not used credit limit of a loan facility to Aguila Ltd., which has no specified maturity date, and is disclosed under 1-3 months maturity time band, it can be draw down or withdrawn by either party at any time.

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3.1 Financial risk factors (continued)

c) Liquidity risk (continued)

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 June 30, 2019, 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 2,577,338,113 of which EUR 2,236,065,913 was undrawn (December 31, 2018: EUR 2,701,703,057, of which EUR 2,505,467,249 was undrawn).

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

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

3.2 Capital risk management

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

Loan covenants being observed by the Group are:

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

There were no covenant breaches as at June 30, 2019 and December 31, 2018 nor as of the date of approval of these interim consolidated financial statements.

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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 interim consolidated financial statements:

a) Determination of functional currency

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

b) Assessment of significant influence over investees

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

Lack of significant influence is evidenced by the following:

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

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

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

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

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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.

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 interim 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	DLOM has been computed based on the following assumptions: - the hypothetical buyer is prudent but without synergistic benefit; - the business will continue as a going concern and not be liquidated - the hypothetical sale will be for cash; - there is a readily available and willing buyer; - volatility of 20.38% was implied (December 31, 2018: 25.75%) - a risk free rate of (0.10)% was used (December 31, 2018: 0.07%); - the time to expiration was based on the time remaining between the valuation date and the date of expiration of the restriction on the sale of the subject AB InBev shares; - the dividend yield of 2.44% was assumed (December 31, 2018: 2.22%).	Had the DLOM increased or decreased by 1% pp. as at June 30, 2019 compared to the actual discount used for AB InBev restricted shares (June 30, 2019: to 15.91% or 13.91%, respectively and December 31, 2018: to 20.42% or 18.42%, respectively), with all other variables held constant, the increase or decrease in equity would amount to EUR 75,397,940 (December 31, 2018: EUR 83,786,251).
Private equity securities and partnerships	NAV NAV / Comparable method, performed by third party Comparable method, performed by third party	The net accounting value of investments in Partnership is adjusted by the market price of underlying investments. The fair value of Leveraged buyout Partnerships has been computed by a third party applying multiples. The fair value of Private investments has been computed by a third party applying multiples that were derived from selected publicly listed companies based on normalised EV/Sales, EV/EBITDA and P/E multiples.	Had the market price of the underlying investment increased or decreased by 1% pp. as at June 30, 2019, with all other variables held constant, the increase or decrease in equity would amount to EUR 66,309,753 (December 31, 2018: EUR 84,694,040).

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

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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 June 30, 2019 (in EUR) (unaudited)				
Financial assets at fair value through OCI				
- Equity securities*	842,437,683	-	6,415,610,688	7,258,048,371
- Private equity securities and partnerships	-	-	1,460,078,510	1,460,078,510
Total assets measured at fair value	842,437,683	-	7,875,689,198	8,718,126,881
December 31, 2018 (in EUR)				
Financial assets at fair value through OCI				
- Equity securities*	657,818,383	-	4,500,245,752	5,158,064,135
- Private equity securities and partnerships	-	-	1,342,138,087	1,342,138,087
Total assets measured at fair value	657,818,383	-	5,842,383,839	6,500,202,222

* 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).

Equity securities

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

The Group engaged an independent consultancy firm in 2016 to determine the fair market value of investment in restricted shares of AB InBev. Based on their valuation report, the discount for lack of marketability (DLOM) arrived at using the Black-Scholes Option Pricing Model is the most appropriate. The indicative value as at June 30, 2019 for the restricted shares was obtained by applying a revised DLOM of 14.91% or EUR 1,124,183,281 discount on the trading price of the unrestricted shares at the end of the period (December 31, 2018: DLOM of 19.48% or EUR 1,088,733,076 discount).

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

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4.2 Estimates (continued)

b) Accounting classifications and fair values (continued)

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 or from Level 3 to Level 1 in the six-month period ended June 30, 2019 and year ended December 31, 2018.

Reconciliation of level 3 fair value

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

<i>in EUR</i>	Restricted Equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2018	7,451,201,390	-	7,451,201,390
Result included in OCI			
- Net change in fair value (unrealised)	(2,950,955,638)	140,172,549	(2,810,783,089)
Acquisition through equity contribution	-	1,201,965,538	1,201,965,538
Balance at December 31, 2018	4,500,245,752	1,342,138,087	5,842,383,839
Result included in OCI			
- Net change in fair value (unrealised)	1,915,364,936	117,306,525	2,032,671,461
Additional capital contribution to a private investee	-	633,898	633,898
Balance at June 30, 2019 (unaudited)	6,415,610,688	1,460,078,510	7,875,689,198

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4.2 Estimates (continued)

c) Measurement of fair values (continued)

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 interim consolidated financial statements approximated their fair values:

June 30, 2019 (in EUR) (unaudited)	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Financial assets				
- Loans granted	-	-	136,046,368	136,046,368
Financial liability				
- Debt securities in issue	830,160,000	-	-	798,365,035
As at December 31, 2018 (in EUR)				
	Fair value			Carrying value
	Level 1	Level 2	Level 3	
Financial assets				
- Loans granted	-	-	136,076,240	136,076,240
Financial liability				
- Debt securities in issue	791,216,000	-	-	804,467,679

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 period.

5. Investment securities

5.1 Measurement category

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

	June 30, 2019 unaudited EUR	December 31, 2018 EUR
Financial assets		
Listed securities		
- Equity securities	7,258,048,371	5,158,064,135
Unlisted securities		
- Private equity securities and partnerships	1,460,078,510	1,342,138,087
	8,718,126,881	6,500,202,222

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5. Investment securities (continued)

5.1 Measurement category (continued)

As at June 30, 2019 and December 31, 2018 financial assets measured at FVOCI are illustrated below:

As at June 30, 2019 (unaudited) Reportable segment (Refer to Note 17)	Anheuser-Busch InBev (Brewery)	Inmobiliaria Colonial SOCIMI, S.A. (Real Estate)	Private equity securities and partnerships	Total
No. of warrants*	-	-	1,355,145	
No. of restricted	96,862,718	-	-	
No. of common shares	6,000,000	38,305,886	5,344,987	
% of share capital**	5.09%	7.54%	< 20%	
Fair value in EUR of restricted shares***	6,415,610,688	-	-	6,415,610,688
Fair value in EUR of common shares	467,040,000	375,397,683	1,460,078,510	2,302,516,193
TOTAL	6,882,650,688	375,397,683	1,460,078,510	8,718,126,881

As at December 31, 2018 Reportable segment (Refer to Note 17)	Anheuser-Busch InBev (Brewery)	Inmobiliaria Colonial SOCIMI, S.A. (Real Estate)	Private equity securities and partnerships	Total
No. of warrants*	-	-	1,355,145	
No. of restricted	96,862,718	-	-	
No. of common shares	6,000,000	38,305,886	5,344,987	
% of share capital**	5.09%	7.54%	< 20%	
Fair value in EUR of restricted shares***	4,500,245,752	-	-	4,500,245,752
Fair value in EUR of common shares	346,200,000	311,618,383	1,342,138,087	1,999,956,470
TOTAL	4,846,445,752	311,618,383	1,342,138,087	6,500,202,222

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

**Percentage (%) of ownerships are less than 20%.

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

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

5.2 Investment securities transactions

Equity securities

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

During the six-month period ended June 30, 2019, there were no investments or disposals of equity securities.

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5. Investment securities (continued)

5.2 Investment securities transactions (continued)

Equity securities (continued)

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

- On August 1, 2018, SNI International Holdings S.à r.l., contributed Park S.à r.l. to Bevco Lux. Park S.à r.l. owned 38,305,886 shares in Inmobiliaria Colonial SOCIMI, S.A., a listed company incorporated under the laws of Spain investing in European real estate, especially in Spain and France. The shares were valued at EUR 353,180,268 on the date of contribution.

Private equity securities and partnerships

During the six-month period ended June 30, 2019, a Private Investee exercised a capital call which required the Group to contribute additional cash for a total amount of EUR 633,898.

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

5.3 Changes in fair value of investment securities

<i>in EUR</i>	Equity securities	Private equity securities and partnerships	Total
Balance at January 1, 2018	8,009,981,390	-	8,009,981,390
Result included in OCI			
- Net change in fair value (unrealised)	(3,205,097,523)	140,172,549	(3,064,924,974)
Acquisition through equity contribution	353,180,268	1,201,965,538	1,555,145,806
Balance at December 31, 2018	5,158,064,135	1,342,138,087	6,500,202,222
Result included in OCI			
- Net change in fair value (unrealised)	2,099,984,236	117,306,525	2,217,290,761
Additional capital contribution to a private investee	-	633,898	633,898
Balance at June 30, 2019 (unaudited)	7,258,048,371	1,460,078,510	8,718,126,881

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5. Investment securities (continued)

5.4 Dividend income

During the six-month periods ended June 30, 2019 and 2018, the Group received dividends from its securities as follows:

	<u>for six months ended June 30:</u>	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Gross dividend income from:		
- Equity securities	102,863,209	205,725,436
- Private equity securities and partnerships	77,792,168	-
Total	180,655,377	205,725,436
Withholding tax on dividend income:		
- Private equity securities and partnerships	(104,494)	-
Total withholding tax (Refer to Note 16.2)	(104,494)	-
Net Dividend income	180,550,883	205,725,436

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6. Loans granted

Details of loans granted as at June 30, 2019, and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
	<i>unaudited</i>	
	EUR	EUR
Current portion of loans granted	136,046,368	136,076,240
	136,046,368	136,076,240

As at June 30, 2019 and December 31, 2018 the total commitments, unused credit facilities, drawdowns, repayments, expected credit loss allowance and carrying amount of loans granted are disclosed in the tables below:

Borrower	Aguila Ltd. <i>undetermined period</i>	Blue Clay S.à r.l. <i>June 30, 2019*</i>	Total
Facility termination date			
Interest rate	EURIBOR + margin	EURIBOR + margin	
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 June 30, 2019 (unaudited)	500,000,000	-	500,000,000
Principal amount outstanding at January 1, 2018	136,000,000	14,571	136,014,571
Repayments**	-	(14,571)	(14,571)
Total principal drawn amount at June 30, 2019 (unaudited)	136,000,000	-	136,000,000
Total unused credit facilities at June 30, 2019 (unaudited)	364,000,000	-	364,000,000
Accrued interest at June 30, 2019	77,904	-	77,904
Impairment loss allowance (Refer to Note 3.1b)	(31,536)	-	(31,536)
Carrying amount at June 30, 2019 (unaudited) ****	136,046,368	-	136,046,368

Borrower	Aguila Ltd. <i>undetermined period</i>	Blue Clay S.à r.l. <i>June 30, 2019*</i>	Park S.à r.l.*** <i>undetermined period</i>	Total
Facility termination date				
Interest rate	EURIBOR + margin	EURIBOR + margin	Base interest rate + margin	
Currency	EUR	EUR	EUR	EUR
Total committed facility at January 1, 2018	500,000,000	-	75,000,000	575,000,000
Facility commitment granted	-	300,000	-	300,000
Total committed facility at December 31, 2018	500,000,000	300,000	75,000,000	575,300,000
Principal amount outstanding at January 1, 2018	51,000,000	-	75,000,000	126,000,000
Drawdowns / Loans granted**	305,000,000	14,571	-	305,014,571
Repayments**	(220,000,000)	-	-	(220,000,000)
Total principal drawn amount at December 31, 2018	136,000,000	14,571	75,000,000	211,014,571
Entry in consolidation scope	-	-	(75,000,000)	(75,000,000)
Total unused credit facilities at December 31, 2018	364,000,000	285,429	-	364,285,429
Changes on initial application of IFRS 9	(10,672)	-	(15,632)	(26,304)
Restated carrying amount at January 1, 2018****	51,205,215	-	75,110,978	126,316,193
Impairment loss allowance (Refer to Note 3.1b)	(35,544)	(2)	-	(35,546)
Carrying amount at December 31, 2018****	136,061,671	14,569	-	136,076,240

*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.

***As at June 30, 2019 and December 31, 2018, Park S.à r.l. is part of the consolidation scope (Refer to Note 2.3.1), thus intercompany balances are eliminated and therefore not presented in this table.

****Includes accrued interests.

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7. Other current assets

As at June 30, 2019 and December 31, 2018 other current assets are composed as follows:

	June 30, 2019 <i>unaudited</i> EUR	December 31, 2018 EUR
Advances to related parties (Refer to Note 19)	7,443	737,872
Luxembourg tax advances	359,871	9,630
Other Foreign taxes	122,818	192,961
Deferred charges	-	416,461
Gross carrying amount	490,132	1,356,924
Less: Impairment loss allowance (Refer to note 3.1b)	-	(98)
	490,132	1,356,826

8. Cash and cash equivalents

The cash and cash equivalents are composed of cash at bank in an amount of EUR 12,192,562 as at June 30, 2019 (December 31, 2018: EUR 10,836,319).

9. Equity

a) Share capital

Ordinary shares issued and fully paid	No. of shares	EUR
At January 1, 2018, and June 30, 2018 (unaudited)	76,706,354	76,706,354
Share capital increase	25,384,567	25,384,567
As at December 31, 2018 and June 30, 2019 (unaudited)	102,090,921	102,090,921

As at January 1, 2018, the share capital of the Company amounted to EUR 76,706,354 and was composed of 76,706,354 shares all issued and paid.

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

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

All issued shares are fully subscribed and paid as at June 30, 2019.

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9. Equity (continued)

b) Share premium

	EUR
At January 1, 2018, and June 30, 2018 (unaudited)	6,446,428,384
Share premium increase	173,960,296
As at December 31, 2018 and June 30, 2019 (unaudited)	<u>6,620,388,680</u>

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

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

c) Legal reserve

	EUR
As at January 1, 2018	7,368,268
Allocation to legal reserve	302,367
As at June 30, 2018 (unaudited) and December 31, 2018	7,670,635
Allocation to legal reserve	2,538,457
As at June 30, 2019 (unaudited)	<u>10,209,092</u>

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

d) Special reserve account

	EUR
At January 1, 2018, and June 30, 2018 (unaudited)	1,436,475,699
Capital contribution for the year	1,042,196,437
As at December 31, 2018, and June 30, 2019 (unaudited)	<u>2,478,672,136</u>

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

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

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9. Equity (continued)

e) Other reserves

	EUR
As at January 1, 2018, and June 30, 2018 (unaudited)	-
Reserve for difference arising from business combination under common control	63,140,104
NWT reserve	3,072,550
As at December 31, 2018 and June 30, 2019 (unaudited)	<u>66,212,654</u>

As at June 30, 2019 and December 31, 2018, 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

	EUR
As at January 1, 2018, and June 30, 2018 (unaudited)	690,302,868
Currency translation adjustment in Other Comprehensive Income	-
As at December 31, 2018 and June 30, 2019 (unaudited)	<u>690,302,868</u>

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, 2018	(727,644,971)
Changes on initial application of IFRS 9	(94,850)
Restated balance as at January 1, 2018	(727,739,821)
Profit for the period from January 1, 2018 to June 30, 2018	192,919,755
Allocation to legal reserve (Refer to Note 9c)	(302,367)
Distributions for the period	(18,000,000)
As at June 30, 2018 (unaudited)	(553,122,433)
Profit for the period from July 1, 2018 to December 31, 2018	69,243,608
Distributions for the period	(257,000,000)
As at December 31, 2018	(740,878,825)
Profit for the period from January 1, 2019 to June 30, 2019	166,599,212
Allocation to legal reserve* (Refer to Note 9c)	(2,538,457)
Distributions for the period**	(170,000,000)
As at June 30, 2019 (unaudited)	(746,818,070)

* 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.

10. Cash flow information

Income and cash flow statements

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

11. Borrowings

a) Debt securities in issue

Nature	Currency	Interest rate	Maturity date	Principal amount EUR	Discount EUR	Capitalised Cost EUR	Carrying amount as at June 30, 2019 EUR	Carrying amount as at December 31, 2018 EUR
Eurobond	EUR	1.75%	09/02/2023	800,000,000	(3,707,900)	(3,373,640)	798,365,035	804,467,679

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

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11. Borrowings (continued)

a) Debt securities in issue (continued)

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

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

	June 30, 2019 <i>unaudited</i> EUR	December 31, 2018 EUR
Non-current portion of debt securities in issue	792,918,460	791,963,569
Current portion of debt securities in issue	5,446,575	12,504,110
	798,365,035	804,467,679

b) Borrowings

The balances of borrowings were as follows:

	June 30, 2019 (<i>unaudited</i>)		December 31, 2018	
	Principal amount	Carrying amount*	Principal amount	Carrying amount*
	EUR	EUR	EUR	EUR
Borrowings with financial institutions	200,000,000	195,875,720	190,000,000	185,503,762
Borrowings with related parties	175,043,981	175,487,700	175,043,981	175,053,687
	375,043,981	371,363,420	365,043,981	360,557,449

*Carrying amount includes prepaid financing costs.

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

	June 30, 2019 (<i>unaudited</i>)		December 31, 2018	
	Current portion	Non-current portion	Current portion	Non-current portion
	EUR	EUR	EUR	EUR
Borrowings with financial institutions	509,686	195,366,034	95,503,762	90,000,000
Borrowings with related parties	443,719	175,043,981	9,706	175,043,981
	953,405	370,410,015	95,513,468	265,043,981

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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:

June 30, 2019 (unaudited) (in EUR)	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 June 30, 2019
Borrowings with financial institution										
Financial institution 1 - Secured tranche***	EUR	EURIBOR + margin	-	10/08/2020	10/08/2018	45,000,000	5,000,000	(50,000,000)	-	-
Financial institution 1 - Unsecured tranche***	EUR	EURIBOR + margin	-	10/08/2020	10/08/2018	45,000,000	5,000,000	(50,000,000)	-	-
Financial institution 2	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	24/09/2019	03/04/2022	03/04/2019	-	100,000,000	-	-	100,000,000
Financial institution 4 - Secured tranche****	EUR	EURIBOR + margin	07/08/2019	29/04/2022	30/04/2019	100,000,000	10,000,000	(10,000,000)	(50,000,000)	50,000,000
Financial institution 4 - Unsecured tranche****	EUR	EURIBOR + margin	19/09/2019	30/04/2021	30/04/2019	-	-	-	50,000,000	50,000,000
						190,000,000	120,000,000	(110,000,000)	-	200,000,000
Borrowings with related parties										
	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	175,043,981	-	-	-	175,043,981
Total						365,043,981	120,000,000	(110,000,000)	-	375,043,981
December 31, 2018 (in EUR)										
	Currency of drawdown	Interest rate	Roll-over date	Termination date	Date of the Agreement	Principal amount January 1, 2018	Drawdowns*	Repayments*	Non-cash movement**	Principal amount December 31, 2018
Borrowings with financial institution										
Financial institution 1	EUR	EURIBOR + margin	16/02/2019	10/08/2020	16/11/2018	200,000,000	-	(110,000,000)	-	90,000,000
Financial institution 2	EUR	EURIBOR + margin	-	21/12/2024	21/12/2017	75,000,000	180,000,000	(255,000,000)	-	-
Financial institution 3	EUR	EURIBOR + margin	-	11/10/2019	07/03/2016	300,000,000	-	(300,000,000)	-	-
Financial institution 4 - Facility A	EUR	EURIBOR + margin	19/03/2019	27/08/2019	07/10/2016	300,000,000	100,000,000	(300,000,000)	-	100,000,000
Financial institution 4 - Facility B	EUR	EURIBOR + margin	-	26/08/2021	07/10/2016	18,796,757	-	(18,796,757)	-	-
Financial institution 5	USD	LIBOR + margin	-	31/03/2018	07/10/2016	-	-	-	-	-
						893,796,757	280,000,000	(983,796,757)	-	190,000,000
Borrowings with related parties										
	EUR	0.5% + margin	N/A	01/08/2048	01/08/2018	-	175,043,981	-	-	175,043,981
Total						893,796,757	455,043,981	(983,796,757)	-	365,043,981

*During the six-month period ended June 30, 2019, the Group received proceeds of EUR 120,000,000 (2018: EUR 455,043,981) and repaid EUR 110,000,000 (2018: EUR 983,796,757) of borrowings.

**Non-cash movements pertain to transfers between loan facilities with no actual proceeds drawn and/or repaid to financial institutions.

***In 2019, financial institution 1 was further split into secured and unsecured tranches to be in line with the terms of the loan facility the disclosed amounts were drawn from.

****In 2019, financial institution 4 - facilities A and B were replaced by secured and unsecured tranches of which the terms are more favourable to the Group.

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11. Borrowings (continued)

b) Borrowings (continued)

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 drawdown 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:

June 30, 2019 (unaudited)	Total Commitment (EUR)	Credit facilities drawdown by USD Bevco* (EUR)	Guarantees**** (EUR)	Credit facilities drawdown by the Group** (EUR)	Unused Credit facilities (EUR)
Financial institutions	2,077,338,113	-	5,272,200	200,000,000	1,872,065,913
Related parties***	500,000,000	-	-	136,000,000	364,000,000
Total	2,577,338,113	-	5,272,200	336,000,000	2,236,065,913

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

*Credit facilities drawdown by USD Bevco, original currency of this drawdown was in USD.

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

***In addition, Aguila Ltd. entered into an interest bearing loan facility agreement for an undetermined period with the Group's direct shareholder, USD Bevco, amounting to USD 500,000,000 equivalent to EUR 439,350,000 as at June 30, 2019 (December 31, 2018: EUR 436,700,000). From an overall liquidity perspective, the Group can indirectly benefit from this commitment.

**** Change in Guarantees is due to foreign currency exchange rate impact.

Pledged shares

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

June 30, 2019 (unaudited)		December 31, 2018	
Number	Fair value* EUR	Number	Fair value* EUR
38,720,558	3,014,008,235	38,720,558	2,234,176,197

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

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12. Other current liabilities

As at June 30, 2019 and December 31, 2018, other current liabilities are composed as follows:

	June 30, 2019	December 31, 2018
	<i>unaudited</i>	
	EUR	EUR
Suppliers	1,429,956	169,208
Audit fees payable	85,000	212,231
Taxes (Refer to Note 16)	165,143	1,287,334
Cash advance from Ultimate parent (Refer to Note 19)	5,650	-
Provisions (Refer to Note 3.1b)	17,107	58,830
Others	7,933	192,150
	1,710,789	1,919,753

13. Interest income

Interest income for the six-month periods ended June 30, 2019 and 2018 are presented in the table below:

	<u>for six months ended June 30:</u>	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Interest income from related party loans (Refer to Note 19)	1,726,447	2,272,551
Other interest income	-	2
	1,726,447	2,272,553

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14. Administrative expenses

Administrative expenses for the six-month periods ended June 30, 2019 and 2018 are presented in the table below:

	<u>for six months ended June 30:</u>	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Service agreement*	625,000	222,713
Accountant fees	327,261	225,881
Audit fees	199,297	79,679
Custody and bank fees	45,558	23,697
Legal and other professional fees	62,154	47,383
Director fees	5,350	5,719
Fiscal fees	701	-
Other expenses	-	6,565
	1,265,321	611,637

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

15. Finance costs

Finance costs for the six-month periods ended June 30, 2019 and 2018 are presented in the table below:

	<u>for six months ended June 30:</u>	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Interest expenses on bonds	7,434,056	6,697,712
Fees for unused credit facilities	4,282,022	4,964,402
Interest expenses on borrowing from credit institutions	1,678,636	2,086,353
Bond issuance fees*	463,300	363,473
Interest expenses on borrowing from related party (Refer to Note 19)	434,013	-
Current account interests expenses	26,779	41,042
Borrowings early repayments fees	-	170,959
Interest expenses on treasury bills	-	38,092
Other fees	163,998	51,862
	14,482,804	14,413,895

*Fees incurred consequently from the issuance of the Eurobond were capitalised which amounted to EUR 4,671,393 (refer to note 11a) and amortised until its maturity date on February 9, 2023. Capitalised Eurobond issue fees are amortised annually amounting to EUR 934,278.61.

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16. Taxes

16.1 Income taxes

No income taxes have been incurred for the six-month periods ended June 30, 2019 and 2018.

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:

	for six months ended June 30:	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Profit before income tax	166,708,521	192,924,570
Tax using the Parent company's domestic tax rate*	41,577,105	50,179,681
Tax effect of:		
- Non-deductible expenses	3,916,154	3,920,107
- Tax-exempt income	(45,493,259)	(54,099,788)
	<u>-</u>	<u>-</u>

*In accordance with the jurisdiction under which the Parent company operates, the effective tax rate used for the six-month period ended June 30, 2019 is 24.94% (June 30, 2018: 26.01%).

In Luxembourg a reduction of corporate tax rate from 26.01% to 24.94% was enacted on March 5, 2019.

16.2 Withholding tax and other taxes

Withholding tax and other taxes are as follows:

	for six months ended June 30:	
	2019	2018
	<i>unaudited</i>	<i>unaudited</i>
	EUR	EUR
Withholding tax on dividend income*	104,494	-
Other taxes**	4,815	4,815
	<u>109,309</u>	<u>4,815</u>

*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 period ended June 30, 2019, withholding taxes were incurred arising on dividends received from the Group's Private equity investment and Partnerships which amounted to EUR 104,494 (June 30, 2018: nil).

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

**Other taxes pertain to Net Wealth Tax provisions.

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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 (June 30, 2018: one (1) reportable segment - Brewery):

- 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.

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 June 30, 2019, hereof it has no plans to materially divest its investment in the near future. In determining its investment decisions Management makes use of a multitude of publicly available data sources, concerning its current and potential investees and of the fundamental value drivers of the relevant industries in which it invests or may invest.

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

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

Segment assets and liabilities

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

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

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17. Segment information (continued)

Other profit and loss disclosures

	Operating segments			
	Brewery	Real Estate	Private equity securities and Partnerships	Total
June 30, 2019 (unaudited)				
Interest income	1,287,309	82,772	356,366	1,726,447
Dividend income	102,862,718	-	77,792,659	180,655,377
Net result on foreign currency operations	366	24	(390)	-
Other income	-	28,998	-	28,998
Total net income	104,150,393	111,794	78,148,635	182,410,822
Administrative expenses	(880,222)	(123,933)	(261,166)	(1,265,321)
Operating income	103,270,171	(12,139)	77,887,469	181,145,501
Finance costs				(14,482,804)
Net loss allowance				45,824
Profit before tax				166,708,521
Withholding tax on dividend income				(104,494)
Other taxes				(4,815)
Profit for the period				166,599,212

	Operating segments			
	Brewery	Real Estate	Private equity securities and Partnerships	Total
June 30, 2018 (unaudited)				
Interest income	2,272,553	-	-	2,272,553
Dividend income	205,725,436	-	-	205,725,436
Net result on foreign currency operations	(1,882)	-	-	(1,882)
Total net income	207,996,107	-	-	207,996,107
Administrative expenses	(611,637)	-	-	(611,637)
Operating income	207,384,470	-	-	207,384,470
Finance costs				(14,413,895)
Net loss allowance				(46,005)
Profit before tax				192,924,570
Other taxes				(4,815)
Profit for the period				192,919,755

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18. Commitments

Pledge

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

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

Guarantees

"Outstanding SBLC"

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. The maximum exposure which the Group could potentially become liable amounts to EUR 5,828,161 (consisting of accrued interest of EUR 2,951, accrued commitment fees of EUR 553,010 and guarantee fees of EUR 5,272,200) as of June 30, 2019 and EUR 5,739,941 (consisting of accrued interest of EUR 499,541 and guarantee fees of EUR 5,240,400) as of December 31, 2018 respectively.

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

An amendment to the facility agreement in place with financial institution 1 was signed on February 16, 2017, in which, its direct shareholder, USD Bevco was added as guarantor of the Group.

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 June 30, 2019, the outstanding commitments with Aguila Ltd. amounted to EUR 364,000,000 (December 31, 2018: EUR 364,000,000) as outlined in Note 6.

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19. Related party transactions

Major transactions and balances with related parties for the six months period ended June 30, 2019 and for the year ended December 31, 2018 are summarised in the tables below:

	Aguiila Ltd	SNI International Holdings S.à r.l.	USD Bevco S.à r.l.	Blue Clay S.à r.l.	Meristem S.à r.l.	Notes
TOTAL	<i>Ultimate parent</i>	<i>Direct parent of USD Bevco</i>	<i>Direct parent</i>	<i>Subsidiary of SNI International Holdings S.à r.l.</i>	<i>Shareholder of USD Bevco</i>	
As at June 30, 2019 (unaudited)						
Financial position items						
Loans to related parties	136,046,368	136,046,368	-	-	-	6
Other current assets	7,443	-	-	-	7,443	7
Loans from related parties	175,487,700	-	175,487,700	-	-	11b
Other current liabilities	10,905	5,650	-	5,255	-	12
Off balance sheet items (unaudited)						
Guarantees issued	5,828,161	-	5,828,161	-	-	18
Irrevocable unused commitment issued	364,000,000	364,000,000	-	-	-	6
Irrevocable unused commitment received	500,000,000	500,000,000	-	-	-	11b
6-month period ended June 30, 2019 (unaudited)						
Profit or loss statement items						
Interest income	1,726,447	1,281,882	-	444,565	-	13
Interest expense	434,013	-	434,013	-	-	15
Administrative expenses	625,000	-	625,000	-	-	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>	Park S.à r.l. <i>Previously, a subsidiary of SNI International Holdings S.à r.l.</i>	Meristem S.à r.l. <i>Shareholder of USD Bevco</i>	Notes
As at December 31, 2018								
Financial position items								
Loans to related parties	136,076,240	136,061,671	-	-	14,569	-	-	6
Other current assets	737,872	-	-	-	730,429	-	7,443	7
Loans from related parties	175,053,687	-	-	175,053,687	-	-	-	11b
Off balance sheet items								
Guarantees issued	124,728,526	-	-	5,739,941	118,988,585	-	-	18
Guarantees received	118,988,585	118,988,585	-	-	-	-	-	18
Irrevocable unused commitment issued	364,285,429	364,000,000	-	-	285,429	-	-	6
Irrevocable unused commitment received	500,000,000	500,000,000	-	-	-	-	-	11b
6-month period ended June 30, 2018 (unaudited)								
Profit or loss statement items								
Interest income	2,272,551	546,903	-	-	-	1,725,648	-	13
Interest expense	-	-	-	-	-	-	-	15
Administrative expenses	222,713	-	222,713	-	-	-	-	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 period ended June 30, 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.

During the financial year ended December 31, 2018, dividends have been distributed as follows:

- On February 27, 2018, the Board of Managers approved the distribution of a 2017 interim dividend amounting to EUR 18,000,000 to USD Bevco.
- In addition, the Board of Managers approved the distribution of a dividend amounting to EUR 257,000,000 to USD Bevco on November 6, 2018.

Transaction with employees

As at June 30, 2019, the average number of employees directly employed by the Group was nil (June 30, 2018: nil).

Key management personnel

EUR 5,350 have been paid or is payable to key management personnel for the six-month period ended June 30, 2019 and EUR 11,437 for the year ended December 31, 2018.

20. Subsequent events

a) Financing activity

Credit institutions

On August 7, 2019, the Group and its direct parent (USD Bevco) rolled over an existing loan amounting to EUR 50,000,000 from its unsecured tranche with financial institution 4 under the same terms and new repayment date on November 7, 2019.

On August 16, 2019, the Group and its direct parent (USD Bevco) (the "Borrower") made a drawdown from its secured and unsecured tranche with financial institution 1 amounting to EUR 25,000,000 and EUR 25,000,000, respectively. Furthermore, on the same date, Aguila Ltd. (the "Borrower") made a drawdown from its existing interest-bearing loan facility with the Group (the "Lender") amounting to EUR 50,000,000.

On September 10, 2019, the Group and its parent (USD Bevco) repaid the principal amounts on its secured and unsecured tranche with financial institution 1 amounting to EUR 25,000,000 and EUR 25,000,000, respectively.

On September 13, 2019, the Group and its parent (USD Bevco) repaid the principal amount on its secured tranche with financial institution 4 amounting to EUR 50,000,000.

On September 24, 2019, the Group and its direct parent (USD Bevco) rolled over an existing loan amounting to EUR 100,000,000 from its unsecured tranche with financial institution 3 under the same terms and new repayment date on December 24, 2019.

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20. Subsequent events (continued)

b) Investing activity

Investment securities

On July 1, 2019, the Group has received a net dividend amounting to EUR 2,781,619 from Inmobiliaria Colonial SOCIMI, S.A. and a reimbursement of share premium amounting to EUR 4,879,558.

On July 11, 2019, interest on the Preferred Equity Certificates (PECs) has been paid by Bevco Lux to its direct parent (USD Bevco) amounting to EUR 959,955.

On September 6, 2019, Park S.à r.l. sold 9,425,071 shares in Inmobiliaria Colonial SOCIMI, S.A. for a total proceeds amounting to EUR 100,000,003. Furthermore, on the same date, the Group and its parent (USD Bevco) (as "Pledgor") entered into a pledge agreement with a financial institution over a newly opened pledged security and cash account held with another financial institution. The pledged security and cash account will secure the present and future obligations and liabilities of Sierra Nevada (Bermuda) L.P. for an agreement Sierra Nevada (Bermuda) L.P. has entered with a financial institution. For providing the pledge the Group will receive an arm's length remuneration as outlined in the Remuneration Agreement, which the Group and Sierra Nevada (Bermuda) L.P. has signed on the same date as well.

On September 13, 2019, the Group has received a net dividend amounting to EUR 88,173 (USD 100,345) from a Private Investee.

On September 16, 2019, the Group has received a net dividend amounting to EUR 203,131 (USD 231,173) from a Private Investee.