

JAB Holding Company S.à r.l., Luxembourg

JAB Holding Company S.à r.l.
Luxembourg

Interim Condensed Financial Statements
as at and for the six months period ended 30 June 2017

JAB Holding Company S.à r.l., Luxembourg

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To the Board of Managers of
JAB Holding Company S.à r.l.
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Report of the Réviseur d'Entreprises agréé on the review of the interim condensed financial information

Introduction

We have reviewed the accompanying interim condensed balance sheet of JAB Holding Company S.à r.l. ("the Company") as at 30 June 2017, the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed cash flow statement for the six month period then ended, and notes to the interim condensed financial information ("the interim condensed financial statements"). Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 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. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 15 September 2017

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Frauke Oddone

JAB Holding Company S.à r.l., Luxembourg

Interim Condensed Balance Sheet as of 30 June 2017

	Note	30 June 2017		31 December 2016	
		in \$k	in \$k	in \$k	in \$k
<u>Non-current assets</u>					
Subsidiaries	5	<u>20,325,221</u>		<u>18,367,912</u>	
			20,325,221		18,367,912
<u>Current assets</u>					
Other receivables	6	5,698		4,977	
Cash and cash equivalents	7	<u>4,599</u>		<u>44</u>	
			10,297		5,021
			<u>20,335,518</u>		<u>18,372,933</u>
<u>Shareholder's equity</u>					
Issued share capital	8	8,800		8,800	
Share premium		9,836,177		9,901,230	
Fair value reserve		10,270,411		8,193,673	
Retained earnings		<u>-2,180,799</u>		<u>-1,372,760</u>	
			17,934,589		16,730,943
<u>Non-current liabilities</u>					
Other liabilities	10, 11	<u>164,888</u>		<u>32,097</u>	
			164,888		32,097
<u>Current liabilities</u>					
Redeemable shares	9	1,796,718		853,981	
Other liabilities	10, 11	<u>439,323</u>		<u>755,912</u>	
			2,236,041		1,609,893
			<u>20,335,518</u>		<u>18,372,933</u>

The notes on pages 8 to 19 are an integral part of these interim condensed financial statements.

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Interim Condensed Statement of Comprehensive Income for the six months period ended 30 June 2017

		For the six months ended June 30, 2017	For the six months ended June 30, 2016
	Note	in \$k	in \$k
Finance income	12	186	42,196
Finance expenses	12	-246,683	0
Finance result		-246,497	42,196
General and administrative expenses	13	-561,537	-20,168
Other income	14	0	94,998
Result before income taxes		-808,034	117,026
Income tax expense	15	-5	-4
Result for the period		-808,039	117,022
Items that may be reclassified subsequently to profit and loss:			
Available-for-sale financial assets - net change in fair value	8.2	2,076,738	497,882
Other comprehensive income		2,076,738	497,882
Total comprehensive income attributable to equity holder		1,268,699	614,904

The notes on pages 8 to 19 are an integral part of these interim condensed financial statements.

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Interim Condensed Statement of Changes in Equity for the six months period ended 30 June 2017

	Note	Issued share capital in \$k	Share premium in \$k	Fair value reserve in \$k	Retained earnings in \$k	Total equity in \$k
Balance as of 1 January 2016		8,800	9,967,580	7,899,387	-1,992,063	15,883,704
Net change in the fair value of available-for-sale financial assets	8	0	0	497,882	0	497,882
Total income and expense recognised directly in equity		0	0	497,882	0	497,882
Result for the period		0	0	0	117,022	117,022
Total recognised income and expense		0	0	497,882	117,022	614,904
Repayment of share premium	8	0	-66,350	0	0	-66,350
Balance as of 30 June 2016		8,800	9,901,230	8,397,269	-1,875,041	16,432,258
Balance as of 1 January 2017		8,800	9,901,230	8,193,673	-1,372,760	16,730,943
Net change in the fair value of available-for-sale financial assets	8	0	0	2,076,738	0	2,076,738
Total income and expense recognised directly in equity		0	0	2,076,738	0	2,076,738
Result for the period		0	0	0	-808,039	-808,039
Total recognised income and expense		0	0	2,076,738	-808,039	1,268,699
Repayment of share premium	8	0	-65,053	0	0	-65,053
Balance as of 30 June 2017		8,800	9,836,177	10,270,411	-2,180,799	17,934,589

The notes on pages 8 to 19 are an integral part of these interim condensed financial statements.

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Interim Condensed Cash Flow Statement for the six months period ended 30 June 2017

	Note	For the six months ended June 30, 2017 in \$k	For the six months ended June 30, 2016 in \$k
Cash flows from operating activities			
Result for the period		-808,039	117,022
Adjustments for:			
Share based payment transactions		182,429	-93,552
Tax expense		5	4
Finance income and expenses	12	246,498	-42,195
		<u>-379,107</u>	<u>-18,721</u>
Change in other receivables	6	-175	-2,062
Change in other current liabilities	11	1,532	4,334
Net foreign exchange loss		186	-37
Income taxes paid		-5	-4
Net cash from / (used in) operating activities		<u><u>-377,569</u></u>	<u><u>-16,490</u></u>
Cash flows from investing activities			
Capital repayments from subsidiaries	5	381,502	29,400
Contribution payments to subsidiaries	5	-327,126	0
Net cash from / (used in) investing activities		<u><u>54,376</u></u>	<u><u>29,400</u></u>
Cash flows from financing activities			
Payments from issue of redeemable shares	9	328,654	217
Capital repayments on redeemable shares	9	-906	-9,498
Net cash from / (used in) financing activities		<u><u>327,748</u></u>	<u><u>-9,281</u></u>
Movement in cash and cash equivalents		4,555	3,629
Cash and cash equivalents as of 31 December 2016		44	53
Effects of exchange rate changes on cash and cash equivalents		0	0
Cash and cash equivalents as of 30 June 2017		<u><u>4,599</u></u>	<u><u>3,682</u></u>

The notes on pages 8 to 19 are an integral part of these interim condensed financial statements.

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Notes to the Interim Condensed Financial Statements

1. Reporting entity

JAB Holding Company S.à r.l. (the "Company") is a Company domiciled in Luxembourg. The address of the Company's registered office is 4, Rue Jean Monnet, 2180 Luxembourg. The Company's object is to act as a holding company and therefore the acquisition of participations. The Company is focused on generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics.

The Company is formed for an unlimited period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2016, as they provide an update of previously reported information. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

2. Statement of compliance

The interim condensed financial statements for the six months period ended 30 June 2017 have been prepared applying the same accounting policies as are applied in the Company's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements.

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The interim financial statements for the six months period ended 30 June 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

3. Basis of preparation

The interim condensed financial statements are presented in thousands of US-Dollar's (USD), which is the functional currency of the Company. They are prepared on the historical cost basis except for the following material items:

- derivative financial instruments are measured at fair value
- available-for-sale financial assets are measured at fair value.

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4. Significant accounting policies

The interim condensed financial statements require the management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Changes in accounting policies and disclosures

The accounting policies applied by the Company for the interim condensed financial statements are consistent with those described on page 8 to 13 of the Financial Statements 2016, as are the methods of computation.

New and amended standards adopted by the Company

No amended standards issued by the International Accounting Standards Board (IASB) are effective for the first time for an accounting period that begins on or after 1 January 2017.

New standards and interpretations not yet adopted by the Company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these interim condensed financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial Instruments (2014)* and the amendments to IAS 7 *Statements of Cash Flows*.

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for how an entity should classify and measure financial assets, requires changes to the reporting of “own credit” with respect to issued debt liabilities that are designated at fair value and includes new requirements for hedge accounting and changes the current rules for impairment of financial assets. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 9 has been endorsed by the EU and is effective for annual periods beginning on or after 1 January 2018. The Company is reviewing the impact of IFRS 9. It believes that IFRS 9 will not have a material impact on measurement but might impact results following the new classification rules for financial instruments and may require some further disclosure. The Company will adopt the new rules retrospectively from 1 January 2018.

The amendments to IAS 7, which become mandatory for the Company’s 2017 financial statements, but yet has to be endorsed by the EU, require additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company does not plan to adopt these standards early and is currently assessing the impact of IAS 7.

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5. Subsidiaries

At the end of the period, the Company holds interest in the following subsidiaries:

	30 June 2017	31 December 2016
	%	%
JAB Investments S.à r.l., 4, Rue Jean Monnet, 2180 Luxembourg	100.0	100.0

The movements in the investments in subsidiaries can be detailed as follows:

	JAB Investments S.à r.l. in \$k
Balance as of 31 December 2016	18,367,912
Contribution	327,126
Capital repayment	-446,555
Fair Value Adjustment	2,076,738
Balance as of 30 June 2017	<u>20,325,221</u>

In the six months period ended 30 June 2017, the Company received capital repayments from JAB Investments S.à r.l. in the amount of \$446.6m and made capital contributions to JAB Investments S.à r.l. with an amount of \$327.1m. Thereof capital repayments amounting to \$65.1m were directly made to shareholders of the Company.

6. Other receivables

	30 June 2017	31 December 2016
	in \$k	in \$k
JAB Holding Company LLC	5,149	4,976
Others	549	1
	<u>5,698</u>	<u>4,977</u>

7. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2017 in the amount of \$4.6m (31 December 2016: \$44k) only include bank deposits available on demand.

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8. Shareholder's equity

8.1 Share capital and share premium

Issued capital comprises:

	30 June 2017		31 December 2016	
	Number	Nominal Value in \$k	Number	Nominal Value in \$k
Ordinary Class A shares	8,800,200	8,800	8,800,200	8,800
Ordinary Class B shares	570,996	571	399,028	399
Special Class S shares	1,173,554	1,174	698,135	698
Issued share capital	10,544,750	10,545	9,897,363	9,897

Each share has a nominal value of \$1.00.

Class A Shares are recognised as equity. Class B shares and Class S shares are redeemable under certain conditions that are out of the Company's control. The redeemable shares have been classified as liabilities (see note 9).

In the six months period ended 30 June 2017, Class B and Class S shares were issued as well as redeemed. For further details please refer to note 9.

In the six months period ended 30 June 2017, no dividend was paid to the Class A shareholders. Capital repayments out of the share premium in the amount of \$65.1m (31 December 2016: \$65.1m) were made directly from JAB Holdings B.V. to shareholders of Class A shares (see note 5).

8.2 Fair value reserve

The available-for-sale reserve in the amount of \$10,270.4m (31 December 2016: \$8,193.7m) records the fair value change in the Company's subsidiary JAB Investments S.à r.l. The available-for-sale reserve includes income tax relating to the fair value change in the amount of \$0.0 (31 December 2016: \$0.0m).

9. Redeemable shares

The redeemable shares are carried at \$1,796.7m (31 December 2016: \$854.0m), including shares held by the management in the amount of \$1,639.3m (31 December 2016: \$731.0m).

As of 31 December 2016 and 30 June 2017 all redeemable shares are redeemable in short-term, if specific criteria are met and therefore are presented as current liabilities (\$1,796.7m; 31 December 2016: \$854.0m). However, the Company does not expect that such criteria will be met in the short-term.

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The following table illustrates the movements in the redeemable shares in the six months period ended 30 June 2017:

	Ordinary Class B shares		Special Class S shares		Carrying value in \$k
	Number	Nominal Value in \$k	Number	Nominal Value in \$k	
In issue at 1 January 2016	398,092	398	698,135	698	1,053,300
Issued for cash	800	1			1,518
Capital repayment/distributions					-9,499
Change in fair value					-40,866
In issue at 30 June 2016	398,892	399	698,135	698	1,004,453
In issue at 1 January 2017	399,028	399	698,135	698	853,981
Issued for cash	171,968	172	495,767	496	331,263
Exercise of share options			400,000	400	765,200
Redeemed to the Company			-420,348	-420	-402,063
Capital repayment/distributions					-906
Change in fair value					249,242
In issue at 30 June 2017	570,996	571	1,173,554	1,174	1,796,718

171,968 Class B shares were issued for cash in the six months period ended 30 June 2017. Thereof, 169,956 shares relate to new investments following the exercise of options.

In the six months period ended 30 June 2017, no dividend was paid to Class B and special Class S shareholders out of retained earnings (2016: \$0.0m).

10. Share-based payments

The Company has share purchase agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates. The shares contain put features to sell shares back to the Company for cash. As such the shares are recorded as a liability at the potential redemption amount (see note 9).

Further, the Company has share option schemes for the members of the Advisory Committee as well as members of its management team and executives and senior managers of the Company and its affiliates. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise of an option will be suspended if the redemption amount would lead to a default under the financing agreements of the indirect subsidiary JAB Holdings B.V. The options are settled in cash by payment of the net value of the option.

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All options related to share based compensation plans were granted at the redemption amount of the underlying shares at the time of grant (see note 9). In the six months period ended 30 June 2017, the terms and conditions of the options granted are as follows:

Options granted	Number of Options	Vesting Conditions	Contractual Life of Options
Six months ended 30 June 2017	839,144	Graded vesting over vesting period of 5 service years (annual installments) from grant date	10 years
	166,036	Vesting after 5 years' service from grant date	10 years

The following table lists the weighted average inputs to the model used for the share option schemes granted for the six months ended 30 June 2017:

	30 June 2017	31 December 2016
Dividend yield (%)	0.7%	0.7%
Expected volatility (%)	30.0%	30.0%
Risk-free interest rate (%)	2.2%	1.6%
Expected life of options (years)	7.5 years	5.0 years
Exercise price (USD)	1,746	1,889
Share price (redemption amount) (USD)	2,010	1,616

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the six months period ended 30 June 2017:

	Number of options 30 June 2017	Weighted average exercise price 30 June 2017	Number of options 30 June 2016	Weighted average exercise price 30 June 2016
Balance at 1 January (outstanding)	1,381,077	1,063	1,378,269	1,061
Granted during the period	1,005,180	1,746	2,400	1,897
Forfeited during the period	0	0	0	0
Exercised during the period	800,000	1,000	0	0
Expired during the period	0	0	0	0
Balance at 30 June (outstanding)	1,586,257	1,527	1,380,669	1,063
Exercisable at end of period	360,000	1,000	0	0

The carrying amount of the liability relating to the share option schemes as of 30 June 2017 is \$600.8m (31 December 2016: \$786.2m). As of 30 June 2017, options amounting to \$436.7m (31 December 2016: \$754.6m) are qualified as current and \$164.2m (31 December 2016: \$31.5m) as non-current.

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360,000 options had vested as of 30 June 2017 (31 December 2016: 1,160,000). The intrinsic value of liabilities for vested options is \$363.6m (31 December 2016: \$719.8m).

The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2017 was \$1,913 (2016: no options exercised).

400,000 options were settled in cash by payment of the net value of the options in the amount of \$365.2m, of which \$325.1m were used for the investment into 169,956 redeemable shares (Ordinary Class B shares). 400,000 options were exercised by payment of the strike price in cash for the issue of 400,000 redeemable shares (Special Class S shares). The Company's subsidiary JAB Investments granted a short-term facility to finance the strike price, which was paid back on the same day from the proceeds from redemption of shares.

The expense recognised for the period arising from the share-option schemes during the period was \$547.4m (six months ended 30 June 2016: income \$95.0m).

11. Other liabilities

	30 June 2017 in \$k	31 December 2016 in \$k
Share-based transactions	600,834	786,164
Trade and other payables	3,377	1,845
	<u>604,211</u>	<u>788,009</u>
thereof current	439,323	755,912
thereof non current	164,888	32,097

12. Finance income

Finance income can be specified as follows:

	For the six months ended 30 June 2017 in \$k	For the six months ended 30 June 2016 in \$k
Change in redemption amount of redeemable shares	0	41,811
Net foreign exchange gain	186	385
	<u>186</u>	<u>42,196</u>

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Finance expense can be specified as follows:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
	in \$k	in \$k
Change in redemption amount of redeemable shares	-246,683	0
	<u>-246,683</u>	<u>0</u>

13. General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
	in \$k	in \$k
Salary and personnel related expenses	-633	-644
Service fees	-559,268	-19,257
Legal, tax, audit and consultancy fees	-1,623	-255
Others	-13	-12
	<u>-561,537</u>	<u>-20,168</u>

Service and other fees include expenses for share-based payment transactions in the amount of \$547.4m (six months ended 30 June 2016: \$1.4m).

14. Other income

In the six months ended 30 June 2017, no other income from the remeasurement of share-based payment transactions incurred (six months ended 30 June 2016: \$95.0m).

15. Taxes on income

No income tax (other than minimum corporate tax) was recognised in the six months period ended 30 June 2017 (six months ended 30 June 2016: \$0.0).

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16. Related parties

The related parties are disclosed in the Financial Statements 2016. Related party transactions which have taken place in the period and have materially affected the Interim Condensed Financial Statements are disclosed in the notes to the interim condensed financial statements.

17. Contingent liabilities

At 30 June 2017 the Company provides a guarantee to banks for credit facilities of its affiliated Company JAB Holdings B.V. amounting to €2,600.0m (31 December 2016: €2,600.0m). Furthermore, the Company provides an unconditional and irrevocable guarantee for bond liabilities of its affiliated company JAB Holdings B.V. amounting to €4,500.00m (31 December 2016: €3,000.0m).

18. Financial instruments – Fair Value and Risk Management

18.1 Financial instruments and fair value hierarchy

The Company classified its financial instruments by category as set out below:

	30 June 2017			31 December 2016		
	Loans and receivables in \$k	Available-for-sale in \$k	Total in \$k	Loans and receivables in \$k	Available-for-sale in \$k	Total in \$k
Assets as per balance sheet						
Subsidiaries	0	20,325,221	20,325,221	0	18,367,912	18,367,912
Other receivables	5,698	0	5,698	4,977	0	4,977
Cash and cash equivalents	4,599	0	4,599	44	0	44
Total	10,297	20,325,221	20,335,518	5,021	18,367,912	18,372,933

	30 June 2017			31 December 2016		
	Financial liabilities at amortised cost in \$k	Redeemable shares in \$k	Total in \$k	Financial liabilities at amortised cost in \$k	Redeemable shares in \$k	Total in \$k
Liabilities as per balance sheet						
Redeemable shares	0	1,796,718	1,796,718	0	853,981	853,981
Other liabilities	3,377	0	3,377	1,845	0	1,845
Total	3,377	1,796,718	1,800,095	1,845	853,981	855,826

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Financial instruments included in Level 3 comprise shares in JAB Investments and shares of the Company containing put features.

The table below analyses financial instruments carried at fair value by valuation technique. It does not include fair value information of financial assets and liabilities not measured at fair value because their carrying amounts are a reasonable approximate of fair values.

	30 June 2017			
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	Total in \$k
Available-for-sale financial assets				
Subsidiaries				
Unlisted equity investments	0	0	20,325,221	20,325,221
Total financial assets	0	0	20,325,221	20,325,221
Other liabilities				
Redeemable shares	0	0	1,796,718	1,796,718
Total financial liabilities	0	0	1,796,718	1,796,718
	31 December 2016			
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	Total in \$k
Available-for-sale financial assets				
Subsidiaries				
Unlisted equity investments	0	0	18,367,912	18,367,912
Total financial assets	0	0	18,367,912	18,367,912
Other liabilities				
Redeemable shares	0	0	853,981	853,981
Total financial liabilities	0	0	853,981	853,981

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There were no transfers between the levels for the periods ended 30 June 2017 and 31 December 2016.

The following tables show a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

Subsidiaries	
Unlisted equity investments	
30 June 2017	
in \$k	
Balance as of 1 January	18,367,912
Contributions	327,126
Capital repayment	-446,555
Fair value adjustment	2,076,738
Balance as of 30 June	<u>20,325,221</u>

As of 30 June 2017 and 31 December 2016 the unlisted equity investments relate to the 100% participation in JAB Investments S.à r.l. JAB Investments S.à r.l. is a holding company with direct participation in JAB Holdings B.V. As of 30 June 2017 and 31 December 2016 the fair value was determined by using valuation techniques. The valuation accounts for JAB Investments' objective to act as a holding company. JAB Investments fair value is estimated as its net asset value and is calculated as the total fair value of its assets and liabilities. The main asset of JAB Investments is its participation in JAB Holdings B.V. with a diversified investment portfolio that includes assets that are traded on a securities exchange (level 1) as well as assets and liabilities that are valued by valuation techniques (level 2 and level 3). The assets are generally valued by objective criteria on an evaluation by the management.

Determination of JAB Investments' net asset value can be detailed as follows (including indirect investments through JAB Holdings B.V.):

	30 June 2017	31 December 2016
	in \$k	in \$k
Equity investments measured using level 1	10,886,959	9,767,957
Derivative instruments measured using level 2	-142,746	-83,794
Equity investments measured using level 3	13,659,713	12,350,190
Loans receivable	139,832	97,698
Borrowings	-5,086,002	-3,936,302
Cash and cash equivalents	888,632	189,815
Other assets and liabilities	-21,167	-17,652
Net asset value	<u>20,325,221</u>	<u>18,367,912</u>

JAB Holding Company S.à r.l., Luxembourg

Level 3 valuation techniques of equity investments are appropriate in the circumstance and reflect recent transactions and market multiples.

Cash and cash equivalents, loans receivable, loans payable and other assets and liabilities were valued at amortised cost which are a reasonable approximate of fair values.

The Company recorded its own shares containing put features as liability at the potential redemption amount, which is determined using Level 3 and based on valuation rules that have been contractually agreed with the shareholders.

18.2 Overview of financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

The interim condensed financial statements do not include all financial risk management information and disclosure required in annual financial statements, and should be read in conjunction with the Company's 31 December 2016 financial statements. There have been no changes in risk management policy and procedures since year-end.

Luxembourg, September 15, 2017

Managing Directors:

M. Hopmann

J. Creus