



ASTON MARTIN

LAGONDA



ASTON MARTIN LAGONDA  
— PROSPECTUS —

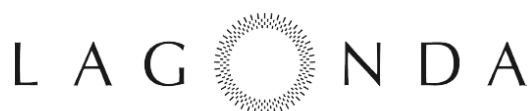
SEPTEMBER 2018

This document comprises a prospectus (the “**Prospectus**”) relating to Aston Martin Lagonda Global Holdings plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority of the United Kingdom (the “**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 (“**FSMA**”), which has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules. This Prospectus has been prepared in connection with the offer of ordinary shares of the Company (the “**Shares**”) to certain institutional and other investors described in Part V (*Details of the Offer*) of this Prospectus (the “**Offer**”) and the admission of the Shares to the premium listing segment of the Official List of the UK Listing Authority and to the London Stock Exchange’s main market for listed securities (“**Admission**”). This Prospectus updates and replaces in whole the Registration Document published by Aston Martin Holdings (UK) Limited on 29 August 2018.

**The Directors, whose names appear on page 96 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

Application will be made to the FCA for Admission of all of the Shares, issued and to be issued. No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. Conditional dealings in the Shares are expected to commence at 8 a.m. on 3 October 2018. It is expected that Admission will become effective, and that unconditional dealings will commence, at 8 a.m. on 8 October 2018. **All dealings in Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned.**

Prospective investors should read the entire Prospectus and, in particular, Part II (*Risk Factors*) for a discussion of certain factors that should be considered in connection with an investment in the Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if one or more of the risks described in the Prospectus were to occur, investors may find that their investment is materially adversely affected. Accordingly, an investment in the Shares is only suitable for investors who are knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.



## ASTON MARTIN LAGONDA

Aston Martin Lagonda Global Holdings plc

*(incorporated in England and Wales under the Companies Act 2006 with registered number 11488166)*

**Offer of up to 57,380,300 Shares of £0.00882 each at an Offer Price expected to be between £17.50 and £22.50 per Share and admission to the premium listing segment of the Official List and to trading on the London Stock Exchange**

	<b>Joint Global Co-ordinators</b>		
Deutsche Bank	Goldman Sachs International	J.P. Morgan Cazenove ( <i>Sole Sponsor</i> )	
	<b>Joint Bookrunners</b>		
BofA Merrill Lynch	Credit Suisse Securities (Europe) Limited	HSBC	UniCredit Corporate & Investment Banking
	<b>Co-Lead Managers</b>		
CI Capital Investment Banking	Houlihan Lokey	Mediobanca	Numis
	<b>Financial Adviser</b>		
	Lazard & Co.		

**ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION**  
(assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option)

Issued and fully paid	
Number	Nominal Value
227,103,165	£2,003,444.38

Pursuant to the Offer, the Selling Shareholders and Other Selling Shareholders are collectively expected to sell between 56,305,622 and 57,380,300 Shares, representing 25 per cent. of the issued ordinary share capital of the Company on Admission. Through the sale of Shares pursuant to the Offer, the Company expects the Selling Shareholders and Other Selling Shareholders to raise in aggregate approximately £1,135.5 million (assuming that the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option) before taking into account expenses. The Company will not receive any of the proceeds from the sale of the Shares, all of which will be paid to the Selling Shareholders and Other Selling Shareholders. In addition to the Offer, the Over-Allotment Shareholders may also sell between 5,630,562 and 5,738,030 Shares to the Stabilising Manager under the Over-Allotment Option.

It is currently expected that the Offer Price and the Share Offer Size will be set within the Price Range and the Share Offer Size Range, respectively. A number of factors will be considered in determining the Offer Price, including the level and nature of demand for the Shares

during the bookbuilding process, the level of demand in the Retail Offer, the prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares. Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or pricing statement, as the case may be, until announcement of the Offer Price and the Share Offer Size. A Pricing Statement containing the Offer Price, confirming the Share Offer Size and containing any other outstanding information is expected to be published on or around 3 October 2018 and will be available on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). If the Offer Price is set above the Price Range and/or the number of Shares to be sold by the Selling Shareholders and Other Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free-float requirements of the UK Listing Authority), the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their offer to purchase Shares pursuant to section 87Q of FSMA. Further, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to Admission or if it is noted that this Prospectus contains any mistake or substantial inaccuracy. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement or supplement (as applicable).

In connection with the Offer, Goldman Sachs International ("**Goldman Sachs**"), as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange's main market for listed securities and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any over-allotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Over-allotment Shareholders will grant the Stabilising Manager an option (the "**Over-allotment Option**"), pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10 per cent. of the total number of Shares comprised in the Offer (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange's main market for listed securities. Any Over-allotment made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

This Prospectus does not constitute an offer of, or the solicitation of an offer to buy or to subscribe for, the Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, Japan or South Africa. The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities authority of any state of the U.S., and may not be offered or sold in the U.S. or to any U.S. person, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and in compliance with any applicable state or local securities laws.

Neither the U.S. Securities and Exchange Commission, any State Securities Commission in the U.S., nor any other U.S. regulatory authority has approved or disapproved the Shares or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the U.S.

The Shares are being offered and sold: (i) in the U.S. only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in and pursuant to Rule 144A under the U.S. Securities Act ("**Rule 144A**") and (ii) outside the U.S. in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"), including to qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**") who, if resident in the U.K., must be an investment professional falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2015, as amended (the "**Order**") or a person falling within Article 49(2)(a)-(d) of the Order. Prospective investors are hereby notified that the Selling Shareholders and Other Selling Shareholders may be relying on the exemption from the provision of Section 5 of the U.S. Securities Act provided by Rule 144A.

No action has been taken by the Company to permit possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In the U.S., persons may not distribute this Prospectus or make copies of it without the Company's prior written consent other than to people who have been retained to advise prospective investors in connection with this Prospectus. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus, see section 15 of Part V (*Details of the Offer*).

Each of Goldman Sachs, J.P. Morgan Securities plc (which conducts its U.K. investment banking activities under the marketing name J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**"), Credit Suisse Securities (Europe) Limited ("**Credit Suisse**"), HSBC Bank plc ("**HSBC**") and Merrill Lynch International ("**BofA Merrill Lynch**") is authorised in the United Kingdom by the Prudential Regulation Authority (the "**PRA**") and regulated in the United Kingdom by the PRA and the FCA. Deutsche Bank AG, London Branch ("**Deutsche Bank**"), which is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the PRA, is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and the FCA. Each of Numis Securities Limited ("**Numis**") and Lazard & Co. Limited ("**Lazard**") is authorised and regulated in the United Kingdom by the FCA. Each of UniCredit Bank AG, Milan Branch ("**UniCredit Corporate and Investment Banking**") and Mediobanca – Banca di Credito Finanziario S.p.A. ("**Mediobanca**") is authorised and supervised in Italy by the Bank of Italy and the Italian stock market regulator, Consob. Houlihan Lokey Capital, Inc. ("**Houlihan Lokey**") is regulated by the U.S. Securities and Exchange Commission. CI Capital Investment Banking S.A.E ("**CI Capital**") is supervised by the Egyptian Financial Supervisory Authority in Egypt. Each of Deutsche Bank, Goldman Sachs and J.P. Morgan (together with Deutsche Bank and Goldman Sachs, the "**Joint Global Co-ordinators**"), Credit Suisse, HSBC, BofA Merrill Lynch and UniCredit Corporate and Investment Banking (together with Credit Suisse, HSBC and BofA Merrill Lynch, the "**Joint Bookrunners**"), and CI Capital Investment Banking, Houlihan Lokey, Mediobanca and Numis (together, the "**Co-Lead Managers**"), and together with the Joint Global Co-ordinators and the Joint Bookrunners, the "**Banks**"), and Lazard is acting exclusively for



the Company and no one else in connection with Admission and the Offer. None of the Banks will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. None of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer. No representation or warranty, express or implied, is made by the Banks as to the accuracy, completeness or verification of the information set forth in this Prospectus and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Accordingly, save for the sponsor's responsibilities of JPM under FSMA, each of the Banks and each of their respective affiliates disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, delict, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Any investor should rely only on the information in this Prospectus. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved. None of the Company, the Selling Shareholders or the Banks, or any of their respective representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. None of the Company, the Selling Shareholders, the Other Selling Shareholders, the Banks or any of their respective representatives, is making any representation other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor Admission nor any subsequent subscription or sale shall, under any circumstances, create any implication that there has been no change in the affairs of the Company set out in this Prospectus or that the information in it is correct as of any date subsequent to the date of this Prospectus. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each recipient of this Prospectus should consult his, her or its own legal, financial or tax adviser for advice.

Investors who purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on the Banks or any person affiliated with the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus, and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders, the Other Selling Shareholders or the Banks.

In connection with the Offer, each of the Banks and any of their respective affiliates, may take up a portion of the Shares in the Offer as a principal position and in that capacity may retain, purchase or sell for its own account such Shares and may offer or sell such Shares otherwise than in connection with the Offer. Accordingly, references in the Prospectus to Shares being offered or placed should be read as including any offering or placement of Shares to any of the Banks or any of their respective affiliates acting in such capacity. In addition certain of the Banks or their affiliates may enter into financing arrangements (including swaps) with investors. None of the Banks intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Banks and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory, risk management, hedging and other services for the Company, the Selling Shareholders and the Other Selling Shareholders, for which they would have received customary fees. The Banks and any of their respective affiliates may provide such services to the Company, the Selling Shareholders and the Other Selling Shareholders, and any of their respective affiliates in the future. In addition, the Banks and any of their respective affiliates may engage in such transactions as principal or counterparty, including with respect to the proceeds received by the Selling Shareholders and Other Selling Shareholders in the Offer, and in certain circumstances (including if the Offer does not proceed), the relevant Banks or affiliates may have the ability to terminate such transactions and could realise a profit as a result.

## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Co-ordinators will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

If the Company is required to publish a supplementary prospectus, applicants who have applied for Shares in the Offer will have at least two business days commencing on the first business day after the day on which the supplementary prospectus is published (or such later date as may be specified in the supplementary prospectus) within which to withdraw their application to acquire Shares in the Offer in its entirety.

Certain terms used in this Prospectus are defined in Part XVI (*Definitions*).

**Group's website**

Information contained on the Group's websites is not incorporated into and does not form part of this Prospectus.

The date of this Prospectus is 20 September 2018.

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## PART I - SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and this type of issuer. Given that some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

<b>SECTION A - Introduction and warnings</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
A.1	<b>Introduction and warnings</b>	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information is brought before a court, the plaintiff investor might, under the national legislation of the member states of the EU, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

<b>SECTION B - Issuer</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
B.1	<b>Legal and commercial name</b>	Aston Martin Lagonda Global Holdings plc
B.2	<b>Domicile/ legal form/ legislation/ country of incorporation</b>	The Company is a public limited company, incorporated in the U.K. on 27 July 2018 as a private limited company and re-registered as a public limited company on 7 September 2018, with its registered office situated in England and Wales and with company number 11488166. The Company operates under the Companies Act 2006.
B.3	<b>Current operations/</b>	Aston Martin Lagonda is one of the world’s most iconic and leading

	<p><b>principal activities and markets</b></p>	<p>luxury groups focused on the design, engineering and manufacture of high luxury cars. Both the Aston Martin and the Lagonda brands have a history of over 100 years and the Directors believe Aston Martin Lagonda's rich and prestigious heritage defines Aston Martin Lagonda as something unique within the automotive industry. Aston Martin Lagonda's cars sit solely within the high luxury sports ("HLS") car market and are planned to span the whole spectrum of that market. The Group's vision is to be the Great British car company that creates the most beautiful and accomplished automotive art in the world.</p> <p>Aston Martin was founded in London in 1913 and for much of its history, it was a niche producer of luxury, high-performance sports cars, mainly for U.K. customers. In 1947, the Group acquired the Lagonda brand, another niche producer of luxury cars, originally formed in 1904. In 1987, Ford acquired a 75 per cent. stake in Aston Martin Holdings (UK) Limited, which it increased to 100 per cent. in 1994. In 2007, Ford sold majority ownership of Aston Martin Holdings (UK) Limited to a consortium of investors (including Investment Dar and Adeem Investment) and in 2013, investment subsidiaries of Investindustrial V L.P., purchased 1,142,696 ordinary shares (representing 37.5 per cent. of Aston Martin Holdings (U.K.) Limited). Between 2013 and 2014, Daimler became the holder of non-voting shares representing 4.9 per cent. of Aston Martin Holdings (UK) Limited's issued ordinary share capital. In December 2017, Aston Martin Lagonda acquired AM Brands Limited in order to deliver a more focused strategy in its complementary brand extension activities.</p> <p>Aston Martin Lagonda's current core model line-up comprises three core models of the new generation of products, one grand tourer ("GT") (DB11), one sports car (Vantage) and one super GT (DBS Superleggera). Aston Martin Lagonda also produces one four-door, four-seat sports coupe (Rapide S). Aston Martin Lagonda also regularly develops and produces special edition models, such as the Vantage GT12, Aston Martin Vulcan and Vanquish Zagato models, and has confirmed production of its new hypercar, the Aston Martin Valkyrie (expected in 2019). Aston Martin Lagonda has also confirmed plans for its first full electric vehicle, Rapide E (expected in 2019).</p> <p>In 2015, Aston Martin Lagonda introduced its new Second Century Plan. This plan has three phases: (1) business stabilisation, (2) core strengthening, and (3) expansion of product portfolio. Combined, the three phases of the Second Century Plan aim to deliver a successful and sustainable luxury business. Phase one of the plan was completed in 2017, following the successful introduction of DB11 and through the introduction of a new leadership team, the establishment of a clear growth plan and the securing of financing to execute that plan. The Group is now over 80 per cent. invested in the core strengthening phase, which is expected to deliver an entirely new sports car range and continued deployment of the special editions strategy. An important milestone for phase two has now been achieved, with the successful marketing launch of DBS Superleggera in June 2018. Phase two is expected to be completed with the introduction of the convertible derivatives of Vantage and</p>
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		<p>DBS Superleggera. Aston Martin Lagonda has commenced the third and final phase of its Second Century Plan, with the relaunch of the Lagonda brand and planned introduction of Aston Martin Lagonda's first SUV, DBX.</p> <p>The Second Century Plan is underpinned by the launch of seven new core models, one launched each year from 2016 through to 2022 with each model having a seven-year lifecycle (7x7x7). These core models form part of a three-pillar product strategy that comprises: (i) GT, sports and mid-engine cars, (ii) SUVs and (iii) sedans. The Group will also launch derivatives of each of these models, as well as delivering a series of special edition models. President and Group Chief Executive Officer, Dr. Andrew Palmer, recently received the prestigious L.E.A.D.E.R. (Leaders in European Automotive Development, Excellence and Research) award from Automotive News Europe in recognition of Aston Martin Lagonda's Second Century Plan. The success of the plan has also been reflected in the brand value of Aston Martin. In 2018 the brand was recognised as the fastest-growing auto brand of 2018 and the fastest-growing brand in the U.K., up 268 per cent., according to Brand Finance.</p> <p>The Aston Martin Lagonda product development team comprises 960 designers and engineers, covering almost all aspects of new car planning, design and development. The cars Aston Martin Lagonda designs have resulted in numerous awards, including: Car Design of the Year 2016 (Salone dell'Auto), Sports Car of the Year 2016 (Autonis) and T3 Design of the Year 2016, each for DB11; What Car 'Car of the year (Coupe more than £50,000)' for DB11 V8 Coupe and Chief Creative Officer Marek Reichman was recently inducted into the DESIGNBEST Hall of Fame.</p> <p>Aston Martin Lagonda's principal production facility is located in Gaydon, U.K. and the Directors believe it is one of Europe's most modern and advanced automotive manufacturing facilities in the HLS car market. In addition to its main site at Gaydon, Aston Martin Lagonda has further facilities in Wellesbourne and Newport Pagnell. Wellesbourne, in conjunction with Gaydon, is used to produce the special edition models, while heritage or continuation models are manufactured at Newport Pagnell, which also includes the Aston Martin Works operations. Aston Martin Lagonda is currently developing a new plant in St. Athan, Wales for the future production of SUVs, which the Directors anticipate will begin pre-production in the first half of 2019, with full production planned to commence in the first half of 2020.</p> <p>Aston Martin Lagonda sells its cars through a global dealer network, comprising 160 dealers as at 30 June 2018, which allows it to benefit from geographical diversification of revenues and access to high growth markets. In the second half of 2018, Aston Martin Lagonda expects to open four new dealerships in China, adding to the 16 already established, to further access the strong growth in the region. The Group plans to expand the number of Aston Martin dealers to around 200 over the course of the Second Century Plan. In 2019, it is intended that Aston Martin Lagonda will commence the development of the Lagonda dealership network (with the aim of establishing a global network of around 50 dealers over a 24-month</p>
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		period).
B.4a	<b>Significant recent trends affecting the Group and the industry in which it operates</b>	<p><b><i>Number of high net worth individuals (HNWIs)</i></b></p> <p>The principal driver of the HLS car segment is the number of HNWIs with the resources available to purchase HLS cars. The pool of HNWIs has been boosted by global economic growth and wealth creation, particularly in certain emerging economies, and rising levels of affluence and demand from the emerging middle and upper classes, particularly in the Asia Pacific region. In particular, the growth of HNWIs in China has been both significant and consistent over the last few years, with the number of HNWIs increasing by 21 per cent. between 2015 and 2017. According to Capgemini's 2017 World Wealth Report, the population of HNWIs has grown by 7.5 per cent. between 2015 and 2016 to 16.5 million HNWIs globally. The HNWI population grew at a compound annual growth rate ("CAGR") of approximately 7 per cent. between 2010 and 2016 and HNWI wealth is expected to continue to expand rapidly, on track to surpass \$100 trillion globally by 2025 according to Capgemini's 2018 World Wealth Report. The Directors believe that age drives the penetration of the HNWI population into the HLS car market in two key respects. First, individuals are entering the HNWI population at increasingly younger ages, which is creating a larger market. Second, the older members of the HNWI population tend to resist growing old in terms of style, appearance and attitude when it comes to purchasing a car. This youthful mentality supports demand for sports cars in the market of older members of the HNWI population. Additionally, the growth in the number of high net worth women, which leads to a correspondingly higher household income, has also contributed to the increase in the HLS car market. The Directors believe that this growth in the number of HNWIs and projected growth in absolute wealth underpins the growth plans of Aston Martin Lagonda.</p> <p><b><i>Penetration of HLS among HNWIs</i></b></p> <p>Economic growth, an increasing concentration of wealth, changing demand patterns and significant infrastructure investments have led to a surge in demand for HLS cars worldwide, particularly in emerging markets such as China. Additionally, the increasingly young age of HNWIs has driven increased demand within the HLS car market. A further driver for the HLS car market is the ownership rate of HLS cars within the HNWI population. This is influenced by the growing availability of HLS cars, dealership network expansions and volume increases of original equipment manufacturers ("OEMs"), as well as affordability and desirability. Additionally, improving infrastructure in emerging markets as well as increasing HLS product awareness among HNWI consumers is expected to drive penetration levels in these markets.</p> <p><b><i>Growing prevalence of SUV ownership</i></b></p> <p>Consistent with the changing demographics of the HNWI population, with an increased emphasis on Asia and a greater proportion of women and younger individuals, customer tastes and preferences in the HLS car market have also evolved over recent years. Increasingly, in addition to those customers seeking the exceptional performance and driving pleasure characteristic of sports cars within</p>

		<p>the HLS car market, there is growing demand for vehicles offering the versatility and comfort typically associated with SUVs and sedans. To address this trend, Aston Martin Lagonda has begun development of its own luxury SUV, DBX, which is expected to launch in 2019, with full production commencing in the first half of 2020.</p> <p><b><i>Increasing emissions regulations and powertrain evolution</i></b></p> <p>Within the broader passenger car market, the adoption of stringent emissions targets by regulators combined with a consumer preference to save money on fuel has driven growth in the development and production of more fuel-efficient vehicles. In addition, consumers' increasing social and environmental awareness is affecting their vehicle purchase choices. These factors are leading to a significant increase in demand for both hybrid and electric vehicles.</p> <p>Cost is currently a limiting factor in the demand for electric vehicles but advancements in battery technology are expected to close the gap with conventional internal combustion powertrains over the coming years. Given the requirement for technological breakthroughs, there are a wide range of expectations of the penetration level of electric vehicles in the near-term, with third parties projecting xEV (BEV and PHEV) global passenger vehicle powertrain divergent shares, for example around 5 per cent. from <i>BP Energy Outlook</i> and a range of between 10 and 35 per cent. from <i>Roland Berger</i> by 2025. However, in the longer term, there is expected to be a marked shift in automotive powertrains, with both governments and OEMs announcing longer-term targets.</p> <p>In recent years, this shift towards electrification has progressively reached the HLS car market segment and many producers have committed to developing hybrid and fully electric cars in the near future. Other luxury high performance manufacturers have sought to address this market through hybridisation of hypercars and sports cars. Aston Martin Lagonda has a multi-pronged electric vehicle strategy, with hybridised supercars and SUVs (under the Aston Martin marque), and all-electric SUVs and sedans (under the heritage Lagonda marque, which the Directors believe will be the world's first all-electric luxury automotive brand).</p>
B.5	<b>Description of the Group</b>	The Company is the ultimate holding company for the Aston Martin Lagonda Group.
B.6	<b>Shareholders</b>	As at the date of this Prospectus and insofar as it is known to the Company, the following Shareholders will, on Admission, be directly or indirectly interested in three per cent. or more of the voting rights of the Company (being the threshold for notification of voting rights that will apply to the Company and Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules). These shareholders do not and will not have different voting rights. Their expected interests both immediately prior to and immediately following Admission are disclosed in the table set out below.

		<i>Interests immediately prior to Admission<sup>(1)</sup></i>		<i>Interests immediately following Admission<sup>(2)</sup></i>																																					
		<i>No.</i>	<i>% of issued share capital of the Company</i>	<i>No</i>	<i>% of issued share capital of the Company</i>																																				
		Adeem Automotive Manufacturing Company Limited <sup>(3)</sup>	362,578	11.6	15,992,427	7.0																																			
		Asmar Limited <sup>(4)</sup>	440,140	14.1	19,413,496	8.5																																			
		Primewagon (Jersey) Limited <sup>(4)</sup>	827,030	26.5	6,701,392	3.0																																			
		Primewagon (U.K.) Limited <sup>(4)</sup>	151,933	4.9	36,478,265	16.1																																			
		Prestige Motor Holdings S.A. <sup>(5)</sup>	1,238,547	39.7	55,078,121	24.3																																			
		Preferred Prestige Motor Holdings S.A. <sup>(6)</sup>	-	-	15,036,695	6.6																																			
		Daimler <sup>(7)</sup>	-	-	9,529,739	4.2																																			
		<p>(1) The D Shares and Preference Shares have been excluded for the purposes of the calculation of interests immediately prior to Admission, as these are non-voting shares. The D Shares will be redesignated and the Preference Shares converted to Shares at Admission.</p> <p>(2) Assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option.</p> <p>(3) Adeem Automotive Manufacturing Company Limited is a subsidiary of Adeem Investment and Wealth Management Company "Kuwait", the ultimate beneficial owners of which are Mrs. Maryam Al Khaled, Mr. Waleed Al Humaidhi and Mr. Najeeb Al Humaidhi (Mr. Najeeb Al Humaidhi is a non-executive Director).</p> <p>(4) Asmar limited is a company controlled by Mr. Najeeb Al Humaidhi and Mr. Mohammed Youssef Al-Roumi. Primewagon (Jersey) Limited and Primewagon (UK) Limited are entities owned Mr Najeeb Al Humaidhi (a non-executive Director).</p> <p>(5) Prestige Motor Holdings S.A. is an independently managed investment subsidiary of Investindustrial V L.P., a fund managed by Investindustrial Advisors Limited, an investment fund manager incorporated in England and Wales and authorised and regulated by the FCA.</p> <p>(6) Preferred Prestige Motor Holdings S.A. is an independently managed investment subsidiary of Investindustrial V L.P., a fund managed by Investindustrial Advisors Limited, an investment fund manager incorporated in England and Wales and authorised and regulated by the FCA. Prior to Admission, Preferred Prestige Motor Holdings S.A. holds only Preference Shares (which are non-voting) but these shares will be converted to Shares at Admission.</p> <p>(7) Prior to Admission, Daimler holds only D Shares (which are non-voting) but these shares will be redesignated as Shares at Admission.</p>																																							
B.7	<b>Selected historical key financial information</b>	<p>The following tables set out the Group's historical consolidated financial information as at the dates and for the periods indicated. The selected financial information of the Group as at the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, has been extracted without material amendment from the historical financial information included in Part XIII (<i>Historical Financial Information</i>).</p> <p><b>1. Consolidated income statement</b></p> <table border="1"> <thead> <tr> <th rowspan="2">£m</th> <th colspan="3">For the year ended 31 December</th> <th colspan="2">For the six months ended 30 June</th> </tr> <tr> <th>2015</th> <th>2016</th> <th>2017</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>510.2</td> <td>593.5</td> <td>876.0</td> <td>410.3</td> <td>444.9</td> </tr> <tr> <td>Cost of Sales</td> <td>(345.3)</td> <td>(371.9)</td> <td>(496.2)</td> <td>(251.2)</td> <td>(244.5)</td> </tr> <tr> <td><b>Gross Profit</b></td> <td><b>164.9</b></td> <td><b>221.6</b></td> <td><b>379.8</b></td> <td><b>159.1</b></td> <td><b>200.4</b></td> </tr> <tr> <td>Selling and distribution expenses</td> <td>(32.1)</td> <td>(41.9)</td> <td>(60.0)</td> <td>(30.0)</td> <td>(45.1)</td> </tr> </tbody> </table>					£m	For the year ended 31 December			For the six months ended 30 June		2015	2016	2017	2017	2018	Revenue	510.2	593.5	876.0	410.3	444.9	Cost of Sales	(345.3)	(371.9)	(496.2)	(251.2)	(244.5)	<b>Gross Profit</b>	<b>164.9</b>	<b>221.6</b>	<b>379.8</b>	<b>159.1</b>	<b>200.4</b>	Selling and distribution expenses	(32.1)	(41.9)	(60.0)	(30.0)	(45.1)
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£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	(unaudited)				
Restructuring costs including related consultancy costs	(7.6)	-	-	-	-
Payment to a former director relating to the settlement of shares	(2.6)	-	-	-	-
Administrative and other expenses	(61.4)	(78.8)	(88.8)	(36.1)	(49.4)
Depreciation, amortisation and impairment	(119.5)	(133.2)	(82.2)	(38.0)	(41.5)
Total administrative expenses	(191.1)	(212.0)	(171.0)	(74.1)	(90.9)
<b>Operating profit/(loss)</b>	<b>(58.3)</b>	<b>(32.3)</b>	<b>148.8</b>	<b>55.0</b>	<b>64.4</b>
Finance income	2.1	2.5	35.6	23.1	2.3
Finance expense excluding exceptional items	(71.8)	(133.0)	(87.0)	(44.9)	(45.9)
Loan interest on the redemption of Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	(10.5)	(10.5)	-
Write-off of capitalised arrangement fees on Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	(2.4)	(2.4)	-
Total finance expense	(71.8)	(133.0)	(99.9)	(57.8)	(45.9)
<b>Net financing expense</b>	<b>(69.7)</b>	<b>(130.5)</b>	<b>(64.3)</b>	<b>(34.7)</b>	<b>(43.6)</b>
<b>Profit/(loss) before tax</b>	<b>(128.0)</b>	<b>(162.8)</b>	<b>84.5</b>	<b>20.3</b>	<b>20.8</b>
Income tax credit/(expense)	21.0	15.2	(7.7)	(4.2)	(9.3)
<b>Profit/(loss) for the period</b>	<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Group	(107.1)	(147.9)	74.2	15.6	8.7
Non-controlling interests	0.1	0.3	2.6	0.5	2.8
<b>Profit/(loss) for the period</b>	<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>
<b>2. Consolidated Statement of Financial Position</b>					
£m	As at 31 December			As at 30 June	
	2015	2016	2017	2018	
<b>Non-current assets:</b>					
Intangible assets	677.3	707.0	930.7	993.6	
Property, plant and equipment	166.3	196.3	243.9	291.9	
Other receivables	2.1	2.3	2.1	1.8	
Other financial assets	0.1	0.1	-	-	
Deferred tax asset	48.3	32.1	37.1	29.9	
	<b>894.1</b>	<b>937.8</b>	<b>1,213.8</b>	<b>1,317.2</b>	
<b>Current assets:</b>					
Inventories	80.4	117.2	127.8	169.9	
Trade and other receivables	69.1	112.8	115.7	177.7	
Other financial assets	0.1	0.3	7.0	18.3	
Cash and cash equivalents	65.5	101.7	167.8	71.5	
	<b>215.1</b>	<b>332.0</b>	<b>418.3</b>	<b>437.4</b>	
<b>Total assets</b>	<b>1,109.2</b>	<b>1,269.8</b>	<b>1,632.1</b>	<b>1,754.6</b>	
<b>Current liabilities:</b>					
Borrowings	16.6	5.2	13.5	29.7	
Trade and other payables	180.3	340.9	483.1	565.2	
Income tax payable	0.9	0.7	2.7	2.6	
Other financial liabilities	17.7	33.7	18.2	15.5	
Provisions	6.3	7.6	12.0	9.6	
	<b>221.8</b>	<b>388.1</b>	<b>529.5</b>	<b>622.6</b>	

£m	As at 31 December			As at 30 June	
	2015	2016	2017	2017	2018
<b>Non-current liabilities:</b>					
Borrowings	532.1	696.0	827.5		857.2
Trade and other payables	-	-	17.6		17.7
Other financial liabilities	7.2	9.6	-		2.3
Employee benefits	4.9	69.8	46.9		25.0
Provisions	8.2	6.1	13.9		16.5
Deferred tax liabilities	86.0	42.6	60.6		60.2
	<b>638.4</b>	<b>824.1</b>	<b>966.5</b>		<b>978.9</b>
<b>Total liabilities</b>	<b>860.2</b>	<b>1,212.2</b>	<b>1,496.0</b>		<b>1,601.5</b>
<b>Net assets</b>	<b>249.0</b>	<b>57.6</b>	<b>136.1</b>		<b>153.1</b>
<b>Capital and reserves</b>					
Share capital	-	-	-		-
Share premium	353.7	353.7	353.7		353.7
Share warrants	9.0	18.5	18.5		18.5
Capital reserve	94.1	94.1	94.1		94.1
Translation reserve	0.8	2.3	1.7		2.0
Other reserve	-	-	-		(8.7)
Retained earnings	(213.3)	(416.0)	(339.5)		(313.9)
<b>Equity attributable to owners of the group</b>	<b>244.3</b>	<b>52.6</b>	<b>128.5</b>		<b>145.7</b>
Non-controlling interests	4.7	5.0	7.6		7.4
<b>Total shareholders' equity</b>	<b>249.0</b>	<b>57.6</b>	<b>136.1</b>		<b>153.1</b>
<b>3. Consolidated statement of cash flows</b>					
£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
				(unaudited)	
<b>Operating activities</b>					
Profit/(loss) for the period	(107.0)	(147.6)	76.8	16.1	11.5
Tax on continuing operations	(21.0)	(15.2)	7.7	4.2	9.3
Net finance costs	66.8	122.3	37.9	20.2	40.8
Other non-cash movements	1.1	1.0	(0.7)	(0.8)	0.4
Losses/(gains) on sale of property, plant and equipment	0.1	-	(0.1)	-	-
Depreciation and impairment of property, plant and equipment	46.3	38.3	27.4	12.6	12.9
Amortisation and impairment of intangible assets	73.2	94.9	54.8	25.4	28.6
Difference between pension contributions paid and amounts recognised in income statement	(0.4)	(1.1)	(20.0)	2.1	(1.5)
Decrease/(increase) in inventories	18.1	(36.8)	(10.6)	(17.8)	(42.1)
(Increase)/decrease in trade and other receivables	(19.8)	(39.1)	(7.8)	14.6	(73.5)
Increase in trade and other payables	21.6	150.3	166.6	14.4	80.3
Movement in provisions	(2.9)	(1.3)	12.5	4.1	-
<b>Cash generated from operations</b>	<b>76.1</b>	<b>165.7</b>	<b>344.5</b>	<b>95.1</b>	<b>66.7</b>
Income taxes paid	(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
<b>Net cash inflow from operating activities</b>	<b>75.2</b>	<b>164.6</b>	<b>343.8</b>	<b>94.5</b>	<b>62.0</b>
<b>Cash flows from investing activities</b>					
Interest received	2.1	2.2	3.1	1.8	2.3
Proceeds on the disposal of property, plant and equipment	0.1	0.5	0.2	-	-
Loan to shareholders	-	-	(5.6)	-	-



£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Payment to acquire subsidiary undertaking	-	-	(50.0)	-	-
Payments to acquire property, plant and equipment	(38.5)	(68.3)	(75.0)	(32.8)	(60.9)
Payments to acquire intangible assets	(124.7)	(124.6)	(219.1)	(74.5)	(91.5)
<b>Net cash used in investing activities</b>	<b>(161.0)</b>	<b>(190.2)</b>	<b>(346.4)</b>	<b>(105.5)</b>	<b>(150.1)</b>
<b>Cash flows from financing activities</b>					
Interest paid	(32.3)	(32.6)	(49.8)	(31.1)	(20.3)
Proceeds from equity share issue	2.4	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	(3.0)
Movement in existing borrowings	(3.8)	(13.8)	(474.3)	(472.4)	16.2
Proceeds from new borrowings	100.0	100.0	606.1	549.9	-
Transaction fees paid	(3.5)	-	(12.1)	(13.3)	(0.1)
<b>Net cash inflow from financing activities</b>	<b>62.8</b>	<b>53.6</b>	<b>69.9</b>	<b>33.1</b>	<b>(7.2)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23.0)</b>	<b>28.0</b>	<b>67.3</b>	<b>22.1</b>	<b>(95.3)</b>
Cash and cash equivalents at the beginning of the period	89.2	65.5	101.7	101.7	167.8
Effect of exchange rates on cash and cash equivalents	(0.7)	8.2	(1.2)	(0.8)	(1.0)
<b>Cash and cash equivalents at the end of the period</b>	<b>65.5</b>	<b>101.7</b>	<b>167.8</b>	<b>123.0</b>	<b>71.5</b>
<b>4. Other Financial Data</b>					
<b>1. Key Performance Indicators</b>					
£m, except percentages	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Revenue	510.2	593.5	876.0	410.3	444.9
Year on year revenue growth	-	16.3%	47.6%	-	8.4%
Adjusted EBITDA	71.4	100.9	206.5	93.0	105.9
Adjusted EBITDA margin	14.0%	17.0%	23.6%	22.7%	23.8%
Number of dealerships	162	167	161	-	160
<b>2.. Adjusted EBITDA Reconciliation</b>					
£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Operating profit / (loss) for the period	(58.3)	(32.3)	148.8	55.0	64.4
Depreciation, amortisation and impairment	119.5	133.2	82.2	38.0	41.5
Profit on disposal of fixed assets	-	-	(0.2)	-	-
Restructuring costs including related consultancy costs	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares	2.6	-	-	-	-
Past service pension credit	-	-	(24.3)	-	-
<b>Adjusted EBITDA</b>	<b>71.4</b>	<b>100.9</b>	<b>206.5</b>	<b>93.0</b>	<b>105.9</b>

		<b>3. Revenue by Category</b>				
		<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>	
<b>£m, except percentages</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
					<b>(unaudited)</b>	
Sale of vehicles		457.4	529.0	810.1	377.8	384.9
Sale of vehicles year on year growth		-	15.7%	53.1%	-	1.9%
Sale of parts		44.7	53.6	56.0	27.7	30.3
Sale of parts year on year growth		-	19.9%	4.5%	-	9.4%
Servicing of vehicles		8.1	10.9	9.9	4.8	6.9
Servicing of vehicles year on year growth		-	34.6%	(9.2)%	-	43.8%
Partnerships including motorsport		-	-	-	-	22.8
<b>Revenue</b>		<b>510.2</b>	<b>593.5</b>	<b>876.0</b>	<b>410.3</b>	<b>444.9</b>
		<b>4. Revenue by Geography</b>				
		<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>	
<b>£m, except percentages</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
					<b>(unaudited)</b>	
U.K.		135.4	165.4	227.9	110.0	133.3
U.K. year on year growth		-	22.2%	37.8%	-	21.2%
EMEA		114.5	150.6	201.2	107.7	102.9
EMEA year on year growth		-	31.5%	33.6%	-	(4.5)%
Americas		142.6	146.8	242.1	101.0	84.5
Americas year on year growth		-	2.9%	64.9%	-	(16.3)%
Asia Pacific		117.7	130.7	204.8	91.6	124.2
Asia Pacific year on year growth		-	11.0%	56.7%	-	35.6%
<b>Revenue</b>		<b>510.2</b>	<b>593.5</b>	<b>876.0</b>	<b>410.3</b>	<b>444.9</b>
		<b>5. CAPEX Intensity</b>				
		<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>	
<b>£m, except percentages</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
					<b>(unaudited)</b>	
Revenue		510.2	593.5	876.0	410.3	444.9
CAPEX		(163.2)	(192.9)	(294.1)	(107.3)	(152.4)
<b>CAPEX Intensity</b>		<b>32.0%</b>	<b>32.5%</b>	<b>33.6%</b>	<b>26.2%</b>	<b>34.3%</b>
		<b>6. Average Selling Prices - Core Models</b>				
		<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>	
		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
					<b>(unaudited)</b>	
Average core model sale price		£116,000	£137,000	£150,000	£149,000	£146,000
<b>B.8</b>	<b>Selected key pro forma financial information</b>	Not applicable. There is no pro forma information.				

B.9	<b>Profit forecast/ estimate</b>	Not applicable. The Company has not made any profit forecasts or estimates which remain outstanding as at the date of this Prospectus.
B.10	<b>Audit report - qualification</b>	There are no qualifications to the accountant's report on the Historical Financial Information.
B.11	<b>Working capital qualification</b>	Not applicable. The Company is of the opinion that, taking into account the banking and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

<b>SECTION C - Securities</b>																						
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>																				
C.1	<b>Description of type and class of securities being offered</b>	<p>On Admission, assuming the Offer Price is set at the mid-point of the Price Range, there will be 227,103,165 ordinary shares in the share capital of the Company (the “<b>Shares</b>”) in issue. The Offer Price and the Share Offer Size will be set out in the pricing statement (the “<b>Pricing Statement</b>”), which is expected to be published on or around 3 October 2018 and will be available on the Company’s website at <a href="http://www.astonmartinlagonda.com">www.astonmartinlagonda.com</a>.</p> <p>All Shares in issue on Admission will be fully paid. When admitted to trading, the Shares will be registered with ISIN GB00BFXZC448 and SEDOL number BFXZC44.</p>																				
C.2	<b>Currency of issue</b>	The Shares are denominated in U.K. pound sterling.																				
C.3	<b>Number of Shares issued and par value</b>	<p>As at the date of this Prospectus, the issued share capital of the Company is as follows:</p> <table border="1"> <thead> <tr> <th>Share class</th> <th>Nominal value</th> <th>Number of shares issued</th> <th>Aggregate nominal value</th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares (fully paid)</td> <td>£0.001</td> <td>3,101,656</td> <td>£3,101.656</td> </tr> <tr> <td>Ordinary Shares (partly-paid)</td> <td>£0.001</td> <td>21,714</td> <td>£21.714</td> </tr> <tr> <td>D Shares</td> <td>£0.001</td> <td>161,521</td> <td>£161.521</td> </tr> <tr> <td>Preference Shares</td> <td>£0.01</td> <td>200,000,000</td> <td>£2,000,000</td> </tr> </tbody> </table> <p>In addition, there are currently 137,776 warrants in issue for subscription for Shares at Admission in the Company on a one-for-one basis at a subscription price of £0.001 per share. Further, a former employee holds an outstanding option to purchase 21,714 Ordinary Shares at an exercise price of £0.001 per Share. Assuming the Offer Price is set at the mid-point of the Price Range, the issued share capital of the Company is expected to be £2,003,444.38, comprising 227,103,165 Shares of £0.00882 (rounded to three significant figures).</p>	Share class	Nominal value	Number of shares issued	Aggregate nominal value	Ordinary Shares (fully paid)	£0.001	3,101,656	£3,101.656	Ordinary Shares (partly-paid)	£0.001	21,714	£21.714	D Shares	£0.001	161,521	£161.521	Preference Shares	£0.01	200,000,000	£2,000,000
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D Shares	£0.001	161,521	£161.521																			
Preference Shares	£0.01	200,000,000	£2,000,000																			
C.4	<b>Rights attaching to the Shares</b>	The Shares rank equally for voting purposes. On a show of hands each holder of a Share (a “ <b>Shareholder</b> ”) has one vote and on a poll each Shareholder has one vote per Share held. Each Share ranks equally for any dividend declared. Each Share ranks equally for any distributions made on a winding up of the Company. Each Share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves.																				
C.5	<b>Restrictions on free transferability</b>	From Admission, the Shares shall be freely transferable and there are no restrictions on transfer in the U.K.																				
C.6	<b>Admission to trading</b>	Application will be made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and for such Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.																				
C.7	<b>Dividend policy</b>	The Company’s primary objective is to seek to achieve capital growth for its Shareholders. It is the Directors’ intention during the																				

		current phase of Aston Martin Lagonda's development to retain the Group's cash flow to finance growth and to focus on delivery of the Second Century Plan. The Directors intend to review, on an ongoing basis, the Company's dividend policy and will consider the payment of dividends as the Group's strategy matures, depending upon Aston Martin Lagonda's free cash flow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time.
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<b>SECTION D - Risks</b>		
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<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
D.1	<b>Key information on the key risks that are specific to the Issuer or its industry</b>	<p>Aston Martin Lagonda's success depends on the continued popularity of its existing products and its ability to provide its customers with new, attractive products tailored to their needs. These new products may not achieve the level of consumer acceptance that the Directors anticipate. Aston Martin Lagonda must continue to identify trends in customer needs and tastes in sufficient time to react to these changes and thus strengthen its market position and expand into new segments. In addition, demand for Aston Martin cars relies on Aston Martin Lagonda's strong relationship with the active global community of automotive collectors and enthusiasts. If there is a change in collector appetite or support among automobile enthusiasts for the Aston Martin brand, Aston Martin Lagonda's ties to (and the support it receives from) this community may be diminished, which could harm the perception of the Aston Martin brand and may result in a reduction in product sales and could affect Aston Martin Lagonda's profitability.</p> <p>There is no guarantee that Aston Martin Lagonda will continue to be able to sell its cars to customers at prices that are appropriate for the high quality of its products. Pricing pressure could limit Aston Martin Lagonda's ability to pass on production costs to its customers.</p> <p>The Aston Martin brand could be damaged or its strength weakened by a failure to continue to produce cars of appropriate performance, aesthetics and quality, failure to keep up with new technologies, quality issues or recalls, dealers promoting other manufacturers' cars in priority to Aston Martin Lagonda's and counterfeit cars and parts affecting performance and quality perceptions. The increase in the number of cars that Aston Martin Lagonda plans to produce in the future pursuant to its growth strategy, compared with the number of cars that it has historically manufactured, could also reduce the exclusivity of Aston Martin cars and weaken the brand. Aston Martin Lagonda selectively licenses the Aston Martin brand to various commercial enterprises, has formed strategic commercial partnerships and has also engaged brand ambassadors and there is a risk that the decisions and behaviours of such licensees, commercial partners and brand ambassadors or any negative publicity surrounding them could lead to reputational damage to Aston Martin Lagonda and its brand.</p>

		<p>Aston Martin Lagonda faces risks in relation to its expansion into new areas of the automotive market, through, for example, the launch of the Lagonda range (which will be its first fully-electric luxury brand) and the production of Aston Martin Lagonda's first SUVs. Aston Martin Lagonda's successful expansion into these new areas and delivery of its growth strategy more generally, including reaching targeted levels of sales, will depend, at least in part, on Aston Martin Lagonda's ability to keep pace with changes in trends and advances in technology (without any actual or perceived reduction in quality or damage to its luxury brand status) and to deliver these new products on time and to cost. Such delivery will depend on, in part, Aston Martin Lagonda's suppliers being able to support the targeted volume increases underpinning this growth strategy. In addition, Aston Martin Lagonda's growth strategy of expanding its geographical footprint will expose it to new business risks that it may not have the expertise, capability or the systems to manage.</p> <p>Aston Martin Lagonda's exposure to emerging markets is likely to increase, as it pursues expanded sales in such markets. Economic and political developments in these emerging markets, including economic crises or political instability, could affect Aston Martin Lagonda. Further, in certain markets in which Aston Martin Lagonda or its dealers operate, the requirement for government approvals may limit the ability to act quickly in making decisions regarding Aston Martin Lagonda's operations in those markets. Other government actions may also affect the market for luxury goods in these markets, such as legislative or tax changes.</p> <p>Aston Martin Lagonda sources certain engines and electrical architecture and entertainment systems exclusively from Daimler. If Aston Martin Lagonda is unable to continue obtaining engines and electrical architecture and entertainment systems from Daimler, it would need to seek alternative suppliers, or expand its manufacturing operations to build such products itself, which would take time and require significant capital expenditure.</p> <p>The V12 engines used in certain of Aston Martin Lagonda's cars are assembled by Ford. If Ford becomes unable or unwilling to assemble such engines, the Group would need to seek an alternative manufacturer or expand its operations to assemble the engines itself, which would take time and require significant capital expenditure.</p> <p>In addition, Aston Martin Lagonda relies on a limited number of suppliers for certain raw materials and components used in its cars. Aston Martin Lagonda's dependence on a limited number of suppliers exposes it to the risk of suppliers becoming more expensive due to supplier pricing power, limited availability and delivery schedules and the risk of the quality of the products produced by that supplier declining. As part of the Group's growth strategy, Aston Martin Lagonda will need to engage additional suppliers and to increase demand from existing suppliers, for raw materials and components (as a result of both increasing volumes and expansion into new categories and technologies). This exposes the Group to the risk that it is unable to source the required level of</p>
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		<p>materials and components, which could restrict or delay the Group's ability to produce the planned level of cars and to deliver its growth strategy.</p> <p>In addition to being a key supplier to Aston Martin Lagonda, Daimler also holds Shares in the Company and the various agreements governing the supplier relationship impose certain restrictions that have the effect of limiting Aston Martin Lagonda's ability to obtain investment from certain strategic Daimler competitors or certain other restricted parties without Daimler's consent.</p> <p>Aston Martin Lagonda faces strong competition within the HLS car market, which is a relatively small market, due to the price at which the cars are sold and the significant investment required to introduce new models to the market. The HLS car market may become saturated and unable to support the growing levels of production and competition. If there is insufficient demand to support the increasing volumes and levels of competition, or if Aston Martin Lagonda is unable to continue to produce cars that are, or that consumers and industry commentators consider to be, competitive, this could result in a drop in unit sales of Aston Martin Lagonda or pricing pressure. Further, the alternative fuel vehicle market is highly competitive and Aston Martin Lagonda's ability to compete successfully in this market will depend on, in part, its ability to keep pace with changes in electric vehicle technology and to establish the Lagonda brand in the HLS car market.</p> <p>Aston Martin Lagonda's future success depends substantially on the continued service and performance of the members of its senior management team for the running of its daily operations as well as for the planning and execution of its strategy. Aston Martin Lagonda is also dependent on its ability to retain and replace its design, engineering and technical personnel so that it is able to continue to produce cars that are competitive in terms of performance, quality and aesthetics.</p> <p>Aston Martin Lagonda's profitability relies in part upon its ability to produce and deliver special edition models within targeted time frames. Failure to produce or deliver these special editions to customers could affect Aston Martin Lagonda's profitability and damage customer relations and the brand.</p> <p>Demand for cars relies on consumers' purchasing power and consumer confidence regarding future economic developments. Consumer demand is negatively impacted by a decrease in potential customers' disposable income, assets or financial flexibility or uncertainty as to their future income, assets or financial flexibility. In addition, even where potential customers have sufficient purchasing power and confidence, demand for Aston Martin Lagonda's cars may be affected by consumer sentiment. When economic conditions are poor, unemployment levels high and incomes are under pressure, consumers may not want to be seen owning or driving an expensive car. Aston Martin Lagonda's products are priced and positioned in the HLS car segment, which is at the top-end of the car market and as a result Aston Martin Lagonda's customers require considerably higher than average levels of income or assets to be in a position to afford its products. This makes Aston Martin Lagonda's</p>
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		<p>car sales dependent on the number of HNWI's in the world, and its growth strategy dependent on the growth in the number of those individuals. Sales of Aston Martin Lagonda's products are affected by general economic conditions, and its sales can be materially affected by the economic cycle. Demand for luxury goods, including HLS cars is inherently volatile and depends to a large extent on the general economic, political and social conditions in a given market. Periods of deteriorating general economic conditions may result in a significant reduction in product sales which may negatively affect Aston Martin Lagonda's profitability and put downward pressure on its product and service prices and volumes.</p> <p>Political change has the potential to directly impact Aston Martin Lagonda through the introduction of new laws (including tax laws) or regulations or indirectly by altering customer sentiment. Aston Martin Lagonda may also be affected by geopolitical events, the effects of which may include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the U.K., continental Europe and the global economy, at least in the short to medium-term. It could also create constraints on the ability of Aston Martin Lagonda to operate efficiently in the future political environment.</p>
D.3	<p><b>Key information on the key risks that are specific to the Shares</b></p>	<p>The price of the Shares may fluctuate significantly and investors could lose all or part of their investment. The share price of quoted companies can be highly volatile, which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them.</p> <p>Prior to Admission, there has been no public market for the Shares and there is no guarantee that an active trading market will develop or be sustained after Admission.</p> <p>Future issuances of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.</p> <p>There is no guarantee to Shareholders of the payment of dividends. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the receipt of sufficient dividends from its subsidiaries. The Company's direct and indirect subsidiaries may be precluded from paying dividends by various factors.</p> <p>A change in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.</p> <p>Securities laws in certain jurisdictions may restrict Aston Martin Lagonda's ability to allow participation by the Shareholders in future offerings.</p> <p>Any investment in the Shares by an investor whose principal currency is not pound sterling exposes the investor to currency exchange risks that may impact the value of the investment in the Shares.</p> <p>The Controlling Shareholders will retain a significant interest in the Company following Admission and their interests may differ from</p>

		each other and those of the other Shareholders.
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<b>SECTION E - Offer</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
E.1	<b>Net proceeds/ expenses</b>	<p>The Company will not be receiving any proceeds from the Offer. The aggregate non-recurring income statement costs of, or incidental to, Admission and the Offer to be borne by the Company are estimated to be approximately £95 million (excluding VAT) and the cash impact for the financial year ending 31 December 2018 is estimated to be approximately £47 million (excluding VAT) which the Company will pay out of available Group cash resources (in each case, assuming the Offer Price is set at the mid-point of the Price Range).</p> <p>Through the sale of Shares pursuant to the Offer, the Company expects the Selling Shareholders and the Other Selling Shareholders to raise in aggregate approximately £1,135.5 million (assuming that the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option) before taking into account expenses. On that basis, the aggregate underwriting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders and the Other Selling Shareholders in connection with the Offer are estimated to be up to approximately £32.0 million.</p> <p>No expenses will be charged to investors in connection with Admission or the Offer by the Company, the Selling Shareholders or the Other Selling Shareholders. All expenses in relation to the Offer will be borne by the Company, the Selling Shareholders and the Other Selling Shareholders.</p>
E.2a	<b>Reasons for the Offer/use of proceeds</b>	<p>The Selling Shareholders and the Other Selling Shareholders (apart from Eстера Trust) are seeking to realise part of their investment in the Company by way of the Offer.</p> <p>In addition, while the Group is not receiving any proceeds from the Offer, the Directors believe that Admission will benefit the Company as it will:</p> <ul style="list-style-type: none"> <li>(i) assist with the positioning of Aston Martin Lagonda for its next stage of development;</li> <li>(ii) strengthen Aston Martin Lagonda's capital structure, by giving the Group access to a wider range of capital raising options which may be of use in the future; and</li> <li>(iii) assist in retaining and incentivising key management and employees.</li> </ul>
E.3	<b>Terms and conditions of the Offer</b>	<p>Pursuant to the Offer, the Selling Shareholders and Other Selling Shareholders are collectively offering for sale between 56,305,622 Shares and 57,380,300 Shares (representing 25 per cent. of the issued ordinary share capital of the Company on Admission) at a Price Range of between £17.50 and £22.50 per Share.</p>

		<p>In addition, up to a maximum of 5,738,030 Shares (representing 10 per cent. of the maximum Share Offer Size) may be sold pursuant to the Over-allotment Option.</p> <p>The Offer is being made by way of:</p> <p>(A) an Institutional Offer by the Selling Shareholders and Other Selling Shareholders: (i) outside the U.S. in offshore transactions in reliance on Regulation S, and (ii) in the U.S. only to persons reasonably believed to be QIBs as defined in and pursuant to Rule 144A; and</p> <p>(B) a direct Retail Offer by the Selling Shareholders and Other Selling Shareholders to retail investors resident in the U.K. (or, in the case of officers only, in certain other jurisdictions where their participation is not restricted by relevant securities laws), comprising a Customer Offer and an Employee Offer, which are open to: (i) Eligible Customers, and (ii) Eligible Employees, respectively.</p> <p>Completion of the Offer will be subject, among other things, to the determination of the Offer Price and the Share Offer Size and the decision by each of the Company and the Selling Shareholders (in consultation with the Joint Global Co-ordinators) to proceed with the Offer. It will also be subject to the satisfaction of the conditions contained in the Underwriting Agreement, including Admission becoming effective and the Underwriting Agreement not having been terminated prior to Admission.</p> <p>Assuming the Offer Price is set at the mid-point of the Price Range, the number of Shares to be made available under the Offer will be 56,775,792, comprising a maximum of 8,516,368 Shares to be made available in the Retail Offer (representing a maximum of 15 per cent. of the Share Offer Size), through a Customer Offer and an Employee Offer, with the balance to be sold in the Institutional Offer. Any Shares not applied for pursuant to the Retail Offer are expected to be made available for sale in the Institutional Offer. In addition to the Offer, Shares representing up to 10 per cent. of the Offer (up to 5,677,579 Shares assuming that the Offer Price is set at the mid-point of the Price Range) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.</p> <p>The Banks will solicit from prospective institutional investors indications of interest in acquiring Shares under the Institutional Offer. Prospective institutional investors will be required to specify the number of Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). This process is known as "book-building". Prospective institutional investors will be required to submit bids for Shares in the Institutional Offer by 12 p.m. on 2 October 2018, although this may be extended at the discretion of the Joint Global Co-ordinators (on behalf of themselves and the other Banks), with the agreement of the Company and the Selling Shareholders. There is no minimum or maximum number of Shares which can be applied for under the Institutional Offer. The latest time and date for submission of a valid application in connection with the Retail Offer will be 12 p.m. on 28</p>
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		<p>September 2018. For the Employee Offer, the minimum application amount is £250 and the maximum application amount is £10,000. For the Customer Offer, the minimum application amount is £10,000 and the maximum application amount is £50,000, save for in the case of Preferred Customers, where the maximum application amount is £99,999. Applications in the Institutional Offer and the Retail Offer will then be aggregated and this demand will be taken into account by the Selling Shareholders in establishing the Offer Price.</p> <p>The basis of allocation for applications in connection with the Offer will be determined by the Joint Global Co-ordinators (on behalf of themselves and the other Banks), in consultation with the Company and the Selling Shareholders, at their absolute discretion. A number of factors will be considered in determining the basis of allocation in the Offer, including the level and nature of demand for the Shares in the Institutional Offer and the Retail Offer, as well as the objective of encouraging the development of an orderly and liquid after-market in the Shares. Without prejudice to such discretion, the Banks, the Company and the Selling Shareholders intend that: (i) all Eligible Employees and all Preferred Customers who submit a valid Online Application will, subject to the terms and conditions of the Retail Offer, receive all of the Shares in the Offer for which they apply; and (ii) in the event that demand from Eligible Employees or Preferred Customers for the Shares being offered exceeds the number of Shares made available in the Employee Offer or in respect of the Preferred Customers in the Customer Offer (as applicable), allocations in respect of the Institutional Offer and Customer Offer (other than in respect of the Preferred Customers) may be scaled down in any manner at the discretion of the Joint Global Co-ordinators (on behalf of themselves and the other Banks), in consultation with the Company and the Selling Shareholders, and applicants under the Institutional Offer and the Customer Offer (other than Preferred Customer applicants) may be allocated Shares having an aggregate value which is less than the sum applied for.</p> <p>All Shares sold pursuant to the Offer will be sold (and be payable in full) at the Offer Price. A number of factors will be considered in deciding the Offer Price, including prevailing market conditions, the level and the nature of the demand for Shares in the Offer and the objective of encouraging the development of an orderly and liquid after-market in the Shares. The Offer Price will be established at a level determined in accordance with these arrangements, taking into account indications of interest received (whether before or after the times and/or dates stated). Accordingly, the Offer Price will not necessarily be the highest price at which all of the Shares subject to the Offer could be sold.</p> <p>The Offer Price will be jointly agreed by the Company, the Selling Shareholders and the Joint Global Co-ordinators and is expected to be announced on or about 3 October 2018. The Pricing Statement, which will contain the Offer Price and the Share Offer Size, will be published by the Company and will be available free of charge at the registered office of the Company at Banbury Road, Gaydon, Warwick CV35 0DB, U.K. In addition, the Pricing Statement will be published in electronic form and available on the Company's website</p>
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		<p>at <a href="http://www.astonmartinlagonda.com">www.astonmartinlagonda.com</a>.</p> <p>It is currently expected that the Share Offer Size will be set within the Share Offer Size Range and that the Offer Price will be set within the Price Range. If: (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the number of Shares to be sold by the Selling Shareholders and the Other Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected day of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement.</p> <p>No action has been or will be taken in any jurisdiction, other than the U.K., that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.</p> <p>It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8:00 a.m. on 3 October 2018. The earliest date for settlement of such dealings will be 8 October 2018. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8:00 a.m. on 8 October 2018. All dealings in Shares prior to the commencement of unconditional dealings will be on a “when-issued basis”, will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. Investors should note that only investors who apply for, and are allocated, Shares in the Institutional Offer will be able to deal in Shares on a conditional basis. Investors who purchase Shares in the Retail Offer will not be able to deal in Shares on a conditional basis. Therefore the earliest time at which such investors will be able to deal in Shares is at the start of unconditional dealings on Admission. The above-mentioned dates and times may be changed without further notice.</p>
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		<p>Investors who participate in the Offer will be deemed to have invested solely on the basis of this Prospectus together with any supplement hereto, and the Pricing Statement. Under the terms and conditions of the Offer, each investor makes certain representations, warranties and acknowledgements to the Company, the Selling Shareholders and the Other Selling Shareholders customary for an offer of this type, including but not limited to: (i) in relation to certain characteristics of the investor; (ii) the investor's compliance with restrictions contained in the Offer and with specified laws and regulations; (iii) reliance, responsibility and liability in respect of the Prospectus, the Offer and information outside of the Prospectus; (iv) compliance with laws; (v) jurisdiction; and (vi) liability for duties or taxes.</p> <p>The Institutional Offer will be fully underwritten by the Banks, in accordance with the terms of the Underwriting Agreement.</p>																																																											
E.4	<b>Material interests</b>	There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.																																																											
E.5	<b>Selling Shareholders, Other Selling Shareholders and Lock-up agreements</b>	<p>(A) <b>Expected interests of the Selling Shareholders and Other Selling Shareholders immediately prior to and following Admission</b></p> <p>The indicative interests in Shares of each of the Selling Shareholders and Other Selling Shareholders immediately prior to Admission, together with a corresponding estimate of its interests in Shares immediately following Admission, are set out in the table below (calculated on the basis that the Offer Price is at the mid-point of the Price Range and no exercise of the Over-allotment Option).</p> <table border="1"> <thead> <tr> <th rowspan="2"><i>Selling Shareholders / Other Selling Shareholders (including business address)</i></th> <th><i>Interests immediately prior to Admission</i></th> <th><i>Shares to be sold pursuant to the Offer</i></th> <th><i>% of shareholding</i></th> <th colspan="2"><i>Interests immediately following Admission</i></th> </tr> <tr> <th><i>No. and class of shares</i></th> <th><i>No. and class of shares</i></th> <th><i>% of shareholding</i></th> <th><i>No.</i></th> <th><i>% of issued share capital of the Company</i></th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>PART A (Selling Shareholders)</b></td> </tr> <tr> <td>Adeem Automotive Manufacturing Company Limited<sup>(1)</sup></td> <td>362,578 Ordinary Shares</td> <td>5,399,675</td> <td>2.4</td> <td>15,992,427</td> <td>7.0</td> </tr> <tr> <td>Asmar Limited<sup>(1)</sup></td> <td>440,140 Ordinary Shares</td> <td>6,554,764</td> <td>2.9</td> <td>19,413,496</td> <td>8.5</td> </tr> <tr> <td>Primewagon (Jersey) Limited<sup>(1)</sup></td> <td>827,030 Ordinary Shares</td> <td>2,262,655</td> <td>1.0</td> <td>6,701,392</td> <td>3.0</td> </tr> <tr> <td>Primewagon (UK) Limited<sup>(2)</sup></td> <td>151,933 Ordinary Shares</td> <td>12,316,505</td> <td>5.4</td> <td>36,478,265</td> <td>16.1</td> </tr> <tr> <td>Stehwaz Automotive Jersey Limited<sup>(1)</sup></td> <td>81,428 Ordinary Shares</td> <td>1,212,662</td> <td>0.5</td> <td>3,591,590</td> <td>1.6</td> </tr> <tr> <td>Prestige Motor Holdings S.A.<sup>(3)</sup></td> <td>1,238,547 Ordinary Shares and 4,687,484 Preference Shares</td> <td>18,596,552</td> <td>8.2</td> <td>55,078,121</td> <td>24.3</td> </tr> <tr> <td>Preferred Prestige Motor Holdings S.A.<sup>(3)</sup></td> <td>157,031,226 Preference Shares</td> <td>5,076,983</td> <td>2.2</td> <td>15,036,695</td> <td>6.6</td> </tr> </tbody> </table>	<i>Selling Shareholders / Other Selling Shareholders (including business address)</i>	<i>Interests immediately prior to Admission</i>	<i>Shares to be sold pursuant to the Offer</i>	<i>% of shareholding</i>	<i>Interests immediately following Admission</i>		<i>No. and class of shares</i>	<i>No. and class of shares</i>	<i>% of shareholding</i>	<i>No.</i>	<i>% of issued share capital of the Company</i>	<b>PART A (Selling Shareholders)</b>						Adeem Automotive Manufacturing Company Limited <sup>(1)</sup>	362,578 Ordinary Shares	5,399,675	2.4	15,992,427	7.0	Asmar Limited <sup>(1)</sup>	440,140 Ordinary Shares	6,554,764	2.9	19,413,496	8.5	Primewagon (Jersey) Limited <sup>(1)</sup>	827,030 Ordinary Shares	2,262,655	1.0	6,701,392	3.0	Primewagon (UK) Limited <sup>(2)</sup>	151,933 Ordinary Shares	12,316,505	5.4	36,478,265	16.1	Stehwaz Automotive Jersey Limited <sup>(1)</sup>	81,428 Ordinary Shares	1,212,662	0.5	3,591,590	1.6	Prestige Motor Holdings S.A. <sup>(3)</sup>	1,238,547 Ordinary Shares and 4,687,484 Preference Shares	18,596,552	8.2	55,078,121	24.3	Preferred Prestige Motor Holdings S.A. <sup>(3)</sup>	157,031,226 Preference Shares	5,076,983	2.2	15,036,695	6.6
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Warwick European Credit Opportunities Fund L.P. <sup>(4)</sup>	3,448,307 Preference Shares	111,481	0.0	330,175	0.1
Warwick European Opportunities Fund Inc. <sup>(4)</sup>	6,551,693 Preference Shares	211,834	0.1	627,394	0.3
Warwick European Opportunities Fund II L.P. <sup>(4)</sup>	3,906,237 Preference Shares	126,294	0.1	374,049	0.2
York Global Finance Offshore BDH (Luxembourg) S.A.R.L. <sup>(5)</sup>	24,375,053 Preference Shares	788,080	0.3	2,334,086	1.0
<b>PART B (Other Selling Shareholders)</b>					
Dr. Ulrich Bez	21,714 Ordinary Shares	646,750	0.3	1,915,502	0.8
Estera Trust	-	3,471,557	1.5	2,699,442	1.2

(1) The business address of Adeem Automotive Manufacturing Company Limited, Asmar Limited, Primewagon (Jersey) Limited and Stehwaz Automotive Jersey Limited is The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB.

(2) The business address of Primewagon (UK) Limited is 25 Upper Brook Street, London, England, W1K 7QD.

(3) The business address of Prestige Motor Holdings and Preferred Prestige Motor Holdings S.A. is 23 Avenue Monterey, L-2163, Luxembourg.

(4) The business address of Warwick European Credit Opportunities Fund L.P., Warwick European Opportunities Fund Inc. and Warwick European Opportunities Fund II L.P. is 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY 1-1108, Cayman Islands.

(5) The business address of York Global Finance Offshore BDH (Luxembourg) S.A.R.L. is 26 Boulevard Royal, L-2449, Luxembourg.

**(B) Lock-up arrangements**

Pursuant to the Underwriting Agreement and related arrangements, each of the Company, the Directors, the Selling Shareholders and the Other Selling Shareholders has agreed that, subject to certain customary exceptions, during the respective periods specified below, they will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, lend, mortgage, assign, charge, pledge, sell or contract to sell or sell options in respect of, or otherwise dispose of, directly or indirectly, any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The above restrictions do not prohibit the Selling Shareholders from: (i) pledging or charging Shares to or for the benefit of lenders under financing arrangements or (ii) transferring any Shares to such lenders pursuant to enforcement of any security referred to in (i) provided such lenders agree to be bound by equivalent lock-up arrangements for the remaining term of the lock-up.

For the Company, the Selling Shareholders and the Other Selling Shareholders, the above restrictions also apply

		<p>(subject to customary exceptions), to offering, issuing, contracting to issue options, in each case directly or indirectly, in respect of, or otherwise announcing any offering or issue of, any Shares (or any interest therein or in respect thereof) or entering into any transaction with the same economic effect as, or agreeing to do, any of the foregoing.</p> <p>The above restrictions apply to the Company for a period of 180 days from Admission, to the Selling Shareholders, Other Selling Shareholders and Representative Directors from the date of this Prospectus to the date 180 days after Admission, and to all other Directors for a period of 365 days from Admission.</p> <p>Certain former directors of the Group will also be subject to substantially similar lock-up arrangements to the Selling Shareholders for the same period as the Selling Shareholders.</p> <p>Daimler's Shares will also be subject to a 12 month lock-up from Admission.</p>
E.6	<b>Dilution</b>	Not applicable. As the Offer only comprises existing Shares, existing Shareholders will not experience any dilution as a result of the Offer.
E.7	<b>Estimated expenses charged to investors</b>	Not applicable.

## PART II - RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should consider carefully the factors and risks associated with any such investment, Aston Martin Lagonda's business and the industry and macroeconomic environment in which Aston Martin Lagonda operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Shares, Aston Martin Lagonda's business and the industry and macroeconomic environment in which Aston Martin Lagonda operates summarised in Part I (Summary) are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which Aston Martin Lagonda faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information in respect of the key risks summarised in Part I (Summary) but also, among other things, the risks and uncertainties described below.*

*Aston Martin Lagonda is subject to a number of risks. The occurrence of any of the events discussed below could materially adversely affect Aston Martin Lagonda's business, financial condition or results of operations. The risks and uncertainties described below represent the risks that the Directors believe to be material to the Company, the Group or its industry as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing Aston Martin Lagonda. Additional risks not currently known to the Directors, or which the Directors would now deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, or Aston Martin Lagonda's prospects, results of operations and/or financial condition and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

*This Prospectus contains "forward-looking" statements that involve risks and uncertainties. The actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Prospectus. See "Forward-looking Statements" in Part III (Presentation of Information).*

### RISKS RELATING TO THE GROUP'S BUSINESS

#### **1 *Aston Martin Lagonda's future success depends on its ability to develop attractive products that are tailored to the needs and tastes of its customers.***

Aston Martin Lagonda's success depends on the continued popularity of its existing products and its ability to provide its customers with new, attractive products tailored to their needs. These new products may not achieve the level of consumer acceptance that the Directors anticipate.

Trends affecting consumer demand may depend on factors such as disposable income, brand prestige and environmental consciousness (including a preference against high-emission cars), some of which are difficult to plan for and may be influenced by popular media. Aston Martin Lagonda must continue to identify trends in customer needs and tastes in sufficient time to react to these changes and thus strengthen its market position and expand into new segments. A misjudgement or delayed recognition of trends and customer needs and tastes in individual markets or other changes in requirements could lead to a decline in demand, sales and profitability of Aston Martin Lagonda's products in the short term and, over the long term, damage its brand. It could also lead to significantly unprofitable investments and associated costs. These risks could be exacerbated by the relatively small scale of Aston Martin Lagonda's operations.

In addition, demand for Aston Martin cars and, in particular, the Group's heritage range and special edition models, relies on Aston Martin Lagonda's strong relationship with the active global community of automotive collectors and enthusiasts. If there is a change in collector appetite or support among automobile enthusiasts for the Aston Martin brand, Aston Martin Lagonda's ties to (and the support it receives from) this community may be diminished, which could harm the perception of the Aston Martin brand and may result in a reduction in product sales that could affect Aston Martin Lagonda's profitability.

2 ***Aston Martin Lagonda's future success depends on its ability to continue to sell its cars to customers at prices which reflect the cost of maintaining the high quality of its cars.***

Aston Martin Lagonda's quality standards and the Aston Martin brand can only be maintained by incurring costs to maintain and ensure quality.

There is no guarantee that Aston Martin Lagonda will continue to be able to sell its cars to customers at prices that are appropriate for the high quality of its products. Pricing pressure could limit Aston Martin Lagonda's ability to pass on production costs to its customers. These pricing pressures could also exert additional price pressures on Aston Martin Lagonda's suppliers, which in turn may have a negative effect on product quality and damage Aston Martin Lagonda's reputation or reduce demand for its products.

3 ***The Aston Martin brand could be damaged or weakened.***

The Aston Martin brand could be damaged or its strength weakened by a failure to continue to produce cars of appropriate performance, aesthetics and quality, failure to keep up with new technologies, quality issues or recalls, dealers promoting other manufacturers' cars in priority to Aston Martin Lagonda's and counterfeit cars and parts affecting performance and quality perceptions. In particular, any product recall (whether voluntary or involuntary) in the future may involve significant expense (which could have a material effect on Aston Martin Lagonda's financial results) and diversion of management attention and other resources and result in adverse publicity, which would damage Aston Martin Lagonda's brand. For example, in 2017, Aston Martin Lagonda recorded additional warranty costs following its recall campaigns of around 5,500 cars in the U.S. due to problems with powertrains and battery cables.

The increase in the number of cars that Aston Martin Lagonda plans to produce in the future pursuant to its growth strategy, compared with the number of cars that it has historically manufactured, could also reduce the exclusivity of Aston Martin cars and weaken the brand. If the Aston Martin brand is damaged or weakened, demand for its cars may be significantly and negatively affected and could require Aston Martin Lagonda to devote greater resources to marketing its brand.

Aston Martin Lagonda selectively licenses the Aston Martin brand to various commercial enterprises, has formed strategic commercial partnerships and has also engaged brand ambassadors. There is a risk that the decisions and behaviours of such licensees, commercial partners and brand ambassadors or any negative publicity surrounding them could lead to reputational damage to Aston Martin Lagonda and its brand, which could lead to a decline in demand for Aston Martin Lagonda's products. For example, poor performance by the Aston Martin Red Bull Racing team could have a negative effect on the Aston Martin brand and public perception of its cars and, in particular, special edition models on which Aston Martin Lagonda and Red Bull collaborate (such as the Aston Martin Valkyrie).

4 ***Aston Martin Lagonda's growth strategy exposes it to risks.***

Aston Martin Lagonda's successful expansion into new areas of the automotive market and delivery of its growth strategy more generally, including reaching targeted levels of sales, will depend on, at least in part, Aston Martin Lagonda's ability to keep pace with changes in trends and advances in technology (without any actual or perceived reduction in quality or damage to its luxury brand status) and to deliver these new products on time and to cost. Such delivery will depend on, in part, Aston Martin Lagonda's suppliers being able to support the targeted volume increases underpinning this growth strategy.

The success of Aston Martin Lagonda is influenced to a significant extent by the image, perception and recognisability of its cars. However, as Aston Martin Lagonda expands from its traditional focus on sports cars in favour of a three-pillar product strategy spanning the high-luxury automotive segment (to include sports utility vehicles ("**SUVs**") and performance sedans), the continued success of Aston Martin Lagonda will also depend on the market's acceptance of Aston Martin Lagonda's expansion into these new areas and deviation from its more traditional segments and designs.

Aston Martin Lagonda's growth strategy of expanding its geographical footprint will expose it to new business risks that it may not have the expertise, capability or the systems to manage. These risks include cultural differences, difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign

countries, the risk of non-tariff barriers, regulatory and legal requirements affecting Aston Martin Lagonda's ability to enter new markets (including requirements for joint ventures with local entities), difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries) and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations.

Inability to manage these risks could harm Aston Martin Lagonda's growth prospects.

**5 *Developments in emerging markets may adversely affect Aston Martin Lagonda's business.***

Aston Martin Lagonda operates in a number of emerging markets, both directly and through its dealers and it has experienced increasing demand in Asia Pacific (including, in particular, China) and the Middle East.

Aston Martin Lagonda's strategy contemplates expanding its sales in Asia Pacific and the Middle East regions, recognising the increasing number of high net worth individuals ("HNWIs") in these markets. While demand in these markets has increased in recent years, due to sustained economic growth and growth in personal income and wealth, the extent to which economic growth in these emerging markets will be sustained is unknown. For example, rising geopolitical tensions and potential slowdowns in the rate of growth in these and in other emerging markets could limit the opportunity for Aston Martin Lagonda to increase unit sales and revenues in those regions in the near term.

Aston Martin Lagonda's exposure to emerging markets is likely to increase as it pursues expanded sales in such markets. Economic and political developments in emerging markets, including economic crises or political instability, could affect Aston Martin Lagonda. Further, in certain markets in which Aston Martin Lagonda or its dealers operate, the requirement for government approvals may limit the ability to act quickly in making decisions regarding Aston Martin Lagonda's operations in those markets. Other government actions may also affect the market for luxury goods in these markets, such as legislative or tax changes. For example, legislation is changing rapidly in some of these regions and the introduction of new legislation might be unexpectedly accelerated, meaning that Aston Martin Lagonda is not able to implement the necessary steps to be compliant by the time such changes take effect. Some jurisdictions, such as China, also present an increased risk in this regard, due to the lack of predictability and visibility in respect of new legislation and regulation, meaning that, in an extreme scenario, Aston Martin Lagonda could be prevented from selling cars in a particular region following an unexpected and significant change in the legal or regulatory position.

Maintaining and strengthening Aston Martin Lagonda's position in these emerging markets is a key component of Aston Martin Lagonda's global growth strategy. However, initiatives from several global luxury automotive manufacturers have increased competitive pressures for luxury cars in several emerging markets. As these markets continue to grow, there is a risk that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try aggressively to protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and Aston Martin Lagonda's inability to gain or hold market share.

**6 *Aston Martin Lagonda could experience significant disruption to its production capabilities as a result of its dependence on a limited number of key suppliers.***

Aston Martin Lagonda sources certain engines and electrical architecture and entertainment systems exclusively from Daimler. Aston Martin Lagonda's reliance on Daimler means that it is exposed to the risk that Daimler becomes unable or unwilling to produce and supply engines or electrical architecture and entertainment systems or that the quality and performance of those products declines, for any reason (including favouring other purchasers due to better pricing or volume, financial difficulties, damage to production, transportation difficulties, labour disruption, supply bottlenecks of raw materials and pre-products, natural disasters, war, terrorism or political unrest). If the quality or performance of the engines or electrical architecture and entertainment systems declines, demand for Aston Martin Lagonda's products may be adversely affected, particularly since engine performance is a key factor in sports car desirability.



Although the primary supply agreements with Daimler are long-term arrangements and can only be terminated by Daimler due to insolvency, material breach and in certain other circumstances described below, if Aston Martin Lagonda is unable to continue obtaining engines and electrical architecture and entertainment systems from Daimler, it would need to seek alternative suppliers, or expand its manufacturing operations to build such products itself, which would take time and require significant capital expenditure. This could restrict or delay Aston Martin Lagonda's ability to produce new cars and materially reduce its profitability. In addition, either of these alternatives could increase the cost of the Group's engines and electrical architecture and entertainment systems compared with the prices that Aston Martin Lagonda currently pays or affect the quality and performance of its cars.

The V12 engines used in certain of Aston Martin Lagonda's cars are assembled by Ford under an engine supply contract which currently runs to the end of 2021 (subject to early termination on 36 months' notice or for material breach or insolvency). The Group is exposed to the risk that Ford becomes unable or unwilling to assemble V12 engines, for any reason (including those listed above). If Ford stops assembling such engines, the Group would need to seek an alternative manufacturer or expand its operations to assemble the engines itself, which would take time and require significant capital expenditure. This could restrict or delay the Group's ability to produce cars using V12 engines and materially reduce its profitability.

In addition, Aston Martin Lagonda relies on a limited number of suppliers for certain raw materials and components used in its cars. Due to the low volumes of orders (as well as for reasons of quality assurance, cost effectiveness and availability), Aston Martin Lagonda procures certain raw materials and components from sole and limited source suppliers and does not typically maintain significant inventories of such raw materials and components. For example, Aston Martin Lagonda sources the majority of the leather used in its cars from a sole supplier. Additionally, Aston Martin Lagonda uses materials such as carbon fibre, and will use rare minerals in the future as part of its electric vehicle strategy, for which there are limited suppliers. Aston Martin Lagonda's dependence on a limited number of suppliers exposes it to the risk of suppliers becoming more expensive due to supplier pricing power, limited availability and delivery schedules and the risk of the quality of the products produced by that supplier declining. If one or more of Aston Martin Lagonda's suppliers becomes unable or unwilling to fulfil its delivery obligations, or is unable to supply products of the requisite quality for any reason (including favouring other purchasers due to better pricing or volume, financial difficulties, damage to production, transportation difficulties, labour disruption, supply bottlenecks of raw materials and pre-products, natural disasters, war, terrorism or political unrest), there is a risk that Aston Martin Lagonda's ability to produce vehicles or the quality of its vehicles could be negatively affected, which could adversely affect demand for Aston Martin Lagonda's vehicles.

As part of the Group's growth strategy, Aston Martin Lagonda will need to engage additional suppliers and to increase demand from existing suppliers for raw materials and components (as a result of both increasing volumes and expansion into new categories and technologies). This exposes the Group to the risk that it is unable to source the required level of materials and components, which could restrict or delay the Group's ability to produce the planned level of cars and to deliver its growth strategy.

Further, Aston Martin Lagonda is exposed to the risk that its compliance controls and procedures may not, in every instance, protect it from acts committed by such suppliers that could violate the laws or regulations of the jurisdictions in which it operates (including foreign corrupt practices, trade sanctions and other laws and regulations).

**7 In addition to being a key supplier to Aston Martin Lagonda, Daimler also holds Shares in the Company and the various agreements governing the supplier relationship impose certain restrictions that have the effect of limiting Aston Martin Lagonda's ability to obtain investment from certain strategic Daimler competitors or certain other restricted parties without Daimler's consent.**

The various agreements governing the supplier relationship between Daimler and Aston Martin Lagonda impose certain restrictions that have the effect of limiting Aston Martin Lagonda's ability to obtain investment from certain strategic Daimler competitors, or certain other restricted parties, without Daimler's consent.

In addition to its role as a key supplier to Aston Martin Lagonda, on Admission Daimler will (assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option) own

Shares representing 4.2 per cent. of the equity share capital of the Company. These Shares cannot be sold by Daimler for at least 12 months after Admission. If certain strategic Daimler competitors acquire any interest or certain other restricted parties acquire a specified interest in the Company without Daimler's consent, either Aston Martin Lagonda or Daimler may give notice of at least three years that the principal operational agreements governing the commercial and supply arrangements between Daimler and the Group will terminate.

**8 *Aston Martin Lagonda faces strong competition within the high luxury sports (“HLS”) car market, which could lead to a saturation of the market, resulting in a significant drop in unit sales or price deterioration.***

Aston Martin Lagonda competes with a number of other manufacturers with strong brands and reputations, such as Ferrari, McLaren, Rolls-Royce, Lamborghini and Bentley. The HLS car market is relatively small, due to the price at which the cars are sold and the significant investment required to introduce new models to the market. The HLS car market could potentially become saturated and unable to support the growing levels of production and competition.

If there is insufficient demand to support the increasing volumes and levels of competition, or if Aston Martin Lagonda is unable to continue to produce cars that are, or that consumers and industry commentators consider to be, competitive, this could result in a drop in unit sales of Aston Martin Lagonda or pricing pressure.

Further, the alternative fuel vehicle market is highly competitive and Aston Martin Lagonda's ability to compete successfully in this market will depend on, in part, its ability to keep pace with changes in electric vehicle technology and to establish the Lagonda brand in the HLS car market.

**9 *Aston Martin Lagonda's long-term success depends on attracting and retaining key management and other personnel, as well as on maintaining good relations with its workforce.***

Aston Martin Lagonda's future success depends substantially on the continued service and performance of the members of its senior management team for the running of its daily operations as well as for the planning and execution of its strategy. Aston Martin Lagonda is also dependent on its ability to retain and replace its design, engineering and technical personnel so that it is able to continue to produce cars that are competitive in terms of performance, quality and aesthetics. There is strong competition worldwide for experienced senior management and personnel with technical and industry expertise. If Aston Martin Lagonda loses the services of any of its existing members of senior management or other key personnel, it may have difficulty and incur additional costs in replacing them. If Aston Martin Lagonda is unable to find suitable replacements in a timely manner, its ability to realise its strategic objectives could be impaired. In addition, Aston Martin Lagonda's ability to realise its strategic objectives could be impaired if it is unable to recruit sufficient numbers of new personnel of the right calibre to support these objectives.

The labour-intensive nature of Aston Martin Lagonda's business requires an adequate supply of qualified, skilled production workers necessary to maintain the high manufacturing standards required for Aston Martin Lagonda's products. Increased employment competition for skilled individuals (particularly with specialised knowledge of electric vehicles) from other manufacturers, the inability to hire or retain these skilled employees (including, due to the impact of the U.K.'s planned exit from the European Union (“**Brexit**”)) or increased labour costs generally could have a material adverse effect on Aston Martin Lagonda's ability to control expenses and efficiently conduct its operations.

If production or other areas of Aston Martin Lagonda's business are compromised by prolonged industrial action, Aston Martin Lagonda's performance and profitability could be materially adversely affected. Competitors may also obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than Aston Martin Lagonda has. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible labour laws.

**10 *Aston Martin Lagonda's profitability relies in part upon its ability to produce and deliver its special edition models. If Aston Martin Lagonda is delayed or becomes unable to deliver these models in the applicable time frames, this could lead to additional costs, reduced***

***profitability and damage to its reputation.***

In addition to the ongoing production of its three current core models, Aston Martin Lagonda offers limited numbers of special edition models. Aston Martin Lagonda's profitability relies in part upon its ability to produce and deliver these special edition models within targeted time frames. If an event results in a delay or halt in production, such as technological failure or industrial action or if there are production issues with a special edition model in general, this could lead to a delay in release of a special edition model and increase costs of production. The sale of special edition models is an important source of revenue to Aston Martin Lagonda and so failure to produce or deliver these special editions to customers could affect Aston Martin Lagonda's profitability and damage customer relations and the brand.

**11 *Aston Martin Lagonda's business is seasonal in nature and a substantial decrease in its sales during certain quarters could have a material adverse effect on its financial performance in the future.***

Sales in the automotive industry are affected by traditional selling seasons, which are typically higher in the second and fourth quarters of each financial year (where consumer activities are less affected by weather and vacation periods), as well as the timing of new product launches throughout the year. This means that cash flows have been cyclical in the past, and the Directors expect this cyclical nature to continue. The resulting sales profile influences operating results on a quarter-by-quarter basis. If sales during Aston Martin Lagonda's peak periods, particularly the autumn when new models are introduced, are significantly lower than expected, Aston Martin Lagonda may be unable to recover its expenses in time to react to reduced levels of sales. As a result, Aston Martin Lagonda may experience a corresponding fluctuation in cash flow levels.

**12 *Aston Martin Lagonda's low volume strategy may limit potential profits.***

The Directors believe that a key to the appeal of the Aston Martin brand and its marketing strategy is the aura of exclusivity and the sense of luxury that its brand conveys. A central facet to this exclusivity is the limited number of models and cars produced, and Aston Martin Lagonda's strategy of maintaining its car waiting lists to reach the optimal combination of exclusivity and client service. While Aston Martin Lagonda is increasing volumes as part of its growth strategy, when deciding on the optimal number of cars to be produced the Directors remain focused on balancing volume against the principal requirement to maintain brand exclusivity, which is also an important factor in the prices that Aston Martin Lagonda's clients are willing to pay for its cars. However, this strategy may limit Aston Martin Lagonda's potential sales growth and profitability.

**13 *Aston Martin Lagonda is exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, which may be costly.***

Aston Martin Lagonda is obliged to provide extensive warranties to its customers, dealers and distributors. There is a risk that, relative to the guarantees and warranties provided, the calculated product prices and the provisions for its guarantee and warranty risks have been set, or will in the future be set, too low. There is also a risk that Aston Martin Lagonda will be required to extend the guarantee or warranty originally granted in certain markets, or to provide services as a courtesy or for reasons of reputation where it is not legally obliged to do so, and for which Aston Martin Lagonda will generally not be able to assert claims in recourse against suppliers or insurers.

**14 *Aston Martin Lagonda may become subject to product liability claims.***

The automobile industry experiences significant product liability claims and Aston Martin Lagonda is exposed to an inherent risk of exposure to such a claim where its cars do not perform as expected or malfunction resulting in personal injury or death. Additionally, failure to keep up with state-of-the-art technologies could be considered as a defect and lead to an increased risk from a product liability perspective.

From time to time, Aston Martin Lagonda is, and may in the future become, subject to product liability claims. Where a product liability claim is successful, it could result in a substantial monetary award and significant reputational damage to the brand. While Aston Martin Lagonda insures against such risks, there

can be no guarantee that any claim under the appropriate insurance policy will be honoured fully or in a timely manner or that the insurance cover will be sufficient to meet the full monetary award in connection with a claim. Further, Aston Martin Lagonda may not be able to secure additional product liability insurance cover on commercially acceptable terms or at reasonable cost when needed, particularly if it does face liability for its products and is forced to make a claim under existing policies.

15 ***Aston Martin Lagonda is dependent upon its dealers for the sale and promotion of products and services.***

Aston Martin Lagonda is almost entirely dependent upon third-party dealers for the sale and promotion of its products and services. These dealers may exert upward pressure on the level of Aston Martin Lagonda's dealer margins and incentives, thus eroding Aston Martin Lagonda's profitability. They may also encounter financial difficulties that could restrict them from selling Aston Martin Lagonda's products or services, and/or require Aston Martin Lagonda to provide support or investment leading to increased costs. In addition, if financial difficulties affect a significant number of dealers in a region, Aston Martin Lagonda's sales in that region as a whole, and its brand visibility, could be adversely affected or require Aston Martin Lagonda to incur significant investment to seek out new dealers in that region.

Aston Martin Lagonda's growth strategy is also dependent on a sufficient number of new Aston Martin Lagonda dealers opening to sell its products or services in new areas and jurisdictions. In particular, Aston Martin Lagonda may face competition from other HLS car manufacturers for potential new dealer openings, based on, among other things, dealer margin, incentives and the performance of other Aston Martin Lagonda dealers in the relevant jurisdiction. If insufficient new Aston Martin Lagonda dealers open in new areas and jurisdictions, Aston Martin Lagonda's growth prospects could be materially adversely affected.

Further, Aston Martin Lagonda is exposed to the risk that its compliance controls and procedures may not, in every instance, protect it from acts committed by such dealers that could violate the laws or regulations of the jurisdictions in which it operates (including foreign corrupt practices, trade sanctions and other laws and regulations).

16 ***Aston Martin Lagonda is currently dependent on its primary manufacturing facility at Gaydon for the production of its core models and it may incur unanticipated costs or delays in launching its new plant in St. Athan.***

Currently, all the core model vehicles that Aston Martin Lagonda sells and some sub-assemblies for aftermarket parts, such as seats and bodies, are manufactured at the Gaydon facility. In 2016, Aston Martin Lagonda announced a new manufacturing facility in St. Athan (Wales). Construction work at St. Athan has now completed and the project has entered the final phase (facility fit-out) in readiness for the site to become operational. The Directors expect vehicle pre-production to commence in the first half of 2019, with full production planned to commence in the first half of 2020. The Gaydon facility could become permanently or temporarily unusable, including due to fire, contamination, power shortage or strikes. Alternatively, changes in law and regulation, including export, tax and employment laws and regulations, or economic conditions, including inflation, could make it uneconomic for Aston Martin Lagonda to continue manufacturing its cars in the U.K. If Aston Martin Lagonda was unable to manufacture cars, or only able to manufacture cars in limited numbers, at the Gaydon facility or it became uneconomic for it to continue to manufacture cars at Gaydon, it would need to seek alternative manufacturing arrangements, which would take time and therefore may reduce Aston Martin Lagonda's ability to produce sufficient cars to meet demand. This would materially reduce Aston Martin Lagonda's revenues and would require significant investment.

There are a number of construction and facility fit-out risks associated with the development of the plant in St. Athan. Failure to complete construction and facility fit-out of this plant by the end of the first half of 2019 could mean that the Group is unable to achieve the optimised delivery capacity of Aston Martin Lagonda's manufacturing facilities required to reach its medium-term target volumes of 14,000 cars per year. Therefore the project may require additional development efforts to meet this pre-determined deadline and this may result in significant additional costs or delivery capacity of less than the targeted volumes. An unanticipated increase in costs relating to construction and facility fit-out or lower than expected delivery volumes may result in reduced liquidity available for investments in car and powertrain design, engineering

and manufacturing and other capital expenditure necessary to maintain Aston Martin Lagonda's schedule of product refreshment and enhancement. In addition, there may be a delay to the targeted time for the new plant in St. Athan to become operational and commence the manufacturing of cars.

**17 *Car sales in certain regions depend in part on the availability of affordable financing.***

In certain regions, for example in the U.S., financing for new car sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates generally rise, market rates for new car financing are expected to rise as well, which may make Aston Martin Lagonda's cars less affordable or cause consumers to purchase less expensive cars, thus affecting the level of sales. Additionally, if interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, clients may choose not to, or may not be able to, obtain financing to purchase Aston Martin Lagonda's cars.

**18 *Aston Martin Lagonda may become subject to risks arising from legal disputes and may become the subject of government investigations.***

In connection with Aston Martin Lagonda's general business activities, it may become the subject of legal disputes and governmental or regulatory investigations in the U.K. as well as in other jurisdictions. Such investigations may, in particular, arise from its relationships with authorities, suppliers, dealers, customers or investors. Aston Martin Lagonda may be required to pay fines, take certain actions or refrain from other actions.

To the extent that customers, particularly in the U.S., assert claims in relation to defects individually or in a class action lawsuit, Aston Martin Lagonda may be compelled to initiate costly defence measures and pay significant amounts in damages. Complaints, actions relating to patent rights and antitrust disputes, brought by suppliers, dealers, investors or other third parties, particularly in the U.S., may result in costs, the award of damages and/or reputational damage.

Since a number of risks cannot be reliably predicted, losses could exceed insured amounts or amounts recognised as provisions. In addition, any claims, whether or not successful, could have an adverse effect on Aston Martin Lagonda's brand and reputation. Furthermore, given the relatively small scale of its operations, the consequences of any claims and the related management time required to deal with the relevant matter could have a significant effect on Aston Martin Lagonda's ability to operate its business.

**19 *Aston Martin Lagonda may not succeed in adequately protecting its intellectual property and know-how.***

Aston Martin Lagonda possesses a number of registered intellectual property rights, including patents, registered trademarks and registered designs ("**Registered IP**") and other industrial or intellectual property rights (including certain confidential know-how, trade secrets, database rights and copyrights), collectively "**IP**", a number of which are of essential importance to Aston Martin Lagonda's business success. The grant of Registered IP and Aston Martin Lagonda's ownership of other IP does not necessarily mean that it is possible to enforce any claims against third parties to the required or desired extent. Furthermore, it cannot be ruled out that Aston Martin Lagonda's IP could be infringed or challenged by third parties, as has happened in the past, or that its confidential know-how or trade secrets could be misappropriated or disclosed to the public without Aston Martin Lagonda's consent. In such cases, Aston Martin Lagonda may not be able to, or may be limited in its ability to, prevent such infringements, misappropriations or disclosures, despite its ownership of IP. This applies particularly to instances of product piracy where Aston Martin Lagonda's components are copied, possibly with poor quality, resulting in an additional reputation risk and warranty risk for Aston Martin Lagonda. In addition, there is no guarantee that all applications for Registered IP filed for or intended to be filed for by Aston Martin Lagonda for its new technologies will be issued or granted in all countries where it believes this to be prudent. Additionally it cannot be ruled out that, independently of Aston Martin Lagonda, third parties might develop the same or similar know-how or trade secrets or obtain access to it.

Inadequate or loss of protection of its IP may restrict Aston Martin Lagonda's ability to exploit technological advances profitably or may lead to a reduction in future income as other manufacturers may be able to manufacture and market products similar to those developed by Aston Martin Lagonda with fewer

development expenses of their own, and hence more cost-effectively. This could harm Aston Martin Lagonda's competitive position. Moreover, high costs may be incurred in responding to infringements of IP or disclosure of misappropriations of Aston Martin Lagonda's know-how and trade secrets.

**20 *It cannot be ruled out that Aston Martin Lagonda may be held liable for an infringement of third-party intellectual property or misappropriation of third-party know-how or trade secrets or may be dependent upon the costly use of third-party intellectual property.***

Although the Directors believe that Aston Martin Lagonda holds all the rights required for its business operations (its own IP and third-party licences), the risk of infringement or misappropriation of IP and know-how/trade secrets of third parties cannot be completely excluded, since many competitors and suppliers also submit patent applications for their inventions and subsequently secure patent protection or other IP. Moreover, findings of infringements or other violations by courts or even the mere assertion of infringements or violations of IP rights or know-how/trade secrets could have a negative effect on Aston Martin Lagonda. In such cases, Aston Martin Lagonda may be barred from marketing products in the jurisdiction concerned and might potentially be compelled to acquire licences on unfavourable terms or modify its manufacturing processes. This could lead to further legal disputes or settlement negotiations, which may give rise to significant costs and may disrupt Aston Martin Lagonda's operations. In addition, Aston Martin Lagonda could be required to pay damages or redesign products or processes infringing or misappropriating IP. There is no guarantee that Aston Martin Lagonda will be able to obtain the licences necessary for its business success in the future to the extent necessary and on reasonable terms and conditions. Aston Martin Lagonda also relies on licences of certain IP from third parties and cannot rule out that these licences could be terminated under certain circumstances. There can also be no assurance that the existing licensing agreements will be extended.

All the above factors could, individually or collectively, lead to delivery and production restrictions and/or interruptions.

**21 *Aston Martin Lagonda relies on confidential know-how and trade secrets to protect its IP that cannot be patented and depends on the confidentiality of this information being maintained.***

Certain of Aston Martin Lagonda's secret and confidential information cannot be or has not been patented and requires confidentiality restrictions to be put in place with those to whom this information is disclosed to protect this proprietary information. Such obligations rely on individuals complying with those obligations and, if there are breaches, valuable information could fall into the public domain and be used by Aston Martin Lagonda's competitors. Equally, the movement of employees between Aston Martin Lagonda and its competitors could result in an increased risk of this information being shared with and used by competitors.

These factors could, individually or collectively, lead to Aston Martin Lagonda's competitors having access to its confidential information and using it to their advantage.

**22 *Aston Martin Lagonda is exposed to operational risks, including risks in connection with the use of information technology and personal data.***

Due to its complex manufacturing, research, procurement, and sales and marketing operations, Aston Martin Lagonda is exposed to a variety of financial and operational risks, including in respect of the use of information technology and personal data. These risks include, but are not limited to, losses that are caused by:

- (i) disruption or malfunction of IT systems, including hardware, platforms, technologies, applications, computer networks and telecommunications systems (including as a result of malicious acts by third parties and employees);
- (ii) disruption, damage or interruption to power supply;
- (iii) mechanical or equipment failures;
- (iv) human error or violation of internal policies or legal requirements by employees; or

(v) natural disasters.

If any IT system used by Aston Martin Lagonda in the conduct of its business, including those of its third-party service providers, fails to function properly and cannot be remedied, Aston Martin Lagonda's business may experience material disruption that requires significant additional investment to remedy or may not be capable of remedy at all.

Aston Martin Lagonda is generally exposed to risks in the field of information technology because unauthorised access to or misuse of data processed on its IT systems or those of its third-party service providers (including cloud-based providers), cybercrime, human errors associated therewith or technological failures of any kind could disrupt Aston Martin Lagonda's operations, including the manufacturing, design and engineering process. In particular, cybercrime can be technologically sophisticated and it may be difficult or impossible to detect and defend against. A significant malfunction or disruption in Aston Martin Lagonda's IT systems or those of its third-party service providers (including cloud-based providers), or a security breach that compromises the confidential and sensitive information stored in any of those systems, could disrupt Aston Martin Lagonda's business and materially affect Aston Martin Lagonda's trade secrets, reputation and IP and customer base, which could then, for example, expose it to potential liability or litigation (including in respect of enforcement action by regulators in respect of data protection and related laws and regulations) or additional costs to its operations to address such a disruption. As Aston Martin Lagonda's technology continues to evolve, the Director's anticipate that it will collect and store even more data in the future and that Aston Martin Lagonda's IT systems and those of its third-party service providers (including cloud-based providers) will face an increased risk of both wilful and unintentional security breaches.

As part of its business, Aston Martin Lagonda collects, retains and processes certain confidential information, including the personal data of customers and employees. As a result, Aston Martin Lagonda's operations are subject to data protection and privacy laws, including the E.U. General Data Protection Regulation ("**GDPR**"). The GDPR, which came into force on 25 May 2018, has increased Aston Martin Lagonda's regulatory responsibilities when processing personal customer, employee and other data in the conduct of its business and may lead to significant financial penalties if Aston Martin Lagonda breaches the requirements of the GDPR.

**23 *Aston Martin Lagonda may lose or fail to maintain licences or permissions that it currently uses to export its products into other markets.***

In order to export its cars into certain jurisdictions, Aston Martin Lagonda maintains various permits and licences from the relevant governmental bodies. To maintain these permits and licences, Aston Martin Lagonda must meet certain standards. Any failure to satisfy such standards or maintain or renew the relevant permits or licences or the revocation of any such permits or licences due to regulatory changes could result in Aston Martin Lagonda's inability to export its products into such markets. Any loss of such a permit or licence would prevent Aston Martin Lagonda from selling its products in such market.

**24 *Aston Martin Lagonda operates a number of employee pension arrangements, including an underfunded U.K. defined benefit pension scheme to which it is required to make significant contributions.***

Aston Martin Lagonda provides retirement benefits to certain of its current and former employees through a number of pension arrangements. These include the operation of a U.K. defined benefit pension scheme (the "**U.K. DB Plan**"). The U.K. DB Plan closed to new entrants on 31 May 2011 but remains open to future benefit accrual for existing active members. The U.K. DB Plan ceased final salary accrual from 31 December 2017 and adopted a Career Average Revalued Earnings (CARE) benefit structure from 1 January 2018, breaking the link to final salary as at 31 December 2017.

The latest actuarial valuation of the U.K. DB Plan as at 6 April 2017, showed a deficit of £48.6 million on a scheme-specific funding basis. Aston Martin Lagonda has agreed a deficit recovery plan with the Trustee of the U.K. DB Plan under which it is required to make significant contributions to the scheme.

The deficit of the U.K. DB Plan is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as

at the date of an actuarial funding valuation of the U.K. DB Plan, Aston Martin Lagonda may be required to increase its contributions to the U.K. DB Plan. A variety of factors, including factors outside Aston Martin Lagonda's control, may adversely affect the value of the U.K. DB Plan's assets or liabilities, including interest rates, inflation rates, investment performance, exchange rates, life expectancy assumptions, actuarial data and adjustments and regulatory changes. If these or other internal and external factors were to become unfavourable, or more unfavourable than they currently are, Aston Martin Lagonda's required contributions to the U.K. DB Plan and the costs and net liabilities associated with the U.K. DB Plan could increase substantially.

**25 *The Pensions Regulator in the U.K. has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for Aston Martin Lagonda.***

If certain statutory requirements are met, the Pensions Regulator has the power to issue contribution notices or financial support directions to the Group and/or any associated company requiring additional contributions to be paid into a pension scheme or additional financial support to be made available in respect of such scheme. The Pensions Regulator also has powers to set assumptions and contribution levels if Aston Martin Lagonda and the Trustees cannot agree the deficit or contributions following the triennial funding valuation. In cases where the deficit and funding levels are agreed, the Pensions Regulator can still intervene, should it disagree.

Any exercise of the Pensions Regulator's powers could result in significant additional liabilities arising for Aston Martin Lagonda.

**26 *Aston Martin Lagonda's insurance cover may not be adequate to protect it against all potential losses to which it may be subject.***

While the Directors believe that the insurance cover that Aston Martin Lagonda maintains is reasonably adequate to cover all the risks associated with the operation of its business, there can be no assurance that any claim under such insurance will be honoured fully or in a timely manner, that its insurance cover will be sufficient and will cover relevant risks or that Aston Martin Lagonda's insurance premiums will not increase substantially. Accordingly, to the extent that Aston Martin Lagonda suffers loss or damage that is not covered by insurance or which exceeds its insurance cover, or has to pay higher insurance premiums, Aston Martin Lagonda's financial condition may be affected.

**27 *Aston Martin Lagonda's financing arrangements could limit the Group's flexibility to operate its business.***

Aston Martin Lagonda has a significant amount of outstanding debt with substantial debt service requirements. As at 30 June 2018, the Group's total indebtedness (including the Preference Shares) was £886.9 million (excluding accrued interest, shareholder loans and the fair value of derivative financial instruments). Aston Martin Lagonda's leverage could have consequences for its business and operations, including with respect to the satisfaction of its debt service obligations generally, the ability to fund acquisitions and organic growth projects, pursue strategic acquisitions or exploit certain business opportunities, and limitations on borrowing additional funds or making distributions to shareholders.

In addition, Aston Martin Lagonda's ability to make scheduled payments or to refinance its debt obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, Aston Martin Lagonda may not be able to maintain a level of cash flows from operating activities sufficient to permit the payment of principal, premium if any and interest on its indebtedness. If any of the foregoing were to occur, Aston Martin Lagonda may be forced to reduce or delay capital expenditure, sell assets or operations, seek additional capital or restructure or refinance its indebtedness.



## **RISKS RELATING TO THE GROUP'S INDUSTRY**

### **28 Demand for Aston Martin Lagonda's products and its pricing power is dependent on consumers' sentiment and purchasing power.**

Demand for cars relies on consumers' purchasing power and consumer confidence regarding future economic developments. Consumer demand is negatively affected by a decrease in potential customers' disposable income, assets or financial flexibility or uncertainty as to their future income, assets or financial flexibility. In particular, consumers may refrain from purchasing a new car and instead purchase a used car, defer a future purchase or purchase a lower-priced brand. In addition, even where potential customers have sufficient purchasing power and confidence, demand for Aston Martin Lagonda's cars may be affected by consumer sentiment. When economic conditions are poor, unemployment levels high and incomes are under pressure, consumers may not want to be seen owning or driving an expensive car.

Aston Martin Lagonda's products are priced and positioned in the HLS car segment, which is at the top-end of the car market and, as a result, Aston Martin Lagonda's customers require considerably higher than average levels of income or assets to be in a position to afford its products. This makes Aston Martin Lagonda's car sales dependent on the number of HNWIs in the world, and its growth strategy dependent on the growth in the number of those individuals. The number of HNWIs in the world has increased over the last decade, but there can be no assurance that this trend will continue or that it will not reverse. Factors that could halt or reverse this trend include deteriorating global economic or political conditions, changes in tax laws, government intervention in particular industries, such as banking, and on remuneration levels within those industries.

Additionally, Aston Martin Lagonda has been successful in increasing the average price of its cars over the last few years, which has provided some degree of protection to its profitability. Aston Martin Lagonda may not be able to continue increasing the average price of its cars and it may face pressure to reduce its prices. Pricing pressure could result from declines in absolute demand for Aston Martin Lagonda's products, which could arise as a result of economic conditions or due to higher demand for cars produced by other manufacturers or consumer backlash against high prices, as well as increased dealer incentives, including margins on sales, potentially driven by other manufacturers.

In addition, Aston Martin Lagonda's reliance on key markets increases the risk of negative effect of adverse change in customer demand in those regions. For example, Aston Martin Lagonda has a significant presence in the U.S., the U.K. and Europe, which together accounted for 72 per cent., 75 per cent. and 70 per cent., respectively, of its unit sales for the years ended 31 December 2016 and 2017 and for the six months ended 30 June 2018, respectively.

### **29 Conditions in the global economy may adversely affect Aston Martin Lagonda.**

Sales of Aston Martin Lagonda's products are affected by general economic conditions, and its sales can be materially affected by the economic cycle. Demand for luxury goods, including HLS cars, is inherently volatile and depends to a large extent on the general economic, political and social conditions in a given market. Periods of deteriorating general economic conditions may result in a significant reduction in product sales, which may negatively affect Aston Martin Lagonda's profitability and put downward pressure on its product and service prices and volumes. These effects may have a more pronounced effect on Aston Martin Lagonda's business, due to the relatively small scale of its operations and its limited product range.

The effect of adverse economic conditions could also be exacerbated by Aston Martin Lagonda's dealer network taking steps to improve their financial position in the face of decreasing overall demand, including the sale of floor and demonstration models by dealers at prices below the retail price of Aston Martin Lagonda's cars, fewer purchases of demonstration and floor models by dealers and dealers reducing prices of pre-owned Aston Martin cars. All of these actions taken by dealers may reduce demand for Aston Martin Lagonda's new cars.

Declines in demand associated with economic conditions may require cutbacks in production, reduced working hours and redundancies to reduce Aston Martin Lagonda's cost base. Redundancies may increase costs in the short term and may also lead to capacity constraints when demand recovers. Other measures taken to reduce production levels, such as factory or assembly line closures and reduced working hours,

may also lead to capacity constraints when demand recovers. Inability to meet demand during an economic recovery could weaken Aston Martin Lagonda's relative market position as compared with its competitors and reduce potential revenues and profits.

Downturns in general economic conditions may also materially affect Aston Martin Lagonda's suppliers. Adverse economic conditions may cause suppliers to be unable to meet their commitments to the Group, which could limit Aston Martin Lagonda's ability to produce sufficient numbers of cars to meet demand, or its ability to produce any cars at all. Aston Martin Lagonda's suppliers may also seek to reduce their costs in response to adverse economic conditions, which could reduce the quality of their products, which, in turn, could damage Aston Martin Lagonda's reputation. Suppliers may also seek to make changes in the credit terms they extend to the Group, which could affect Aston Martin Lagonda's liquidity.

**30 *Legal, political and economic uncertainty surrounding the planned exit of the U.K. from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely affect current trading and supply arrangements.***

The U.K. held a referendum on 23 June 2016 to determine whether the U.K. should leave the E.U. or remain as a member state, the outcome of which was in favour of leaving the E.U. Under Article 50 of the 2009 Lisbon Treaty ("**Article 50**"), the U.K. will cease to be a member state when a withdrawal agreement is entered into (such agreement will also require parliamentary approval) or, failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the U.K.) unanimously decides to extend this period. On 29 March 2017, the U.K. formally notified the European Council of its intention to leave the E.U. It is unclear how long it will take to negotiate a withdrawal agreement. Until the U.K. officially exits the E.U., E.U. laws and regulations will continue to apply, and changes to the application of these laws and regulations are unlikely to occur during negotiations. However, due to the size and importance of the U.K. economy, the uncertainty and unpredictability concerning the U.K.'s legal, political and economic relationship with Europe after the U.K. exits the E.U. may continue to be a source of instability in the international markets, create significant currency fluctuations, and/or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future, including beyond the date of the U.K.'s withdrawal from the E.U.

The long-term effects of Brexit will depend on any agreements (or lack thereof) between the U.K. and the E.U. and, in particular, any arrangements for the U.K. to retain access to E.U. markets either during a transitional period or more permanently. Aston Martin Lagonda is based in the U.K. and in 2017 sold 18 per cent. of its cars in E.U. member states outside the U.K., so any negative effect on its ability to continue selling cars in E.U. member states and the terms on which it makes such sales, including the imposition of import duties, could have a significant adverse effect on its sales and profitability. Additionally, the rate of exchange of the pound sterling vis-à-vis other currencies has dropped significantly since the referendum, which results in increasing costs of non-sterling denominated auto-parts (including the engines purchased in euro by Aston Martin Lagonda from Daimler and Ford) and other raw materials, as well as other obligations. Similarly, a majority of Aston Martin Lagonda's suppliers are located in E.U. member states and so fiscal or other restrictions on the free movement of goods (including as a result of customs duties, import tariffs or other restrictions on trade) could also have a material adverse effect on Aston Martin Lagonda's supply chain and, consequently, on the Group's production schedule and costs (and Aston Martin Lagonda may not be able to sell its cars to customers at prices which reflect such increased costs). Further, the Group may need to increase the level of inventory it holds of certain components imported from the E.U. to ensure continuity of supply, in light of these risks, which may impact its cash flow levels.

Regardless of the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following an exit of the U.K. from the E.U. Given the high correlation in luxury markets between demand and the wealth, economic growth and stability in the markets generating that demand, there is a risk that Brexit, other political developments or developments otherwise affecting market confidence could negatively affect consumer behaviour and, consequently, the volume of sales and demand for Aston Martin Lagonda's cars.

In addition, a significant portion of Aston Martin Lagonda's engineers and factory workers are from other European countries and there is a risk that Brexit will affect Aston Martin Lagonda's ability to retain and recruit skilled workers from this wider European labour market.

Furthermore, the U.K. regulatory requirements once outside the E.U. could be subject to significant change and could place an additional burden on manufacturers selling their products in the U.K., which could affect the financial performance of the Group, as the U.K. market is significant to Aston Martin Lagonda.

**31 *Exposure to domestic and global political developments.***

Political change has the potential to directly affect Aston Martin Lagonda through the introduction of new laws (including tax laws) or regulations or indirectly by altering customer sentiment. The current government in the U.K. is a minority government and any future change in government in the U.K. could significantly affect Aston Martin Lagonda due to changes in government policy, legislation or regulatory interpretation.

Aston Martin Lagonda may also be affected by geopolitical events, including instability within the Eurozone, a second independence referendum in Scotland, uncertainty as to the global effect of the current U.S. administration, strained relations with North Korea and Russia, tensions in the South China Sea, tensions in Iran and the Middle East and widespread increases in global tariffs. Additional developments may also occur that Aston Martin Lagonda cannot currently know about or anticipate, or that may be impossible to plan for or protect against. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the U.K., continental Europe and the global economy, at least in the short to medium term. It could also create constraints on the ability of Aston Martin Lagonda to operate efficiently in the future political environment.

**32 *New laws, regulations or policies of governmental organisations regarding increased fuel economy requirements, reduced greenhouse gas (“GHG”) or pollutant emissions or vehicle safety could give rise to significant costs.***

Aston Martin Lagonda is subject to comprehensive and constantly evolving laws, regulations and policies in connection with environmental matters (and, in particular, climate change) and health and safety throughout the world. Capital and operating expenses required in order to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third-party damages, suspension of production or a cessation of Aston Martin Lagonda’s operations. The Directors expect the extent of the legal and regulatory requirements in these areas and the related effect on Aston Martin Lagonda’s operations and costs of compliance to continue to increase in the future.

While Aston Martin Lagonda is managing its product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product. The imposition of any additional taxes and levies or change in government policy designed to limit the use of high-emission vehicles, such as high performance sports cars or automobiles more generally, could also adversely affect the demand for Aston Martin Lagonda’s cars.

Violations of existing or future laws and regulations may occur, among other ways, from errors in monitoring emissions from products or production sites into the environment, such as the use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results or other mistaken or unauthorised acts of Aston Martin Lagonda’s employees, suppliers or agents. As a result of the current and any future emissions requirements, Aston Martin Lagonda may be required to apply for exemptions for small-scale producers, pay penalties, make significant investments, alter its product line-up or be unable to sell its products in certain jurisdictions. In addition, to comply with current and future environmental, health and safety norms (such as air emissions, the maintenance of safe conditions in the workplace and regulations that impose responsibility on vehicle manufacturers to fund the recovery, recycling and disposal of vehicle parts, including lead-acid batteries, at the end of their useful life), Aston Martin Lagonda may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities. All of these factors could increase Aston Martin Lagonda’s costs significantly.

33 ***Compliance with certain vehicle safety regulations may have an adverse effect on Aston Martin Lagonda.***

New regulations with respect to vehicle safety (including vehicle-to-vehicle and vehicle-to-infrastructure communications and related technologies) could come into force in the near future. For example, the U.S. National Highway Travel Safety Administration (“NHTSA”) is proposing to issue a new safety standard requiring all new light vehicles to be capable of vehicle-to-vehicle communications, such that they will send and receive basic safety messages to and from other vehicles. These regulations may require Aston Martin Lagonda to develop (or purchase) new products and technologies, resulting in additional costs and risks associated with its ability or inability to develop or procure compliant systems.

34 ***Changes in tax, tariff or fiscal policies could adversely affect demand for Aston Martin Lagonda’s products.***

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for Aston Martin Lagonda’s vehicles and its results of operations. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments or import or tariff policies (as a result of the implementation of Brexit or otherwise), could also adversely affect Aston Martin Lagonda’s results of operations. For example, the U.S. government’s current administration has adopted a policy of levying tariffs on goods and materials imported into the U.S. These tariffs could have an adverse effect on Aston Martin Lagonda’s position in the U.S. market. While Aston Martin Lagonda is managing its product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing and manufacturing. The imposition of any additional taxes and levies or change in government policy designed to limit the use of high performance sports cars or automobiles more generally could also adversely affect the demand for its cars in the relevant jurisdiction.

35 ***The trend towards cars with lower engine capacity and new drive technologies could negatively affect Aston Martin Lagonda.***

For several years, various markets, such as those in Europe, the U.S. and China, have seen a general trend toward demand for cars that use less fuel and emit fewer harmful emissions. This has led to manufacturers introducing engines that have a lower capacity, while maintaining performance levels through technological advances, as well as a trend toward hybridisation. Factors contributing to this trend include rising fuel prices, decreasing disposable incomes and increasing government regulation of GHG emissions and fuel efficiency.

Aston Martin Lagonda offers HLS cars that comparatively use more fuel and produce comparatively higher levels of emissions than those in lower car classes. Therefore, the continuation of this trend could adversely affect Aston Martin Lagonda’s business. In addition, the development of engines that have lower capacity and consume less fuel while maintaining performance levels is technologically challenging and cost intensive and Aston Martin Lagonda may not be able to pass on the cost to customers.

Further, there is a risk that competitors will develop products that meet these objectives more rapidly, in larger quantities, with a higher quality or at a lower cost. Since incorporating new technologies into vehicle designs costs the same or more for smaller volume manufacturers, the costs for Aston Martin Lagonda are spread over significantly smaller volumes than they would be for competitors within the HLS car market that produce vehicles in larger quantities, which could lead to increased demand for competitors’ lower-priced products and result in erosion of Aston Martin Lagonda’s market share. In addition, the use of new technology is increasingly resulting in the automotive industry’s customers no longer looking for products only on the basis of the current standard factors such as price, design, performance, brand image, comfort and available features, but also on the basis of the technology used in the car or by the manufacturer. This could lead to shifts in demand in the automotive industry, which in turn could lead to a lower demand for products manufactured by Aston Martin Lagonda.

36 ***Aston Martin Lagonda faces credit and market risks arising from foreign currency exchange rates, commodity prices, interest rates and from related hedging activities.***

Aston Martin Lagonda is exposed to risks in respect of changing market prices, such as foreign currency

exchange rates, commodity prices and interest rates. Aston Martin Lagonda operates globally in a number of countries and generates a significant portion of its revenue and costs in currencies other than pound sterling, including in particular the U.S. dollar and the euro. In addition, a portion of its costs are denominated in a variety of currencies, in particular the euro, which is the currency in which Aston Martin Lagonda purchases engines from Daimler and Ford.

Aston Martin Lagonda seeks to manage currency risk through hedging; however, there are risks associated with the use of such instruments. While limiting to some degree Aston Martin Lagonda's risk from fluctuations in currency exchange by utilising hedging instruments (including the use of derivative financial instruments), such hedging activities may be ineffective or may not offset more than a portion of the adverse financial effect resulting from variations to such rates. Aston Martin Lagonda is also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

## **RISKS RELATING TO THE OFFER AND THE SHARES**

### **37 *The price of the Shares may fluctuate significantly and investors could lose all or part of their investment.***

The share price of quoted companies can be highly volatile, which may prevent shareholders from being able to sell their shares at or above the price they paid for them. The Offer Price may not be indicative of prices that will prevail in the trading market and investors may not be able to resell the Shares at or above the price they paid for them. The market price for the Shares could fluctuate significantly for various reasons, many of which are outside Aston Martin Lagonda's control. These factors could include performance of Aston Martin Lagonda, large purchases or sales of the Shares, legislative changes and general economic, political or regulatory conditions. Stock markets have from time to time experienced extreme price and volume volatility, which, in addition to general economic, political and regulatory conditions, could adversely affect the market price for the Shares.

### **38 *A liquid market for the Shares may fail to develop.***

Admission should not be taken as implying that there will be a liquid market for the Shares. Prior to Admission, there has been no public market for the Shares and there is no guarantee that an active trading market will develop or be maintained after Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares may be adversely affected.

### **39 *Future issuances of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.***

Other than in connection with Admission or pursuant to employee share plans, the Company has no current plans for an offer of Shares. It is, however, possible that the Company may decide to offer additional Shares in the future. Future issuances or the perception that such issuances could occur could dilute the holdings of Shareholders or adversely affect the prevailing market price of Shares. The Company may also issue additional Shares or other securities that are convertible into or exercisable for Shares in future public offerings or private placements for capital raising purposes or for other business purposes, potentially at an offering price, conversion price or exercise price that is below the Offer Price or the prevailing market price of the Shares.

### **40 *There is no guarantee to Shareholders of the payment of dividends.***

Any dividend on the Shares will be limited by the underlying growth in Aston Martin Lagonda's business. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the receipt of sufficient dividends from its subsidiaries. The Company's direct and indirect subsidiaries may be precluded from paying dividends by various factors, such as their own financial condition, restrictions in existing or future financing documents to which they are party or applicable law.

Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, a company may not pay dividends if its directors believe this would cause the company to be inadequately capitalised or if, for any other reason, its directors conclude it would not be in the best interests of the company. Any of the foregoing could limit the payment

of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

**41 *Changes in taxation legislation or interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.***

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on current U.K. and U.S. tax law and published practice as at the date of this Prospectus, which are subject to change. Any changes in the tax rates and tax legislation of the U.K., U.S. or other countries in which Aston Martin Lagonda has significant operations, or changes in the interpretation thereof could affect the Company's ability to provide returns to Shareholders. Any change in the tax treatment of dividends or interest received by the Company may reduce the level of yield received by Shareholders.

The taxation of an investment in the Company depends on the individual circumstances of the relevant prospective investor. Prospective investors should consult an independent professional adviser with respect to their own tax position before deciding whether to invest in the Company.

**42 *Shareholders outside the U.K. may not be able to exercise their pre-emption rights unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions.***

In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders are generally entitled to pre-emption rights pursuant to the Companies Act 2006, unless such rights are waived by a special resolution of the Shareholders at a general meeting. Shareholders outside the U.K. may not be able to exercise their pre-emption rights over Shares unless the Company decides to comply with applicable local laws and regulations and, in the case of Shareholders in the U.S., a registration statement under the U.S. Securities Act is effective with respect to such rights and Shares, or an exemption from the registration requirements of the U.S. Securities Act is available. The Company cannot assure any Shareholders outside the U.K. that steps will be taken to enable them to exercise their pre-emption rights, or to permit them to receive any proceeds or other amounts relating to their pre-emption rights.

**43 *Investors with a reference currency other than pound sterling will become subject to a foreign exchange risk when investing in the Shares.***

The Shares are, and any dividends to be paid in respect of the Shares will be, denominated in pound sterling. An investment in the Shares by an investor whose principal currency is not pound sterling exposes the investor to currency exchange risks that may impact the value of the investment in the Shares.

**44 *The Controlling Shareholders will retain a significant interest in the Company following Admission and their interests may differ from those of the other Shareholders.***

The Adeem/PW Controlling Shareholder Group and the Investindustrial Controlling Shareholder Group will each, separately, retain a significant interest in the Company following Admission and their interests may differ from each other and from those of the other Shareholders.

Immediately following Admission (assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option): (i) the Adeem/PW Controlling Shareholder Group is expected to be the beneficial owner of 36.2 per cent.; and (ii) the Investindustrial Controlling Shareholder Group is expected to be the beneficial owner of 30.9 per cent. of the issued Shares. For so long as the members of either the Adeem/PW Controlling Shareholder Group or the Investindustrial Controlling Shareholder Group continue to separately hold in aggregate more than 25 per cent. of the issued Shares following Admission, such Controlling Shareholder Group will have the power to block special resolutions of the Company. The interests of the Controlling Shareholders may not necessarily be aligned with each other or with those of other Shareholders.

The Company has entered into the Adeem/PW Relationship Agreement with the Adeem/PW Controlling Shareholder Group and the Investindustrial Relationship Agreement with the Investindustrial Controlling Shareholder Group, in each case, effective on Admission. The principal purpose of these agreements is to ensure that the Company is capable at all times of carrying on its business independently of the Controlling Shareholder Groups and any of their Associates (as defined in Appendix I to the Listing Rules).

Notwithstanding the terms of the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement, each of the Controlling Shareholder Groups will be able to exercise significant influence over matters requiring shareholder approval (including the election of directors and significant transactions) and through their board appointment rights. This concentration of ownership may have the effect of delaying, deterring or preventing a change in control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, which could in turn have an adverse effect on the trading price of the Shares.

In addition, all Selling Shareholders and Other Selling Shareholders (apart from Estera Trust) are able to pledge and charge Shares in connection with financing arrangements and to transfer Shares to lenders pursuant to enforcement of any related security at any time.

## PART III - PRESENTATION OF INFORMATION

### PART A: PRINCIPAL CHANGES TO THE REGISTRATION DOCUMENT

This Prospectus is derived from the Registration Document published by Aston Martin Holdings (UK) Limited on 29 August 2018 (the "**Registration Document**") and updates and replaces the Registration Document in full. Set out below is a summary of the principal changes made to the Registration Document. This summary of principal changes is no substitute for reading this Prospectus as a whole. Any investor participating in the Offer should invest solely on the basis of consideration of this Prospectus as a whole together with any supplement thereto and the Pricing Statement.

#### 1 Additional information

The following sections contain information not included in the Registration Document:

- (A) Part I (*Summary*);
- (B) Part IV (*Expected Timetable of Principal Events and Offer Statistics*);
- (C) Part V (*Details of the Offer*);
- (D) Part X (*Capitalisation and Indebtedness*); and
- (E) Part XIV (*Taxation*).

#### 2 Principal changes

The following principal changes have been made to the contents of the Registration Document. The Prospectus otherwise contains information extracted without material amendment from the Registration Document.

- (A) Part II (*Risk Factors*): risk factor 7 has been amended to reflect certain changes to the existing arrangements with Daimler, in connection with Admission. Risk factor 27 from the Registration Document has not been included in this Prospectus as the relevant risks are described in risk factor 44. Additional risks relating to the Offer and the Shares have also been included in this Prospectus (see risk factors 37 to 44).
- (B) Part VI (*Directors, Company Secretary, Registered Office and Advisers*): this section has been updated to reflect proposed changes to the Board in connection with Admission and to include details of the Banks, their legal advisers and the Company's Registrar and Receiving Agent.
- (C) Part VIII (*The Business*): this section has been updated to:
  - (i) add an explanation to "Group Objectives" (see page 121) regarding factors expected to affect revenues, profitability and cash flows in the six months to 31 December 2018; and
  - (ii) include details of the Group's dividend policy at section 5.
- (D) Part IX (*Directors, Senior Managers, Corporate Governance and Remuneration*): this section has been updated and replaced in full to reflect proposed changes to the Board and the Group's Corporate Governance arrangements in connection with Admission.
- (E) Part XII (*Operating and Financial Review*): this section has been updated to:
  - (i) provide further details in relation to a contract entered into by Aston Martin Consulting for the sale of intellectual property and assets to a third party car manufacturer, in particular, to clarify that Aston Martin Lagonda does not expect significant incremental Aston Martin Consulting opportunities to impact its Adjusted EBITDA margin targets described elsewhere in this Prospectus (see pages 167, 171, 173, 174 and 175);



- (ii) describe changes made to the methodology applied to the capitalisation of development costs for new cars for the six month period ended 30 June 2018 (see pages 167, 168, 174, 186 and 187);
  - (iii) describe and explain research and development expenditure increases for the year ended 31 December 2017 compared with the year ended 31 December 2016 and research and development expenditure decreases for the year ended 31 December 2016 compared with the year ended 31 December 2015 (see pages 186 and 187);
  - (iv) explain the fact that costs relating to the staff and senior management bonus scheme have not been accrued for the six months ended 30 June 2018 (see page 167); and
  - (v) describe two financing facilities with Allied Irish Bank expected to be entered into by the Group (see page 188).
- (F) Part XV (*Additional Information*): this section has been updated and replaced in full to:
- (i) provide details of Aston Martin Lagonda Global Holdings plc (see section 2 (*Incorporation and Activity of the Company*));
  - (ii) reflect changes made to the corporate and share capital structure, as well as the steps that the Company has taken and those it proposes to take prior to Admission (see section 3 (*Reorganisation*)) and the expected share capital structure of the Company immediately prior to and following Admission (see section 4 (*Share Capital of the Company*) and section 5 (*Information about the Shares*));
  - (iii) summarise the Articles which have been approved and adopted by the Company, effective on and subject to Admission (see section 6 (*Summary of Articles of Association*));
  - (iv) describe certain provisions under the Takeover Code as applicable to the Company from Admission (see section 7 (*Mandatory Bids and Compulsory Acquisition Rules Relating to the Shares*));
  - (v) reflect the insertion of the Company as the ultimate holding company of the Group (see section 8 (*Organisational Structure*));
  - (vi) describe the expected interests of the Major Shareholders, the Selling Shareholders and the Other Selling Shareholders immediately prior to and following Admission (see section 9 (*Interests of Major Shareholders, Selling Shareholders and Other Selling Shareholders*));
  - (vii) reflect: (a) proposed changes to the Board in connection with Admission; (b) the conflicts of interests of the Adeem/PW Representative Directors and the Investindustrial Representative Directors; (c) the expected interests in the share capital of the Company of the Directors and Senior Managers immediately prior to and immediately following Admission, including changes to the LTIP; (d) the Directors' service contracts and letters of appointment; and (e) the Directors' and Senior Managers' remuneration (see section 10 (*Directors and Senior Managers*) and section 11 (*Directors' Service Contracts and Letters of Appointment*));
  - (viii) give details of IPO Awards and to outline the potential structure of the New Plans (see section 12 (*Share-based Incentive Plans*));
  - (ix) update and reflect the descriptions of the Group's material contracts, including: (a) the deletion of the descriptions of the Shareholder's Agreement, the Preference Share Subscription and Shareholders' Agreement and the Umbrella Agreement (in each case, as defined in the Registration Document), as each of these agreements will be terminated prior to Admission, and (b) to describe the following additional material contracts: (i) the Underwriting Agreement; (ii) the Adeem/PW Relationship Agreement; and (iii) the

Investindustrial Relationship Agreement (see section 17 (*Material Contracts*); and

- (x) include a statement about the Group's working capital (see section 20 (*Working Capital Statement*)).

## **PART B: PRESENTATION OF INFORMATION**

Unless otherwise indicated, the financial information presented in this Prospectus has been derived from the historical consolidated financial information included in Part XIII (*Historical Financial Information*) of this Prospectus. The Historical Financial Information and other financial information in this Prospectus relates to Aston Martin Holdings (UK) Limited and its subsidiaries. In September 2018, the Company became the parent of the Group. No historical financial information on the Company has been included in this Prospectus. Therefore, references in this Prospectus to the "Group" or "Aston Martin Lagonda" in the context of historical financial information or other financial information relate to Aston Martin Holdings (UK) Limited and its subsidiaries.

The consolidated financial information of Aston Martin Lagonda as at and for the six months ended 30 June 2018 and the years ended 31 December 2015, 2016 and 2017 is presented in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Group's consolidated financial information included in Part XIII (*Historical Financial Information*) of this Prospectus has been prepared in accordance with the requirements of the Prospectus Directive. The basis of preparation and significant accounting policies are set out within Note 1 of Aston Martin Lagonda's consolidated historical financial information included in Part XIII of this Prospectus.

The Group's financial year runs from 1 January to 31 December. The financial information for Aston Martin Lagonda included in Part B of Part XIII (*Historical Financial Information*) of this Prospectus is covered by the accountants' report included in Part A of Part XIII (*Historical Financial Information*) of this Prospectus, which was prepared in accordance with International Standards on Auditing (U.K. and Ireland) issued by the Auditing Practices Board.

None of the historical consolidated financial information of Aston Martin Lagonda used in this Prospectus has been audited in accordance with auditing standards generally accepted in the U.S. ("**U.S. GAAS**") or auditing standards of the Public Company Accounting Oversight Board (U.S.) (the "**PCAOB**"). In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the U.K. and those required by U.S. GAAS or the auditing standards of the PCAOB.

The financial information and financial statements included in this Prospectus are presented in pound sterling.

### **Alternative Performance Measures ("APMs")**

This Prospectus contains financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBIT and CAPEX intensity. The Group presents these APMs because the Directors believe that these APMs contribute to a better understanding of Aston Martin Lagonda's results of operations by providing additional information on what the Directors consider to be some of the drivers of Aston Martin Lagonda's financial performance. Furthermore, the Directors believe that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In addition, the presentation of these APMs is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission; compliance with its requirements would require Aston Martin Lagonda to make changes to the presentation of this information.

The Directors believe that the description of these APMs in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated 5 October 2015.

APMs should not be considered in isolation and investors should not consider such information as

alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of Aston Martin Lagonda's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this Prospectus. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the Financial Statements included elsewhere in this Prospectus.

For the definition of, and a reconciliation to, an appropriate measure calculated in accordance with IFRS of the APMs included in this Prospectus see page 170 of Part XII (*Operating and Financial Review*).

### ***Adjusted EBITDA***

Adjusted EBITDA, as used in this Prospectus, represents profit / (loss) for the period, before income tax (charge) / credit, net financing expense, profit and loss on the disposal of fixed assets and depreciation, amortisation and impairment adjusted to remove the effect of a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017.

### ***Adjusted EBITDA margin***

Adjusted EBITDA margin, as used in this Prospectus, represents Adjusted EBITDA as a percentage of revenue.

### ***Adjusted EBIT***

Adjusted EBIT, as used in this Prospectus, represents profit / (loss) for the period, before income tax (charge) / credit and net financing expense adjusted to remove the effect of profit and loss on the disposal of fixed assets, a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017 plus impairment charges of intangible and tangible assets of £30.2 million, £48.7 million and nil for the years ended 31 December 2015, 2016 and 2017, respectively.

### ***Adjusted EBIT margin***

Adjusted EBIT margin, as used in this Prospectus, represents Adjusted EBIT as a percentage of revenue.

### ***CAPEX Intensity***

CAPEX Intensity, as used in this Prospectus, represents capital expenditure as a percentage of revenue.

These metrics should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or liquidity. Adjusted EBITDA, Adjusted EBIT and CAPEX Intensity have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of Aston Martin Lagonda's results as reported under IFRS. For example, Adjusted EBITDA:

- (1) excludes certain tax payments that may represent a reduction in cash available to Aston Martin Lagonda;
- (2) does not reflect any cash capital expenditure requirements for the assets being depreciated and amortised that may have to be replaced in the future;
- (3) does not reflect changes in, or cash requirements for, Aston Martin Lagonda's working capital needs; and
- (4) does not reflect the financial expense, or the cash requirements necessary to service interest payments, on Aston Martin Lagonda's debts.

APMs do not constitute a measure of financial performance under IFRS and should not be considered a substitute for operating income, net income, cash flow or other financial measures

computed in accordance with IFRS, or as a measure of Aston Martin Lagonda's future results of operations or liquidity.

### **Rounding**

Certain numerical figures included in this Prospectus have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

### **Market and industry data**

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. Market data and certain industry data and forecasts included in this Prospectus have been obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys, including publications and data compiled by Bain & Company Luxury Goods Worldwide Market Study, Fall-Winter 2016; BP Energy Outlook, IHS Markit; Brand Finance; Capgemini Financial Services Trends & Insights 2016; World Wealth Report 2003, Capgemini and Bank of America Merrill Lynch Wealth Management; Capgemini World Wealth Report 2017; Capgemini World Wealth Report 2018; PwC Global Economy Watch; Roland Berger Automotive Insights; United Nations Department of Economic and Social Affairs, Population Division, World Population Prospects 2017; World Bank DataBank and World Bank Global Economic Prospects January 2018.

The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to Aston Martin Lagonda's market position are based on recently available data.

### **Exchange rate and currency information**

Unless otherwise indicated, references in this Prospectus to "pound sterling", "GBP" or "£" are to the lawful currency of the U.K. and references to "U.S. dollars", "dollars", "U.S.\$" or "\$" are to the lawful currency of the United States of America.

The following table sets out, for the periods set out below, the high, low, average and period end Bloomberg New York Composite Rate expressed as U.S. dollars per £1.00. The Bloomberg New York Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg New York Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Prospectus. The Company makes no representation that the U.S. dollar amounts referred to below could be or could have been converted into pound sterling at any particular rate indicated or any other rate.

The average rate for a period means the average of the final daily Bloomberg New York Composite Rates during that period.

The Bloomberg Composite Rate of pound sterling on 19 September 2018 was \$1.3163 per £1.00.

Year	U.S. dollar per £1.00			
	High	Low	Average <sup>1</sup>	Period end
2015	1.5881	1.4632	1.5285	1.4736
2016	1.4880	1.2123	1.3554	1.2357
2017	1.3594	1.2047	1.2887	1.3513

Month	High	Low	Average <sup>1</sup>	Period end
January 2018	1.4242	1.3503	1.3828	1.4191
February 2018	1.4264	1.3760	1.3962	1.3760
March 2018	1.4229	1.3776	1.3976	1.4015
April 2018	1.4339	1.3763	1.4069	1.3763
May 2018	1.3614	1.3249	1.3460	1.3298
June 2018	1.3423	1.3078	1.3284	1.3207
July 2018	1.3283	1.3014	1.3169	1.3124
August 2018	1.3127	1.2697	1.2878	1.2964
September 2018 (through to 19 September 2018)	1.3163	1.2855	1.3018	1.3163

<sup>1</sup> The average of the final exchange rates on each business day during the relevant period.

### Forward-looking statements

This Prospectus includes certain forward-looking statements, forecasts, estimates, projections and opinions (“**Forward-looking Statements**”). When used in this Prospectus, the words “anticipate”, “believe”, “estimate”, “forecast”, “expect”, “intend”, “plan”, “project”, “may”, “will” or “should” or, in each case, their negative or other variations or similar expressions, as they relate to the Company, Aston Martin Lagonda, their management or third parties, identify Forward-looking Statements. Forward-looking Statements include statements regarding Aston Martin Lagonda’s business strategy, the Group’s objectives (as detailed in Part VIII (*The Business*)), financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of the Directors (including based on their expectations arising from pursuit of the Group’s strategy), as well as assumptions made by the Directors and information currently available to the Company.

Although the Company believes that these beliefs and assumptions are reasonable, by their nature, Forward-looking Statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. These factors, risks, uncertainties and assumptions could cause actual outcomes and results to be materially different from those projected. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. No representation is made or will be made that any Forward-looking Statements will be achieved or will prove to be correct. These factors, risks, assumptions and uncertainties expressly qualify all subsequent oral and written Forward-looking Statements attributable to Aston Martin Lagonda or persons acting on its behalf.

None of the Company, the Directors, the Selling Shareholders, the Other Selling Shareholders or the Banks assume any obligation to update any Forward-looking Statement and disclaims any obligation to update its view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the Forward-looking Statements made in this Prospectus, except as required by law.

In addition, this Prospectus contains information concerning Aston Martin Lagonda’s industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and Aston Martin Lagonda’s market and business segments, will develop. These assumptions are based on information currently available to the Company,

including through the market research and industry reports referred to in this Prospectus. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on Aston Martin Lagonda's future results of operations and financial condition.

## PART IV - EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>Time and Date</i> <sup>(1)(2)(3)</sup>
Prospectus published	20 September 2018
Recommended latest time and date for submission of an Online Application in respect of the Customer Offer for £15,000 or more	12:00 p.m. (midday), 25 September 2018
Latest time and date for submission of an Online Application Form in respect of the Retail Offer (including the Employee Offer)	12:00 p.m. (midday), 28 September 2018
Latest time and date for receipt of indications of interest in the Institutional Offer	12:00 p.m. (midday), 2 October 2018
Announcement of Offer Price and Share Offer Size, publication of the Pricing Statement and notification of allocations of Shares	07:00 a.m., 3 October 2018
Commencement of conditional dealings in Shares on the London Stock Exchange	08:00 a.m., 3 October 2018
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange	08:00 a.m., 8 October 2018
CREST accounts credited in respect of Shares in uncertificated form	08:00 a.m., 8 October 2018
Latest date for despatch of definitive share certificates for Shares held in certificated form and of Aston Martin Lagonda Nominee Service Statements, as applicable	19 October 2018

#### Notes:

- (1) All references to time in the timetable above are to U.K. time.
- (2) Times and dates described in the timetable above and this Prospectus that fall after the date of publication of this Prospectus are indicative only and are subject to change without further notice. **In particular, the dates and times of the announcement of the Offer Price and Share Offer Size, commencement of contractual dealings on the London Stock Exchange and Admission and commencement of unconditional dealings in Shares on the London Stock Exchange may be accelerated or extended.**
- (3) The Offer Price and the Share Offer Size will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this Prospectus but it will be available free of charge at the Company's registered office at Banbury Road, Gaydon, Warwick CV35 0DB, U.K. In addition, the Pricing Statement will (subject to certain restrictions) be published on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). If the Offer Size is set above or below the Share Offer Size Range and/or if the Offer Price is set above the Price Range or the Price Range is revised higher, then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore the expected date of the publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the relevant announcement.

## OFFER STATISTICS

Price Range (per Share) <sup>(1)</sup>	£17.50 to £22.50
Maximum Number of Shares in issue on Admission <sup>(2)</sup>	229,521,199
Expected minimum number of Shares in the Offer <sup>(3)</sup>	56,305,622
Expected maximum number of Shares in the Offer <sup>(3)</sup>	57,380,300
Expected maximum number of Shares subject to the Over-allotment Option <sup>(4)</sup>	5,738,030
Percentage of the Company's issued share capital being offered in the Offer <sup>(5)</sup>	25 per cent.
Estimated net proceeds of the Offer receivable by the Selling Shareholders and Other Selling Shareholders <sup>(6)</sup>	£1,101 million
Expected market capitalisation of the Company at the Offer Price <sup>(7)</sup>	£4,542 million

### Notes

- (1) It is currently expected that the Offer Price will be within the Price Range. It is expected that the Pricing Statement containing the Offer Price and the Share Offer Size will be published on or around 3 October 2018 and will be available (subject to certain restrictions) on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com). If the Offer Price is set above the Price Range, the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA.
- (2) Represents the maximum number of Shares in issue on Admission following completion of the Reorganisation (set out in section 4 of Part XV (*Additional Information*)), including the conversion of the Preference Shares to Shares, exercise of all warrants and options and the redesignation of the D Shares as Shares.
- (3) It is currently expected that the Share Offer Size will be set within the Share Offer Size Range. If the Share Offer Size is set above or below the Share Offer Size Range, then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. It is expected that the Pricing Statement containing the Offer Price and the number of Shares which are comprised in the Offer will be published on or about 3 October 2018 and will be available (subject to certain restrictions) on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).
- (4) The maximum number of Shares comprised in the Over-allotment Option is, in aggregate, equal to 10 per cent. of the maximum number of Shares comprised in the Offer, which is expected to be between 56,305,622 and 57,380,300 Shares.
- (5) Calculated on the basis that: (i) the Offer Price is set at the mid-point of the Offer Price Range; and (ii) the Over-allotment Option is not exercised.
- (6) The estimated net proceeds receivable by the Selling Shareholders and Other Selling Shareholders are stated after deduction of the estimated underwriting commissions and other fees and expenses of the Offer (including VAT) payable by the Selling Shareholders and Other Selling Shareholders, which are currently expected to be approximately £32.0 million. The estimated net proceeds are calculated on the basis that: (i) the Offer Price is set at the mid-point of the Offer Price Range; and (ii) the Over-allotment Option is not exercised.
- (7) Assuming the Offer Price is set at the mid-point of the Price Range. The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.



## PART V - DETAILS OF THE OFFER

### 1 OVERVIEW OF THE OFFER

Pursuant to the Offer, the Selling Shareholders and Other Selling Shareholders are collectively offering for sale between 56,305,622 Shares and 57,380,300 Shares (representing 25 per cent. of the issued ordinary share capital of the Company on Admission), at a Price Range of between £17.50 and £22.50 per Share. In addition, up to a maximum of 5,738,030 Shares (representing 10 per cent. of the maximum Share Offer Size) may be sold pursuant to the Over-allotment Option.

All Shares sold pursuant to the Offer will be sold (and payable) at the Offer Price, which is expected to be announced on or about 3 October 2018.

The Offer is being made by way of:

- (A) an Institutional Offer by the Selling Shareholders and Other Selling Shareholders: (i) outside the U.S. in offshore transactions in reliance on Regulation S, and (ii) in the U.S. only to persons reasonably believed to be QIBs as defined in and pursuant to Rule 144A; and
- (B) a direct Retail Offer by the Selling Shareholders and Other Selling Shareholders to retail investors resident in the U.K. (or, in the case of non-executive Directors only, in certain other jurisdictions where their participation is not restricted by relevant securities laws), comprising a Customer Offer and an Employee Offer, which are open to: (i) Eligible Customers, and (ii) Eligible Employees, respectively.

The Share Offer Size Range is between 56,305,622 Shares and 57,380,300 Shares. The Retail Offer will comprise up to 15 per cent. of the Share Offer Size. Any Shares not applied for pursuant to the Retail Offer are expected to be made available in the Institutional Offer. The actual number of Shares to be sold by each of the Selling Shareholders and the Other Selling Shareholders in the Offer will only be determined at the time the Offer Price is determined.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being sold under the Offer in jurisdictions outside of the U.K. are described in section 15 (*Selling Restrictions*) below.

On Admission, the Shares will be registered with ISIN number GB00BFXZC448 and SEDOL number BFXZC44 and trade under the symbol AML.

Immediately following Admission, it is expected that 25 per cent. of the Shares will be held in public hands (within the meaning of paragraph 6.14.2 of the Listing Rules) if the Over-allotment Option is not exercised, and 27.5 per cent. of the Shares will be held in public hands if the Over-allotment Option is exercised in full.

Completion of the Offer will be subject, among other things, to the determination of the Offer Price and the Share Offer Size and the decision by each of the Company and the Selling Shareholders (in consultation with the Joint Global Co-ordinators) to proceed with the Offer. It will also be subject to the satisfaction of the conditions contained in the Underwriting Agreement, including Admission becoming effective and the Underwriting Agreement not having been terminated prior to Admission. See Part XV (*Additional Information*) for further details regarding the underwriting arrangements.

The rights attaching to the Shares sold pursuant to the Offer, as well as any Shares sold pursuant to the Over-allotment Option, will be uniform in all respects, including the right to vote and the right to receive any dividends and other distributions declared, made or paid in respect of the Company's share capital after Admission. The Shares will, immediately on and from Admission, be freely transferable in the U.K.

The contract to acquire Shares, the appointments and authorities and the representations, warranties and undertakings set out herein will be exclusively governed by, and construed in accordance with, English law. For the exclusive benefit of the Banks, the Company, the Selling Shareholders, the Other Selling Shareholders and the Registrar, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of any matter, claim or dispute arising out of or in connection with the Offer, whether contractual or non-contractual, albeit that nothing shall limit the right of the Company, the Selling Shareholders, the Other Selling Shareholders, the Receiving Agent or the Banks to bring any action, suit

or proceedings arising out of or in connection with the Offer in any manner permitted by law or in a court of competent jurisdiction. This does not prevent an action being taken against an investor in any other jurisdiction.

In the case of a joint agreement to acquire Shares, references to an "investor" in these terms and conditions are to each of the investors who are a party to that joint agreement and their liability is joint and several.

## **2 REASONS FOR THE OFFER AND USE OF PROCEEDS**

The Selling Shareholders and Other Selling Shareholders (apart from Estera Trust) are seeking to realise part of their investment in the Company by way of the Offer. In addition, while Aston Martin Lagonda is not receiving any proceeds from the Offer, the Directors believe that Admission will benefit the Group as it will, among other things:

- (i) assist with the positioning of Aston Martin Lagonda for its next stage of development;
- (ii) strengthen Aston Martin Lagonda's capital structure, by giving the Group access to a wider range of capital raising options which may be of use in the future; and
- (iii) assist in retaining and incentivising key management and employees.

No expenses will be charged by the Company, the Selling Shareholders or the Other Selling Shareholders to any purchasers of the Shares pursuant to the Offer.

Assuming that the Offer Price is set at the mid-point of the Price Range and there is no exercise of the Over-allotment Option, the Selling Shareholders and Other Selling Shareholders will receive, in aggregate, approximately £1,101.5 million net proceeds from the Offer.

The Company will not be receiving any proceeds from the Offer. The aggregate non-recurring income statement costs of, or incidental to, Admission and the Offer to be borne by the Company are estimated to be approximately £95 million (excluding VAT) and the cash impact for the financial year ending 31 December 2018 is estimated to be approximately £47 million (excluding VAT) which the Company will pay out of available Group cash resources (in each case, assuming the Offer Price is set at the mid-point of the Price Range). The aggregate underwriting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders and Other Selling Shareholders in connection with the Offer are estimated to be approximately £32 million (assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option).

## **3 SHARE OFFER SIZE, OFFER PRICE, BOOKBUILDING AND ALLOCATIONS**

This section should be read in conjunction with Part IV (*Expected Timetable of Principal Events and Offer Statistics*).

The Selling Shareholders and Other Selling Shareholders are collectively offering for sale a Share Offer Size Range of between 56,305,622 Shares and 57,380,300 Shares at a Price Range of between £17.50 and £22.50 per Share pursuant to the Offer. The actual number of existing Shares to be sold by each of the Selling Shareholders and Other Selling Shareholders in the Offer will only be determined at the time the Offer Price is determined.

Under the Offer, the Selling Shareholders and Other Selling Shareholders have indicated that they will make available, in aggregate, between 56,305,622 Shares and 57,380,300 Shares (representing 26.1 per cent. of their existing holdings on a weighted average basis). The Over-Allotment Shareholders have also entered into the Over-Allotment Option under which they may sell to the Stabilising Manager between 5,630,562 and 5,738,030 Shares (representing 2.7 per cent. of their existing holdings on a weighted average basis).

Assuming the Offer Price is set at the mid-point of the Price Range, the number of Shares to be made available under the Offer will be 56,775,792, comprising a maximum of 8,516,368 Shares to be made available in the Retail Offer (representing 15 per cent. of the Offer), through a Customer Offer and an Employee Offer, with the balance to be sold in the Institutional Offer. Any Shares not applied for pursuant

to the Retail Offer are expected to be made available for sale in the Institutional Offer. In addition, up to 5,677,579 Shares (assuming that the Offer Price is set at the mid-point of the Price Range) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.

The Banks will solicit from prospective institutional investors indications of interest in acquiring Shares under the Institutional Offer. Prospective institutional investors will be required to specify the number of Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). This process is known as "book-building". Prospective institutional investors will be required to submit bids for Shares in the Institutional Offer by 12 p.m. on 2 October 2018, although this may be extended at the discretion of the Joint Global Co-ordinators (on behalf of themselves and the other Banks) (with the agreement of the Company and the Selling Shareholders). There is no minimum or maximum number of Shares which can be applied for under the Institutional Offer. For the Retail Offer, the latest time and date for submission of a valid application will be 12 p.m. on 28 September 2018. For the Employee Offer, the minimum application amount is £250 and the maximum application amount is £10,000. For the Customer Offer, the minimum application amount is £10,000 and the maximum application amount is £50,000, save in the case of Preferred Customers, where the maximum application amount is £99,999. Applications in the Institutional Offer and the Retail Offer will be aggregated and this demand will be taken into account by the Selling Shareholders in establishing the Offer Price and the Share Offer Size.

The basis of allocation for applications in connection with the Offer will be determined by the Joint Global Co-ordinators (on behalf of themselves and the other Banks), in consultation with the Company and the Selling Shareholders, at their absolute discretion. A number of factors will be considered in determining the basis of allocation in the Offer, including the level and nature of demand for the Shares in the Institutional Offer and the Retail Offer, as well as the objective of encouraging the development of an orderly and liquid after-market in the Shares. Without prejudice to such discretion, the Banks, the Company and the Selling Shareholders intend that: (i) all Eligible Employees and all Preferred Customers who submit a valid Online Application will, subject to the terms and conditions of the Retail Offer, receive all of the Shares for which they apply; and (ii) in the event that demand from Eligible Employees or Preferred Customers for the Shares being offered exceeds the number of Shares made available in the Employee Offer or in respect of Preferred Customers in the Customer Offer (as applicable), allocations in respect of the Institutional Offer and Customer Offer (other than in respect of the Preferred Customers) may be scaled down in any manner at the Joint Global Co-ordinators' (on behalf of themselves and the other Banks) discretion, in consultation with the Company and the Selling Shareholders, and applicants under the Institutional Offer and the Customer Offer (other than Preferred Customer applicants) may be allocated Shares having an aggregate value which is less than the sum applied for.

All Shares sold pursuant to the Offer will be sold (and be payable in full) at the Offer Price. A number of factors will be considered in deciding the Offer Price and the Share Offer Size, including prevailing market conditions, the level and the nature of the demand for Shares in the Offer and the objective of encouraging the development of an orderly and liquid after-market in the Shares. The Offer Price and the Share Offer Size will be established at a level determined in accordance with these arrangements, taking into account indications of interest received (whether before or after the times and/or dates stated). Accordingly, the Offer Price will not necessarily be the highest price at which all of the Shares subject to the Offer could be sold.

The Offer Price and the Share Offer Size will be jointly agreed by the Company, the Selling Shareholders and the Joint Global Co-ordinators and are expected to be announced on or about 3 October 2018. The Pricing Statement, which will contain the Offer Price and the Share Offer Size, will be published by the Company and will be available free of charge at the registered office of the Company at Banbury Road, Gaydon, Warwick CV35 0DB, U.K. In addition, the Pricing Statement will be published in electronic form and available on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

It is expected that the Share Offer Size will be set within the Share Offer Size Range and that the Offer Price will be set within the Price Range. If: (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the number of Shares to be sold in the Offer is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant

to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected day of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement. Full details of the statutory right to withdraw an offer to purchase Shares pursuant to section 87Q of FSMA are set out in section 14 (*Withdrawal Rights*) below.

The Selling Shareholders and Other Selling Shareholders have agreed to pay any U.K. stamp duty chargeable on a transfer on sale of Shares under paragraph 1, Schedule 13 Finance Act 1999 and/or SDRT chargeable on an agreement to transfer Shares under section 87 Finance Act 1986 (currently at a rate of 0.5 per cent.) on the initial sale of Shares under the Offer and the sale of Shares pursuant to the Over-allotment Option. Each investor that acquires Shares in the Offer will be deemed to undertake: (i) that such investor shall not submit any reclaim to HMRC in respect of any such U.K. stamp duty or SDRT so paid or accounted for by the Selling Shareholders and Other Selling Shareholders in respect of the Offer and (ii) that such investor agrees that it is liable for any: (a) U.K. stamp duty and/or SDRT arising under sections 67, 70, 93 and/or 96 Finance Act 1986 (including any interest, fines or penalties relating thereto) and/or (b) any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) arising outside the U.K., in each case, payable by such investor or any other person on the acquisition by such investor of any Shares or the agreement by such Investor to acquire any Shares.

Investors who participate in the Offer will be deemed to have invested solely on the basis of this Prospectus together with any supplement hereto, and the Pricing Statement.

#### 4 THE INSTITUTIONAL OFFER

Under the Institutional Offer, the Shares will be offered: (i) outside the U.S. in offshore transactions in reliance on Regulation S, and (ii) in the U.S., only to persons reasonably believed to be QIBs as defined in and pursuant to Rule 144A. Certain restrictions that apply to the distribution of the Prospectus and the offer and sale of the Shares in jurisdictions outside the U.K. are described in section 15 (*Selling Restrictions*) below.

Conditional on: (i) Admission occurring and becoming effective by 8.00 am on or prior to 8 October 2018 (or such later time and/or date as the Company and the Joint Global Co-ordinators (for themselves and on behalf of the other Banks) and the Selling Shareholders may agree) and (ii) the investor being allocated Shares, an investor who has applied for Shares agrees to acquire those Shares allocated to it by the Banks (such number of Shares not to exceed the number applied for by such investor) at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights an investor may have. Each such investor is deemed to acknowledge receipt and understanding of this Prospectus and in particular the risk and investment warnings contained in this Prospectus.

Investors participating in the Institutional Offer will be notified verbally or by email of the number of Shares that they have been allocated as soon as practicable following pricing and allocation, and in any event by 19 October 2018.

Each of the Joint Global Co-ordinators, the Company and the Selling Shareholders expressly reserves the right to modify the terms of the Institutional Offer (including, without limitation, its timetable and settlement) at any time before closing date for applications.

#### 5 THE RETAIL OFFER

The Retail Offer is being made in the U.K. by the Selling Shareholders and the Other Selling Shareholders to retail investors located in the U.K., and comprises the Customer Offer and the Employee Offer. The Retail Offer is being made to Eligible Customers and Eligible Employees (together, the "**Eligible Retail Investors**") only.

In connection with the Retail Offer, at or around the date of this Prospectus, each Eligible Retail Investor will be notified that the Retail Offer is open and that they are: (i) an Eligible Customer (including whether or not they are a Preferred Customer for the purposes of the Customer Offer); or (ii) an Eligible Employee, as

applicable, and will each be sent a link to the Retail Offer website where an application for Shares under the Retail Offer can be made (the “**Online Application**”) and confirmation of the relevant login details required to access the personalised Online Application. Each Online Application will include a unique application number, which will be used to identify the maximum number of Shares for which each Eligible Retail Investor is entitled to apply under the Retail Offer. The Retail Offer is personal to each Eligible Retail Investor. The Online Application is not transferable and Eligible Retail Investors are not able to assign the benefit of the Retail Offer to any other person, corporation entity or trust or designate any other person, corporation entity or trust as an alternative purchaser under the Retail Offer.

All applications for Shares in the Retail Offer must be made through the Online Application (albeit that the Company, the Selling Shareholders and the Banks reserve the right to accept (at their absolute discretion) hardcopy applications, in certain circumstances).

As the Offer Price will not be known until after the Retail Offer Closing Date, applications for Shares in the Retail Offer are required to be based on the amount in pound sterling that Eligible Retail Investors wish to invest and not the number of Shares they wish to purchase.

**The latest time for completion of the Online Application in the Retail Offer is 12 p.m. (midday) (U.K. time) on 28 September 2018 (the "Retail Offer Closing Date"). All Eligible Retail Investors must complete the Online Application and submit it (together with an online payment by a U.K. debit card for the total amount that they wish to invest) by this time.**

Applications of £15,000 or more under the Customer Offer will be subject to anti-money laundering checks. To complete these checks the Receiving Agent may be required to request documentation from applicants by a specific date. If the requested documentation is not received by that date, the relevant application may be rejected. **Therefore, it is recommended that applicants under the Customer Offer submit their application by 12 p.m. (midday) (U.K. time) on 25 September 2018 in order for these checks to be completed prior to the Retail Offer Closing Date.** Part of this process involves checking that the applicants' address registered with the bank of the U.K. debit card used for payment matches that on the Online Application, so it is recommended that applicants check the address details on the first page of the Online Application.

If an application is not accepted, all monies paid will, subject to the terms and conditions of the Retail Offer, be returned, without interest. If more is debited from an applicant than is required to pay for the Shares allocated to that applicant, the excess amount will be returned to the applicant in accordance with paragraph 6.5 of this Part V (*Details of the Offer*). No fractional entitlements to Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole Share.

All Shares acquired in the Retail Offer can be held in either certificated form or be held in the Aston Martin Lagonda Nominee Service. The terms and conditions of the Aston Martin Lagonda Nominee Service are set out in section 16 (*Terms and Conditions of the Aston Martin Lagonda Nominee Service*) below.

Payment for Shares in respect of an Online Application must be made by a U.K. debit card issued by a bank or building society in the U.K. from a personal account of the individual applicant in respect of which they have sole or joint title to the funds in such account. Payments by credit cards will not be accepted. There will be no additional charge levied by the Company, the Selling Shareholders or the Other Selling Shareholders or the Receiving Agent for payments for Shares made by U.K. debit card.

Applicants in the Retail Offer who are allocated and acquire Shares in the Retail Offer will be notified of their shareholding by email no later than the date of Admission and a share certificate or Aston Martin Lagonda Nominee Statement is expected to be posted to such applicants by 19 October 2018.

Applicants in the Retail Offer who have any questions about how to complete their Online Application through the Retail Offer website using a U.K. debit card (as further described below) should contact the Receiving Agent on 0371 384 2412 or +44 121 415 0845 (if calling from outside the U.K.). Lines are open from 8.30 a.m. to 5.30 p.m. (U.K. time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the U.K. will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. However, neither the Company nor the Receiving Agent can provide advice on the merits of an investment in the Shares nor

give any financial, legal or tax advice.

## 5.1 The Customer Offer

### 5.1.1 Details of the Customer Offer

Only Eligible Customers are entitled to apply for Shares in the Customer Offer. Eligible Customers are persons who are: (a) owners of an Aston Martin car and were detailed on Aston Martin Lagonda's CRM system as at 24 August 2018; and/or (b) members of the Aston Martin Owners Club ("**AMOC**") and whom confirmed to AMOC that they wished to receive further information on the Offer by 12 p.m. (midday) (U.K. time) on Monday 17 September 2018; and (c) resident in the U.K.

Preferred Customers are those Eligible Customers who are also, as at 24 August 2018, members of Aston Martin Lagonda's Henniker Club.

Pursuant to the Customer Offer, each Eligible Customer is entitled to apply to purchase Shares up to a maximum of £50,000 at the Offer Price, save in the case of Preferred Customers, who are entitled to apply to purchase Shares up to a maximum of £99,999 at the Offer Price.

### 5.1.2 Applying for Shares in the Customer Offer

Eligible Customers must apply for a minimum investment of £10,000 and when completing the Online Application, each Eligible Customer must specify the amount that they wish to invest in the Customer Offer, which cannot exceed £50,000, save in the case of Preferred Customers, where such amount cannot exceed £99,999. Online Applications can only be made in one of the following permitted investment amounts: £10,000; £15,000; £20,000; £25,000; £30,000; £35,000; £40,000; £45,000; £50,000 (and in the case of Preferred Customers only: £60,000; £70,000; £80,000; £90,000; and £99,999) (the "**Customer Permitted Denominations**").

The Company and the Selling Shareholders intend that all Preferred Customers who submit a valid Online Application will, subject to the terms and conditions of the Retail Offer, receive all of the Shares in the Customer Offer for which they apply. In the case of all other Eligible Customers, if the demand for Shares exceeds the number of Shares made available in the Retail Offer, allocations in respect of the Customer Offer may be scaled down as the Company, the Selling Shareholders and the Banks, in their absolute discretion, decide.

All applications under the Customer Offer will be made on the terms and conditions of the Retail Offer set out in section 6 (*Terms and Conditions of the Retail Offer*) below.

## 5.2 The Employee Offer

### 5.2.1 Details of the Employee Offer

Only Eligible Employees are entitled to apply for Shares in the Employee Offer. Eligible Employees are: (i) all permanent employees of Aston Martin Lagonda, as at 31 August 2018, who are resident in the U.K.; and (ii) non-executive Directors subject to restrictions under relevant securities laws.

Pursuant to the Employee Offer, each Eligible Employee is entitled to apply to purchase Shares up to a maximum of £10,000 at the Offer Price.

### 5.2.2 Applying for Shares in the Employee Offer

Eligible Employees must apply for a minimum investment of £250 and when completing the Online Application, each Eligible Employee must specify the amount that they wish to invest in the Employee Offer, which cannot exceed £10,000. Online Applications can only be made in one of the following permitted investment amounts: £250; £500; £750; £1,000; £1,500; £2,000; £2,500; £3,000; £4,000; £5,000; £6,000; £7,000; £8,000; £9,000; and £10,000 (the "**Employee Permitted Denominations**").

The Company and the Selling Shareholders intend that all Eligible Employees who submit a valid Online Application will, subject to the terms and conditions of the Retail Offer, receive all of the Shares in the

Employee Offer for which they apply.

All applications under the Employee Offer will be made on the terms and conditions of the Retail Offer set out in section 6 (*Terms and Conditions of the Retail Offer*) below.

## 6 TERMS AND CONDITIONS OF THE RETAIL OFFER

These terms and conditions apply to the Retail Offer pursuant to which terms Eligible Retail Investors may apply to purchase Shares in the Company under the Retail Offer. Each applicant under the Retail Offer agrees with each of the Company, the Selling Shareholders, the Other Selling Shareholders and the Banks to be bound by these terms and conditions of the Retail Offer, as being the terms and conditions upon which Shares will be sold under both the Customer and Employee Offer.

### 6.1 Introduction

For the purposes of these Retail Offer Terms and Conditions only, references to “you” are to the person applying to buy Shares in the Retail Offer using the Online Application.

If you apply for Shares in the Retail Offer you will be agreeing with the Company, the Selling Shareholders and the Banks to the Retail Offer Terms and Conditions set out below.

### 6.2 Offer to purchase Shares

Applications must be made by an Online Application (albeit that the Company, the Selling Shareholders and the Banks reserve the right to accept (at their absolute discretion) hardcopy applications, in certain circumstances). By completing and submitting an Online Application, you as the applicant shall:

- (A) offer to acquire at the Offer Price the maximum number of Shares (rounded down to the nearest whole Share) that may be acquired with the amount that you have specified in your Online Application as the amount which you wish to invest, subject to the provisions of this Prospectus, the terms and conditions of the Retail Offer, the terms of the Online Application, the Pricing Statement, any supplementary prospectus and the Articles;
- (B) agree that your application to acquire Shares must be for a minimum investment in Shares of £10,000 (if you are an Eligible Customer), or £250 (if you are an Eligible Employee) and for an amount that complies with the maximum application amount of £50,000 (if you are an Eligible Customer, unless you are a Preferred Customer, in which case the maximum application amount is £99,999), or £10,000 (if you are an Eligible Employee) subject to the investment amount complying with one of the Customer Permitted Denominations or Employee Permitted Denominations;
- (C) acknowledge and agree that your status as an Eligible Retail Investor (as an Eligible Customer, a Preferred Customer or an Eligible Employee (as applicable)) was determined by the Company and the Company’s determination in this regard shall be conclusive in all respects and final;
- (D) acknowledge and agree that if the Offer Price is set above the Price Range or the Price Range is revised higher and/or the number of Shares to be sold by the Selling Shareholders and the Other Selling Shareholders is set above or below the Share Offer Size Range, prospective investors would have a statutory right to withdraw their offer to purchase Shares pursuant to section 87Q of FSMA, but if the application for Shares is not withdrawn within the period stipulated in any supplementary prospectus or announcement (as described in section 3 (*Share Offer Size, Offer Price, Bookbuilding and Allocations*) above), any offer to apply for Shares in the Retail Offer will remain valid and binding;
- (E) acknowledge and agree that: (i) applications for Shares in the Retail Offer may be subject to scale back as described in paragraph 6.6 of this Part V (*Details of the Offer*) below; (ii) there is no minimum allocation of Shares in the Retail Offer; and (iii) in the event your application for Shares in the Retail Offer is scaled back by the Company and the Selling Shareholders, you may not receive Shares representing the full value (based on the Offer Price) of the amount you applied to invest in the Retail Offer;

- (F) authorise the Receiving Agent to send on behalf of the Company, the Selling Shareholders and the Other Selling Shareholders: (i) a share certificate, (ii) Aston Martin Lagonda Nominee Statements, and/or (iii) refund for any monies returnable back to the debit card account used for payment in accordance with paragraph 6.5 of this Part V (*Details of the Offer*); and (iv) to do all things and, where applicable, to take all actions necessary to procure that your name is placed on the register of members of the Company or in the books of the Aston Martin Lagonda Nominee Service, as applicable, in respect of the Shares for which your application is accepted;
- (G) in consideration of each of the Company (acting as agent on behalf of the Other Selling Shareholders) and the Selling Shareholders agreeing that it will not, prior to the date of Admission (or such later date as the Company may determine), sell to any person or assist in the sale to any person of any of the Shares comprised in the Offer other than by means of the procedures referred to in this Prospectus and as a collateral contract between you, the Company, the Selling Shareholders, and the Banks which will become binding on you on delivery to the Receiving Agent of your Online Application, you;
- (i) agree that, subject to any statutory rights of withdrawal, your application may not be revoked or withdrawn by you until after 8 October 2018 (or such later time and/or date as the Company and the Joint Global Co-ordinators (on behalf of themselves and the other Banks) may agree) in the event that Admission has not taken place by that date;
  - (ii) undertake to pay the Offer Price for the Shares (payable in full on application) in respect of which your application to purchase (as the case may be) Shares from the Selling Shareholders is accepted (in the manner indicated in paragraph 6.3 below);
  - (iii) acknowledge that if the U.K. debit card payment accompanying your Online Application is declined, you will not be allocated any Shares and you agree that no claim will be made against the Company, the Selling Shareholders, the Receiving Agent or the Banks or any of their respective officers, agents, or employees in respect of the non-receipt of Shares by you, or loss arising from such non-receipt of Shares;
  - (iv) agree, on request by the Company (acting as agent on behalf of the Other Selling Shareholders), the Selling Shareholders, the Receiving Agent or the Banks, to disclose promptly in writing to the Company, the Selling Shareholders, the Receiving Agent or the Banks such information as they may request in connection with your application and authorise the Company, the Selling Shareholders, the Receiving Agent and the Banks to disclose any information relating to your application which it may consider appropriate;
  - (v) agree that any share certificate or Aston Martin Lagonda Nominee Statement to which you may become entitled and monies returnable to you may be retained pending investigation of any suspected breach of the terms and conditions of the Retail Offer and any verification of identity which is, or which any of the Company, the Selling Shareholders or the Receiving Agent in their absolute discretion consider may be required for the purposes of the U.K. Money Laundering Regulations and that any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
  - (vi) agree that, if evidence of identity satisfactory to the Company, the Selling Shareholders and/or the Receiving Agent is not provided prior to the date of Admission (or such later date as the Company and the Joint Global Co-ordinators (on behalf of themselves and the other Banks) may agree), the Company and the Selling Shareholders may terminate your contract of allocation and may reallocate or sell such Shares and, in such case, your application monies, less any amount retained by the Company and/or the Selling Shareholders (or their respective agents) as compensation for breach of contract, or an amount equal to the proceeds of reallocation or sale net of all expenses, will be returned to the bank or other account from which the payment was made in accordance with paragraph 6.5 of this Part V (*Details of the Offer*), and you agree that, in such event, you will have no claim against the Company, the Selling Shareholders, the Other Selling Shareholders, the Receiving Agent or the Banks or any of their respective officers, agents



or employees in respect of the balance of your application monies, if any, retained by the Company, the Selling Shareholders and/or the Other Selling Shareholders (or their respective agents), or for any loss arising from the price, the timing or the manner of reallocation or sale, or otherwise in connection therewith;

- (vii) agree that any future communications sent by the Company to you in your capacity as a Shareholder will be in the English language;
- (viii) acknowledge that: (i) by submitting an Online Application, your personal data may be held and used by the Company and the Receiving Agent for purposes relating to the Offer; and (ii) if you are allocated Shares under the Retail Offer, your personal information will be shared with the Company and the Receiving Agent and held and used by the Company and the Receiving Agent, as described in paragraph 6.9 of this Part V (*Details of the Offer*);
- (ix) agree that the Company (acting as agent on behalf of the Other Selling Shareholders) and the Selling Shareholders reserve the right to alter any arrangements in connection with the Retail Offer (including the timetable and terms and conditions of application); and
- (x) agree that the contract arising from acceptance of all or part of your application under the Retail Offer will be, or will be deemed to be, entered into you by you, the Company (acting as agent on behalf of the Other Selling Shareholders) and the Selling Shareholders on the terms and conditions of the Retail Offer and that any changes, additions or alterations made to the Online Application (save for correction of the relevant pre-printed details, as expressly permitted on the Online Application) will have no effect.

If:

- (a) your Online Application is not completed correctly;
- (b) your Online Application is completed with any information other than as specifically required on the relevant Online Application;
- (c) your Online Application is submitted so as to be received after the Retail Offer Closing Date;
- (d) the payment accompanying your Online Application is for an amount different to that specified on your Online Application;
- (e) your debit card payment is declined;
- (f) the surname of the holder of the U.K. debit card used for payment is different to the surname provided on the Online Application;
- (g) you submit, or are suspected to have submitted, more than one application to invest in the Retail Offer; or
- (h) the address shown on your Online Application differs from the address at which your U.K. debit card is registered,

your application may be rejected by the Receiving Agent on behalf of the Company, the Selling Shareholders and the Other Selling Shareholders. In these circumstances, the Company's and/or any Selling Shareholder's decision as to whether to reject or treat your application as valid (which could occur before or after Admission) shall be final and binding on you. None of the Company, the Selling Shareholders, the Other Selling Shareholders, the Receiving Agent, the Banks nor any of their respective officers, agents or employees will accept any liability for any such decision and no claim may be made against any such persons in respect of the non-delivery of Shares, or for any loss resulting from such non-delivery.

Notwithstanding the above, any application may be rejected in whole or in part by the Company or any Selling Shareholder in its absolute discretion without being required to give any reasons for such rejection.

The Company and those acting on its behalf (including the Receiving Agent) reserve the right to treat as valid any application which does not comply fully with the terms and conditions of the Retail Offer or is not completed in all respects or is not submitted in accordance with the instructions on the Online Application. This decision could occur before or after Admission. The Company and the Selling Shareholders and those acting on its or their behalf (including the Receiving Agent) reserve the right to waive in whole or in part any of the provisions of the the terms and conditions of the Retail Offer, either generally or in respect of one or more applications. In these circumstances, the decision of the Company and/or a Selling Shareholder as to whether to treat the application as valid and how to construe, amend or complete it shall be final. You will not, however, be treated as having offered to invest a higher amount than is indicated in the Online Application.

### **6.3 Acceptance of your offer**

Your application may be accepted if your application is received, validated or treated as valid (including passing any anti-money laundering checks), processed and not rejected either:

- (A) by the Company notifying, publishing or announcing the Offer Price and the Share Offer Size; or
- (B) by the Company or any Selling Shareholder notifying acceptance to the Receiving Agent.

No fractional entitlements to Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole number of Shares.

### **6.4 Conditions**

The contract arising from acceptance of an application in the Retail Offer will be entered into by you, the Company (acting as agent on behalf of the Other Selling Shareholders) and the Selling Shareholders. Under this contract, you will be required to acquire the Shares at the Offer Price. This contract will be conditional upon: (i) the Underwriting Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission; and (ii) Admission occurring on or prior to 8 October 2018 (or such later time and/or date as the Company and the Joint Global Co-ordinators (for themselves and on behalf of the Banks) may agree).

Subject to applicable law, you will not be entitled to exercise any remedy of rescission or for innocent misrepresentation (including pre-contractual misrepresentation) at any time after acceptance of your application. This does not affect any other rights you may have, including, for the avoidance of doubt, any statutory withdrawal rights.

The Company and the Selling Shareholders expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Retail Offer or any part of it. If the Retail Offer or any part of it is terminated prior to Admission, applications received up to the date of termination will automatically lapse, applications received after that date will be of no effect and any application monies relating thereto will be returned to applicants in accordance with paragraph 6.5 of this Part V (*Details of the Offer*).

### **6.5 Return of applicable monies**

If any application is invalid or not accepted or if any contract created by acceptance does not become unconditional or if any application is accepted for an amount lower than that offered, subject as hereinafter provided, the application monies or the balance of the amount paid on application (as the case may be) will be refunded, without interest by a refund back to the debit card used for payment. Any such debit refund instruction will be made by no later than five business days after Admission. Prior to that time, application monies will be retained by the Receiving Agent in an account designated for these purposes and any interest accrued on the application monies will be retained by, and for the benefit of, the Company, the Selling Shareholders and/or the Other Selling Shareholders.

Amounts of less than the Offer Price of one Share (or in the case of Eligible Employees, amounts of less than £4.68) will not be refunded but will be given by the Company to charity. Sums refunded will, in all cases, be paid in pound sterling without interest and, in the case of Eligible Employees who are due a refund of less than the Offer Price of one Share, will be subject to a deduction of £4.68 to reflect the costs of the refund.

## 6.6 Allocation

Whilst the Company and the Selling Shareholders intend that all Preferred Customers and all Eligible Employees who submit a valid Online Application will, subject to the terms and conditions of the Retail Offer, receive all of the Shares in the Customer or Employee Offer for which they apply, the Company and the Selling Shareholders have absolute discretion to decide on any individual allocation for Shares in the Customer or Employee Offer.

## 6.7 Representations and warranties

By completing and submitting an Online Application, you:

- (A) confirm that, in making an application, you are not relying on any information or representation in relation to the Company, the Selling Shareholders, or any member of the Group other than as is contained in this Prospectus, the Pricing Statement and any supplementary prospectus and agree that none of the Company, the Directors, the Selling Shareholders, the Other Selling Shareholders or the Receiving Agent or any person acting on behalf of them (including the Banks) or any person responsible solely or jointly for the Prospectus, the Pricing Statement and/or any supplementary prospectus, or any part of any of them, shall have any liability for any such information or representation (excluding for fraudulent misrepresentation);
- (B) agree that, having had the opportunity to obtain and read the Prospectus, the Pricing Statement and any supplementary prospectus you shall be deemed to have read and understood (and including in particular the risk and investment warnings contained in this Prospectus) all such documents in their entirety and to have noted all information concerning the Company, the Selling Shareholders, the Other Selling Shareholders or any member of the Group and the Offer contained in the Prospectus, the Pricing Statement and/or any supplementary prospectus;
- (C) agree that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in the Prospectus, the Pricing Statement and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, the Other Selling Shareholders, the Joint Global Co-ordinators, any of the Banks or any other person;
- (D) agree that you are liable for any U.K. stamp duty and/or SDRT arising under sections 67, 70, 93 or 96 Finance Act 1986 (including any interest, fines or penalties relating thereto) and/or any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes arising outside the U.K. (including any interest, fines or penalties relating thereto), in each case payable by you or any other person on the acquisition by you of any Shares or the agreement by you to acquire any Shares;
- (E) agree that all documents in connection with the Offer and any returned monies may be sent by post to you at your address set out in your Online Application and any such documents and return monies will be sent at your own risk;
- (F) represent and warrant that you are not under the age of 18 as at the date of your application and that: (i) you are eligible to participate in the Retail Offer as an Eligible Customer or an Eligible Employee to whom the offer of Shares was made in the U.K.; and (ii) the relevant Online Application is completed and submitted solely for and on behalf of the applicant and not directly or indirectly, in whole or in part, for or on behalf of any other person;
- (G) represent and warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (concerning depositary receipts and clearance services);
- (H) confirm that, if the laws of any jurisdiction outside the U.K. are relevant to your agreement to purchase Shares, you have complied with all such laws and none of the Company, the Selling Shareholders, the Other Selling Shareholders, the Banks will infringe any laws of any jurisdiction outside the U.K. as a result of your rights and obligations under your agreement to purchase Shares

(and, in making this representation and warranty, you confirm that you have reviewed the selling and transfer restrictions set out in section 15 (*Selling Restrictions*) of this Part V (*Details of the Offer*) and, to the extent relevant, that you comply or have complied with such provisions);

- (I) save in the case of non-executive Directors, represent and warrant that the offer of Shares in the Retail Offer was made to you in the U.K. and you are a person located and resident in the U.K. and, in all cases (including the non-executive Directors), that you are not applying for Shares with a view to the reoffer, resale or delivery of the Shares, directly or indirectly in or into the U.S., Australia, Canada, Japan or any other jurisdiction or to a person located or resident in the U.S., Australia, Canada, Japan or any other jurisdiction or to any person who you believe is purchasing the Shares for the purpose of such resale, reoffer or delivery;
- (J) represent and warrant that you are the person or legal entity named in the Online Application pursuant to which you are applying to purchase Shares;
- (K) represent and warrant that only one application is being made for your benefit in the Offer (whether directly or through other means) and, in the case of any person who is both an Eligible Customer and an Eligible Employee, agree that: (i) you are entitled to make an application in your capacity as either an Eligible Employee or an Eligible Customer, but not both; and (ii) the Company, the Selling Shareholders, the Other Selling Shareholders, the Banks and/or the Receiving Agent shall be entitled to accept any valid Online Application you submit in the Customer Offer to the exclusion of any applications you make in the Employee Offer;
- (L) represent and warrant that your application to purchase Shares is not and will not be funded using funds provided by another person under an arrangement whereby any Shares allocated to you or all or substantially all of the value of such Shares are to be transferred to that other person;
- (M) represent, warrant and undertake that you are not, and you are not applying on behalf of a person engaged in, or whom you know or have reason to believe is, engaged in money laundering;
- (N) agree that any material downloaded from the Aston Martin Lagonda website in relation to the Offer: (i) is done at your own risk and that you will be solely responsible for any damage or loss of data that results from the download of any material; and (ii) will be used solely for personal use and will not be distributed in or into the U.S., Australia, Canada, Japan or to any other person wherever located or resident; and
- (O) agree that none of the Company, the Selling Shareholders, the Other Selling Shareholders, the Banks or the Receiving Agent is liable for any loss of data in the course of receiving and/or processing of your Online Application or responsible for the loss or accidental destruction of your Online Application or personal data relating to you or any financial or other loss or damage which may result, directly or indirectly, therefrom, including any loss in relation to the non-allocation or non-delivery of any Shares as a result of such loss or destruction.

## 6.8 Money laundering

You agree that in order to ensure compliance with any applicable money laundering regulations (including, without limitation, the U.K. Money Laundering Regulations), the Receiving Agent may at its absolute discretion, require verification of identity from any person submitting an Online Application. Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.

You agree that in any of the circumstances set out in the paragraphs above, the Receiving Agent may make a search using one or more credit reference agencies of electronic databases in order to verify your identity. Where deemed necessary by the Receiving Agent in its sole and absolute discretion, a copy of the search will be retained. Applications may not be accepted until all anti-money laundering checks have been completed.

## 6.9 Data protection

The personal data relating to an Eligible Retail Investor provided in an Online Application or subsequently by whatever means will be held and processed by the Company and/or the Receiving Agent (acting as a data processor on behalf of the Company) in compliance with: (a) Data Protection Legislation and the relevant U.K. legal and regulatory requirements; and (b) the Company's privacy notice, a copy of which is available for review on the Company's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com) and/or the Receiving Agent's privacy notice, a copy of which is available for review at [privacy.equiniti.com/privacy-notices](http://privacy.equiniti.com/privacy-notices).

The personal data of Eligible Customers or Employees who acquire Shares in the Retail Offer and elect for these to be held via the Aston Martin Lagonda Nominee Service will be processed in accordance with: (a) Data Protection Legislation and the relevant U.K. legal and regulatory requirements; and (b) the Aston Martin Lagonda Nominee Service privacy notice, a copy of which is available for review at [privacy.equiniti.com/privacy-notices](http://privacy.equiniti.com/privacy-notices).

Without limitation to the foregoing, each Eligible Retail Investor acknowledges that it has been informed that such information will be held and processed by the Company and/or the Receiving Agent in accordance with the applicable privacy notice, including for the following purposes:

- providing Eligible Retail Investors' details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns;
- keeping a record of applicants under the Offer for a reasonable period of time;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company and/or the Receiving Agent in the U.K. or elsewhere; and
- disclosing personal data to agents of, functionaries of, or advisers to, the Company and/or the Receiving Agent and other relevant third parties to operate and/or administer the Company.

The aforementioned processing of personal data is necessary: (a) for the performance of the contract between the Company and/or the Receiving Agent and the Eligible Retail Investors; (b) for compliance by the Company and/or the Receiving Agent with its legal and regulatory obligations; and/or (c) for the purposes of the legitimate interests pursued by the Company and/or the Receiving Agent.

If the Company and/or Receiving Agent transfers personal data to an agent, functionary, advisor or other third party and/or transfers personal data outside of the European Economic Area to territories which do not offer the same level of protection for the rights and freedoms of Eligible Retail Investors' personal information as the U.K., it will use reasonable endeavours to ensure that such transfer is subject of appropriate safeguards and otherwise in accordance with Data Protection Legislation.

Eligible Retail Investors have certain rights in relation to their personal data; such rights and the manner in which those rights are capable of exercise are set out in the applicable privacy notices.

## 6.10 Miscellaneous

Persons applying for Shares under the Offer may rely only on the information contained in this Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent misrepresentations), are expressly excluded in relation to the Shares and the Offer.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being sold under the Offer in jurisdictions outside of the U.K. are described in section 15 (*Selling Restrictions*) below.

Save where otherwise stated or where the context otherwise requires, terms used in the terms and conditions of the Retail Offer are as defined in this Prospectus (as supplemented by any supplementary prospectus issued by the Company in relation to the Offer).

The rights and remedies of the Company, the Selling Shareholders, the Other Selling Shareholders, the Banks and the Receiving Agent under the terms and conditions of the Retail Offer are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise.

The Company (with the agreement of the Joint Global Co-ordinators (on behalf of themselves and the other Banks)) reserves the right to delay the Retail Offer Closing Date by giving notice through a Regulatory Information Service. In this event, the revised closing time will be published in such manner as the Company in its absolute discretion determines subject, and having regard, to the requirements of the FCA.

The Offer may be terminated without any obligation to you whatsoever at any time prior to Admission. If the Offer is terminated, the Retail Offer will lapse and any monies received in respect of your application will be returned to you without interest.

You agree that all applications, acceptances of applications and contracts resulting from them under the Retail Offer shall be exclusively governed by and construed in accordance with English law and that you irrevocably submit to the exclusive jurisdiction of the English courts in respect of any matter, claim or dispute arising out of or in connection with the Offer, whether contractual or non-contractual, and agree that nothing shall limit the right of the Company, the Selling Shareholders, the Other Selling Shareholders, the Receiving Agent or the Banks to bring any action, suit or proceedings arising out of or in connection with any such application, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction.

You authorise the Company, the Selling Shareholders and/or the Other Selling Shareholders and their respective agents, on your behalf, to make any appropriate returns to HMRC in relation to U.K. stamp duty chargeable on a transfer on sale of Shares under paragraph 1, Schedule 13 Finance Act 1999 or SDRT chargeable on an agreement to transfer Shares under section 87 Finance Act 1986 (if any) (currently at a rate of 0.5 per cent.) on any contract arising on acceptance of your application or on any transfer of Shares as a result of such contract (as applicable).

You agree and acknowledge that none of the Banks acts for you nor will they treat you as their customer by virtue of an application being accepted under the Retail Offer and you agree that each of the Banks is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. You agree and acknowledge that none of the Banks owes you any duties or responsibilities concerning the price of the Shares or the suitability of the Shares for you as an investment or otherwise in connection with the Retail Offer.

You authorise the Company, the Selling Shareholders, the Other Selling Shareholders, the Receiving Agent and their respective agents to do all things necessary to effect registration into your name of any Shares acquired by you and authorise any representative of the Company, the Selling Shareholders, the Other Selling Shareholders or the Receiving Agent to execute and/or complete any document of title required therefore.

The dates and times referred to in the terms and conditions of the Retail Offer are based on the expectation that Admission will occur on 8 October 2018 and may be altered by the Company in its absolute discretion (with the agreement of the Joint Global Co-ordinators (on behalf of themselves and the Banks)) where the Company considers it necessary to do so.

All correspondence, documents and remittances sent or delivered to or by applicants under the Retail Offer will be sent or delivered at the applicant's own risk.

Any enquiries in relation to the Retail Offer should be directed to the Receiving Agent by calling 0371 384 2412 or +44 121 415 0845 (if calling from outside the U.K.). Lines are open from 8.30 a.m. to 5.30 p.m. (U.K. time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the U.K. will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. For legal reasons the Company and the Receiving Agent will only be able to provide information contained in the Prospectus and will be unable

to provide advice on the merits of the Retail Offer or to provide personal legal, financial, tax or investment advice.

## **7 STABILISATION AND OVER-ALLOTMENT**

In connection with the Offer, Goldman Sachs (as Stabilising Manager), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law and for stabilisation purposes, over-allot Shares up to a total of 10 per cent. of the total number of Shares comprised in the Offer or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and there is no assurance that stabilising transactions will be undertaken. Stabilising transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the conditional dealings of the Shares on the London Stock Exchange's main market for listed securities and ending no later than 30 calendar days thereafter and such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares at above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

To allow the Stabilising Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by it during the Stabilising Period, it has entered into an option with the Over-allotment Shareholders pursuant to which it may purchase (or nominate purchasers of) additional Shares representing up to 10 per cent. of the total number of Shares comprised in the Offer (before utilisation of the Over-allotment Option) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30<sup>th</sup> calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange's main market for listed securities (the "**Stabilising Period**"). Any Over-allotment Shares made available pursuant to the Over-allotment Option will be sold on the same terms and conditions as Shares being offered pursuant to the Offer and will rank *pari passu* in all respects with, and form a single class with, the other Shares (including for all dividends and other distributions declared, made or paid on the Shares).

## **8 STOCK LENDING AGREEMENT**

In connection with the arrangements detailed in section 7 (*Stabilisation and Over-allotment*) above, the Stabilising Manager has entered into a Stock Lending Agreement with the Stock Lending Shareholders, pursuant to which the Stabilising Manager will be able to borrow, from the Stock Lending Shareholders free of charge, Shares on Admission up to an amount equal to 10 per cent. of the total number of Shares comprised in the Offer for the purposes of, among other things, allowing the Stabilising Manager to settle, at Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the Stock Lending Agreement it will be required to return equivalent securities to the Stock Lending Shareholders by no later than three business days following the end of the Stabilising Period.

## **9 LISTING, DEALING AND SETTLEMENT ARRANGEMENTS**

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, including Admission occurring and becoming effective by 8:00 a.m. on 8 October 2018 (or such later date as may be determined in accordance with such agreement) and to the Underwriting Agreement not having been terminated. See Part XV (*Additional Information*) for further details regarding the underwriting arrangements.

Application will be made to the FCA, in its capacity as the UK Listing Authority, for all of the Shares to be admitted to the Premium Listing segment of the Official List and application will be made to the London Stock Exchange for those Shares to be admitted to trading on the main market for listed securities on the London Stock Exchange.

It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8:00 a.m. on 3 October 2018. The earliest date for settlement of such dealings will be 8

October 2018. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8:00 a.m. on 8 October 2018. All dealings in Shares prior to the commencement of unconditional dealings will be on a “when-issued basis”, will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. Investors should note that only investors who apply for, and are allocated, Shares in the Institutional Offer will be able to deal in Shares on a conditional basis. Investors who purchase Shares in the Retail Offer will not be able to deal in Shares on a conditional basis. Therefore the earliest time at which such investors will be able to deal in Shares is at the start of unconditional dealings on Admission. The above-mentioned dates and times may be changed without further notice.

It is intended that the sale of Shares allocated to investors in the Institutional Offer who wish to hold Shares in uncertificated form will take place through CREST on Admission. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account will be at the risk of the person concerned. Shares acquired in the Retail Offer will be held in certificated form, or in the Aston Martin Lagonda Nominee Service, subject to the option chosen in the Online Application. Following Admission, the Registrar will send share certificates or Aston Martin Lagonda Nominee Service Statements to each Eligible Retail Investor that purchased Shares in the Retail Offer. It is intended that, where applicable, definitive share certificates and Aston Martin Lagonda Nominee Service Statements in respect of the Offer will be distributed by 19 October 2018 or as soon thereafter as is practicable.

## 10 CREST

CREST is a paperless settlement system operated by Euroclear U.K. & Ireland Limited enabling securities to be transferred from one person’s CREST account to another’s without the need to use share certificates or written instruments of transfer. An application will be made for the Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Shares under the CREST system. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

## 11 HOLDING AND DEALING IN SHARES ACQUIRED IN THE RETAIL OFFER

This section applies to Shareholders who acquire Shares in the Retail Offer and have indicated that they wish such Shares to be held in the Aston Martin Lagonda Nominee Service.

Any Shares acquired in the Retail Offer where the Customer or Employee indicated they wish to hold their Shares in the Aston Martin Lagonda Nominee Service will have their Shares held in the Aston Martin Lagonda Nominee Service and will be able to take advantage of the benefits such service offers. After Admission, such shareholders will be able to withdraw their Shares from the Aston Martin Lagonda Nominee Service upon payment of an administration charge to the Aston Martin Lagonda Nominee.

### 11.1 Aston Martin Lagonda Nominee Service

This paragraph and paragraph 11.2 below should be read in conjunction with the Terms and Conditions of the Aston Martin Lagonda Nominee Service set out in section 16 (*Terms and Conditions of the Aston Martin Lagonda Nominee Service*). This paragraph and paragraph 11.2 below only apply to Shareholders who acquire Shares through the Retail Offer. The Aston Martin Lagonda Nominee Service will only be available to persons who acquire Shares in the Retail Offer if they have a registered address in the U.K. Following Admission, the Aston Martin Lagonda Nominee Service will be available to all persons holding Shares who have a registered address in the U.K. or another country within the EEA.

The Aston Martin Lagonda Nominee Service, a Company-sponsored nominee arrangement, provides a convenient way of holding Shares, which removes the need to have a share certificate which has to be kept safe and secure. In addition, individuals’ names will not appear on the Company’s shareholder register, which is a public register, so their details remain confidential. Instead, the Shares will be held on behalf of those individuals in the name of Equiniti Corporate Nominees Limited. The Aston Martin Lagonda Nominee Service has been set up exclusively for persons who hold Shares in the Company and will hold those Shares electronically within the CREST system.



Persons holding Shares in the Aston Martin Lagonda Nominee Service:

- will have similar rights to those Shareholders who hold share certificates (including the right to receive the same annual and other financial information as is sent to Shareholders who hold a share certificate, should they wish to receive it, and to attend, speak and vote on a show of hands and on a poll at general meetings of the Company);
- will receive Aston Martin Lagonda Nominee Statements showing the number of Shares held at Admission (being the point at which they become members of the Company) and quarterly thereafter; and
- are entitled to leave the Aston Martin Lagonda Nominee Service at any time and obtain a share certificate instead or have their Shares transferred into another nominee arrangement or deposit account. There will be a charge of £10 for either of these transactions.

#### 11.2 Dealings in Shares held through the Aston Martin Lagonda Nominee Service

Share dealing services will be available to persons holding Shares in the Aston Martin Lagonda Nominee Service once they have received their shareholder reference numbers. It is expected that Shareholders who validly applied and paid for Shares in the Retail Offer will be sent their shareholder reference number by email within two days following Admission.

Shareholders holding Shares in the Aston Martin Lagonda Nominee Service will have access to a range of share dealing services. These services are provided by Equiniti Financial Services Limited which is authorised and regulated by the FCA.

**Online dealing at [www.shareview.co.uk](http://www.shareview.co.uk).** Shareholders can access the online facility which will provide real-time share price quotes during U.K. stock market opening hours (normally 8:00 a.m. to 4:30 p.m. Monday to Friday, excluding bank holidays) for Shareholders wishing to buy more or sell some or all of their Shares. The dealing commission for share dealing online is 1 per cent. subject to a minimum of £15 (trades above £50,000 receive a reduced rate).

**Using the share dealing telephone service on 03456 037 037.** Shareholders can call the share dealing helpline which will provide real-time share price quotes during U.K. stock market opening hours (normally 8.00 a.m. to 4.30 p.m. Monday to Friday, excluding bank holidays) for Shareholders wishing to buy more or sell some or all of their Shares. The dealing commission for share dealing by telephone is 1 per cent. subject to a minimum of £30 (trades above £50,000 receive a reduced rate).

**By post.** Shareholders wishing to sell some or all of their Shares can use a postal instruction. This facility will be available from the date of Admission. Shareholders can only apply to sell their Shares by post using a postal dealing form which can be obtained by calling the telephone helpline number that you will be provided with when you receive your Aston Martin Lagonda Nominee Statement confirming the shares you have received under the Retail Offer. Postal sale instructions will be aggregated together and sold once per day. The sale price for the Shares will normally be determined on the next business day following which a valid postal instruction form is received. The cost for using this service will be 1.9 per cent. of the sales proceeds subject to a minimum of £70.

The charges referred to above are correct as at the date of this Prospectus. More information, including Terms and Conditions of the relevant share dealing service which will be available at [www.shareview.com/deal](http://www.shareview.com/deal), will also provide for up-to-date charges after the date of this Prospectus.

## 12 UNDERWRITING ARRANGEMENTS

The Banks, the Company (for itself and acting as agent for the Other Selling Shareholders), the Directors and the Selling Shareholders have entered into the Underwriting Agreement and related arrangements pursuant to which, on the terms and subject to certain conditions contained therein (which are customary in agreements of this nature), the Underwriters have agreed to procure purchasers for the Shares to be sold by the Selling Shareholders and Other Selling Shareholders under the Institutional Offer, or, failing which, themselves to purchase such Shares, at the Offer Price. Details of the terms of the Underwriting Agreement are set out in Part XV (*Additional Information*).

## 13 LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement and related arrangements, each of the Company, the Directors, the Selling Shareholders and the Other Selling Shareholders has agreed that, subject to certain customary exceptions, during the respective periods specified below, they will not, without the prior written consent of the Joint Global Co-ordinators, directly or indirectly, lend, mortgage, assign, charge, pledge, sell or contract to sell or sell options in respect of, or otherwise dispose of, directly or indirectly, any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. The above restrictions do not prohibit the Selling Shareholders and Other Selling Shareholders (apart from Estera Trust) from: (i) pledging or charging Shares to or for the benefit of lenders under financing arrangements or (ii) transferring any Shares to such lenders pursuant to enforcement of any security referred to in (i) provided such lenders agree to be bound by equivalent lock-up arrangements for the remaining term of the lock-up.

Dealing permissions will be required from the Company before certain of the Selling Shareholders are able to grant security over their Shares and the grant of security by those Selling Shareholders will be required to be disclosed as a dealing by a person discharging managerial responsibilities.

For the Company, the Selling Shareholders and the Other Selling Shareholders, the above restrictions also apply (subject to customary exceptions), to offering, issuing, contracting to issue options, in each case directly or indirectly, in respect of, or otherwise announcing any offering or issue of, any Shares (or any interest therein or in respect thereof) or entering into any transaction with the same economic effect as, or agreeing to do, any of the foregoing.

The above restrictions apply to the Company for a period of 180 days from Admission, to the Selling Shareholders, Other Selling Shareholders and Representative Directors from the date of this Prospectus to the date 180 days from Admission, and to the Directors for a period of 365 days from Admission.

Certain former directors of the Group have also agreed substantially similar lock-up arrangements to the Selling Shareholders for the same period as the Selling Shareholders.

Daimler's Shares will also be subject to a 12 month lock-up from Admission.

## 14 WITHDRAWAL RIGHTS

If the Company is required to publish a supplementary prospectus, applicants who have applied for Shares in the Offer will have at least two business days commencing on the first business day after the day on which the supplementary prospectus is published (or such later date as may be specified in the supplementary prospectus) within which to withdraw their application to acquire Shares in the Offer in its entirety. The right to withdraw an application to acquire Shares in the Offer in these circumstances will be available to all investors in the Offer. In such circumstances, the Pricing Statement would not be published until the deadline for exercising such statutory withdrawal rights has ended.

Investors in the Offer wishing to withdraw their offer to purchase Shares after the publication of any supplementary prospectus or announcement (as described above) must do so by lodging a written notice of withdrawal by hand with the Receiving Agent (during normal business hours only) Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, U.K.

Such notification must provide: (i) either the employee's payroll number or the customer's unique number to access their Online Application; (ii) the investor's name, (iii) the investor's address and postcode, and (iv) the amount in pound sterling of Shares that such investor has applied for, and it must be received by the Receiving Agent no later than the end of the period stipulated in the supplementary prospectus (as described above) which will be at least a period of two business days commencing on the first business day after the date on which the supplementary prospectus is published).

Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after the expiry of such period will not constitute a valid withdrawal and any application to apply for Shares in the Offer will remain valid and binding.

## 15 SELLING RESTRICTIONS

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of the Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### 15.1 Australia

No prospectus or any other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (the "**Corporations Act**") in relation to the Offer has been, nor will they need to be, lodged with the Australian Securities & Investments Commission, or ASIC. This document is not a "prospectus" under Chapter 6D of the Corporations Act. Any offer of Shares in Australia is made only to persons to whom it is lawful to offer Shares without disclosure under one or more of certain of the exemptions set out in section 708 of the Corporations Act, or an "exempt person". This Prospectus has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if investors receive this document in Australia:

- (a) confirm and warrant that they are either:
  - (i) a "sophisticated investor" under section 708(8) of the Corporations Act; or
  - (ii) a "professional investor" within the meaning of section 708(11) of the Corporations Act; andto the extent that they are unable to confirm or warrant that they are an exempt sophisticated investor or professional investor under the Corporations Act, any offer made to them under this Prospectus is void and incapable of acceptance; and
- (b) warrant and agree that they will not offer any of the Shares for resale in Australia within 12 months of the Shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 or 708A of the Corporations Act.

### 15.2 Canada

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province

or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### 15.3 China

The Prospectus may be distributed to up to 200 specific Qualified Domestic Institutional Investors as defined in the Trial Measures for the Administration of Securities Investment Outside the People’s Republic of China by Qualified Domestic Institutional Investors promulgated by the China Securities Regulatory Commission on 18 June 2007, China Investment Corporation, National Social Security Fund, domestic insurance companies and qualified domestic banks of the PRC (collectively, the “**Qualified Domestic Institutional Investors**”), which have been approved by relevant PRC government authorities to engage in investment in the equity market outside of the PRC provided that: (i) no fee will be charged to the Qualified Domestic Investors for distribution of this Prospectus other than a 1 per cent. standard brokerage fee upon purchase of shares in the equity market outside of the PRC; (ii) this Prospectus contains relevant disclaimers; (iii) no public media or other means of public distribution or announcement will be used within the PRC in connection with the delivery or distribution of this Prospectus; (iv) this Prospectus will not be presented as, or otherwise constitute provision of any consultancy or advisory service of securities investment. Such distribution will not breach any PRC laws and will not constitute a public offering of securities in the PRC. For this purpose, the term “PRC” excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan. The Banks are not required to register, or obtain any approval, licence or consent, in the PRC to engage in PRC distribution. Any Bank which wishes to distribute research reports in the PRC should discuss with or amongst the Joint Bookrunners before proceeding.

### 15.4 Dubai International Financial Centre

This Prospectus relates to Shares which are not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”).

This Prospectus is intended for distribution only to persons of a type specified in the DFSA's Rules (i.e. “Professional Clients”) and, therefore, must not be delivered to, or relied on by, any other type of person. This Prospectus is for the exclusive use of the Professional Clients to whom it is distributed in the context of the Offer.

The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with the Offer. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares should conduct their own due diligence on the Shares.

If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

### 15.5 Egypt

The Shares may not be offered or sold in any form of general solicitation or general advertising or in a public offering in Egypt, except in accordance with the Capital Market Law and provided the pre-approval of the EFSA and/or the EGX has been obtained.

### 15.6 European Economic Area

In relation to each Relevant Member State, an offer to the public of any Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined under the Prospectus Directive;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall result in a requirement for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Selling Shareholders, Other Selling Shareholders and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(3) of the Prospectus Directive.

For these purposes, the expression “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each financial intermediary will also be deemed to have represented, warranted and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public, other than their offer or resale in a Relevant Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Other Selling Shareholders, the Banks and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

#### 15.7 Hong Kong

This Prospectus has not been registered as a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the “**Companies Ordinance**”). Accordingly, this Prospectus does not constitute an offer to the public nor is it intended to invite offers by the public to subscribe for or purchase any securities, for the purposes of the Companies Ordinance nor of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “**Securities and Futures Ordinance**”). The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to the Offer. If prospective investors are in any doubt about the contents of this Prospectus, they should obtain independent professional advice.

Please note that: (a) Shares may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to “professional investors” as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance and any rules made thereunder, or in any other circumstances which do not result in this Prospectus being a “prospectus” as defined in the Companies Ordinance or which do not constitute an offer or invitation to the public for the purposes of the Companies Ordinance and the Securities and Futures Ordinance; and (b) no person shall issue or possess for the purposes of issue, in each case, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance and any rules made thereunder.

#### 15.8 Japan

The Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, no Shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, and otherwise in compliance with, the Financial Instruments

and Exchange Act and other relevant laws and regulations of Japan.

### 15.9 Qatar

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, and for the recipient's personal use only and is not intended to be available to the public.

Nothing in this Prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or the in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This Prospectus and the Shares have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar.

Any distribution of this Prospectus by the recipient to third parties in Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of the recipient.

### 15.10 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) if the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### 15.11 South Africa

In South Africa, the Offer will only be made to, and be capable of acceptance by: (i) selected persons

falling within one of the specified categories set out in section 96(1)(a) of the South African Companies Act, No. 71 of 2008 (as amended) (the “**South African Companies Act**”), or (ii) selected persons who acquire, as principal, Shares at a minimum aggregate contemplated acquisition price of ZAR1 000 000, as envisaged in section 96(1)(b) of the South African Companies Act (all such persons in (i) and (ii), each a “**Qualifying Investor**”), and this Prospectus is only being made available to, and specifically addressed to, such Qualifying Investors. Accordingly: (i) the Offer is not an “offer to the public” as contemplated in the South African Companies Act; (ii) this Prospectus does not, nor does it intend to, constitute a “registered prospectus” or an “advertisement”, in each case as contemplated in the South African Companies Act; (iii) no prospectus has been filed with the South African Companies and Intellectual Property Commission in respect of the Offer; and (iv) persons in whose possession this Prospectus comes should consult their professional advisors concerning any applicable South African legal restrictions, so as to inform themselves about, and to observe, any such restrictions.

Any investment in the Shares pursuant to this Prospectus may be subject to: (i) foreign investment restrictions under the South African Exchange Control Regulations, 1961 (as amended); and/or (ii) other regulatory restrictions or approvals in South Africa. Accordingly, all potential investors should consult their professional advisors to obtain appropriate advice (whether legal or otherwise) before making investments, and potential investors shall at all relevant times be responsible for ensuring compliance with legal restrictions in South Africa and for obtaining their own exchange control approvals and/or other regulatory approvals.

Information made available in this Prospectus should not be construed as constituting the canvassing of, or the marketing or advertising of, financial services in South Africa. This Prospectus constitutes objective information about the Group and nothing contained herein should be construed as constituting any form of investment advice (of a financial nature or otherwise) or any recommendation, guidance or proposal of a financial nature in respect of any investment in the Shares offered pursuant to this Prospectus.

#### 15.12 **State of Kuwait**

Unless all necessary approvals from the Kuwait Capital Markets Authority (the “**KCMA**”) pursuant to Law No.7 of 2010, and its executive bylaws (each as amended) (the “**KCML Rules**”) together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the marketing and sale of the Shares, the Shares may not be offered for sale, nor sold to more than 50 persons in Kuwait. The Prospectus is not for general circulation to the public in Kuwait nor will the Shares be sold by way of a public offering in Kuwait. The Shares may only be purchased onshore in Kuwait through a licensed person duly authorised to undertake such activity pursuant to the KCML Rules. Investors from Kuwait acknowledge that the KCMA and all other regulatory bodies in Kuwait assume no responsibility whatsoever for the contents of this Prospectus and do not approve the contents thereof or verify the validity and accuracy of its contents. The KCMA, and all other regulatory bodies in Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Prospectus. Prior to purchasing any Shares, it is recommended that a prospective holder of any Shares seeks professional advice from its advisors in respect to the contents of this Prospectus so as to determine the suitability of purchasing the Shares.

#### 15.13 **Switzerland**

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art 27ff. of the SIX Listing Rules or an of listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other marketing material relating to the Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Company or the Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (“**FINMA**”), and the Offer has not been and will not be authorised under the Swiss

Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to purchasers of the Shares.

This Prospectus, as well as any other material relating to the Shares, is personal and confidential and does not constitute an offer to any other person. This Prospectus may only be used by those investors to whom it has been sent in connection with the offering described herein and may neither, directly, not indirectly, be distributed or made available to other persons without the express consent of the Company.

#### **15.14 Taiwan**

The Offer has not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and Shares may not be offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell Shares in Taiwan.

#### **15.15 United Arab Emirates ("UAE")**

The offering of Shares has not been approved or licensed by the UAE Central Bank, the UAE Securities and Commodities Authority (SCA) or any other relevant licensing authorities in the UAE, and accordingly does not constitute a public offer of securities in the UAE in accordance with the commercial companies law, Federal Law No. 2 of 2015 (as amended), SCA Resolution No. 3 R.M. of 2017 Regulating Promotions and Introductions or otherwise. Accordingly, the Shares may not be offered to the public in the UAE.

This Prospectus is strictly private and confidential and is being issued to a limited number of institutional and individual investors:

- (a) who fall within with the exceptions set out in SCA Resolutions No. 3 R.M. of 2017 (Qualified Investors excluding natural persons);
- (b) upon their request and confirmation that they understand that the Shares have not been approved or licensed by or registered with the UAE Central Bank, the SCA, or any other relevant licensing authorities or governmental agencies in the UAE; and
- (c) must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

#### **15.16 U.S.**

This Prospectus is not a public offering (within the meaning of the U.S. Securities Act) of securities in the U.S. The Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the U.S. and may not be offered or sold in the U.S. except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and applicable state or other securities laws. Accordingly, the Company, the Selling Shareholders and the Other Selling Shareholders may offer Shares: (a) in the U.S. only to persons reasonably believed to be QIBs as defined in and pursuant to Rule 144A; and (b) outside the U.S. in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, any offer or sale of Shares within the U.S. by any dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the U.S. Securities Act.

#### **15.17 Purchasers in the U.S.**

Each purchaser who acquires Shares within the U.S., by accepting delivery of this Prospectus and the Shares, will be deemed to have represented, agreed and acknowledged each of the following matters:



- (a) It is, and at the time of its purchase of any Shares will be, a QIB within the meaning of Rule 144A.
- (b) The Shares have not been, nor will they be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the U.S., that sellers of the Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A, and that the Shares may not be offered or sold, directly or indirectly, in the U.S., other than in accordance with paragraph 15.11 of this Part V (*Details of the Offer*).
- (c) It is purchasing the Shares: (i) for its own account; or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements wherein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such Shares in violation of U.S. securities laws.
- (d) Offers and sales of the Shares are being made in the U.S. only to QIBs in transactions not involving a public offering or which are exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and that if in the future it or any such other QIB for which it is acting or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, pledge or otherwise transfer any Shares, it or any such other QIB and any such fiduciary or agent will do so only: (i) to a person that the seller and any person acting on its behalf reasonably believe is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the U.S. in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; (iii) in accordance with Rule 144 under the U.S. Securities Act; or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and in each case in accordance with any applicable securities law of any state or territory of the U.S. and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of the Shares.
- (e) For so long as the Shares are “restricted securities” within the meaning of Rule 144A(a)(3) of the U.S. Securities Act, no such shares may be deposited into any unrestricted depository receipt facility established or maintained by a depository bank.
- (f) The Shares will not settle or trade through the facilities of DTCC or any other U.S. clearing system.
- (g) The Shares (to the extent they are in certified form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**The Shares represented hereby have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the U.S. and may not be offered, sold, pledged or otherwise transferred except: (i) to a person that the seller and any person acting on its behalf reasonably believe is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the U.S. in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; (iii) in accordance with Rule 144 under the U.S. Securities Act; or (iv) pursuant to an effective registration statement under the U.S. Securities Act, and in each case in accordance with any applicable securities law of any state or territory of the U.S. and of any other jurisdiction. No representations can be made as to the availability of the exemption provided by Rule 144 for resales of the Shares represented hereby may not be deposited into any unrestricted depository receipt facility in respect of the Shares established or maintained by a depository bank. Each holder, by its acceptance of Shares, represents that it understands and agrees to the foregoing restrictions.**

- (h) These representations and undertakings are required in connection with the securities laws of the U.S. and that the Company, the Selling Shareholders, the Other Selling Shareholders, their

affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company.

- (i) Any resale made other than in compliance with the above stated restrictions shall not be recognised by the Company.

#### **15.18 Purchasers outside the U.S.**

Each purchaser who acquires Shares outside the U.S., by accepting delivery of this Prospectus and the Shares, will be deemed to have represented, agreed and acknowledged each of the following matters:

- (a) The Shares have not been, nor will they be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the U.S.
- (b) It is acquiring such Shares in an offshore transaction meeting the requirements of Regulation S.
- (c) It is not an affiliate of the Company as defined in Rule 405 under the U.S. Securities Act or a person acting on behalf of such an affiliate.
- (d) The Company, the Selling Shareholders, the Other Selling Shareholders, their affiliates and others will rely upon truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

#### **15.19 Other overseas territories**

Investors in jurisdictions other than Australia, Canada, China, Egypt, the European Economic Area, Hong Kong, Japan, Qatar, Singapore, the State of Kuwait, South Africa, Switzerland, Taiwan, UAE, and the U.S. should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase Shares under the Offer.

### **16 TERMS AND CONDITIONS OF THE ASTON MARTIN LAGONDA NOMINEE SERVICE**

#### **16.1 Risk warnings**

Investments made under this Prospectus are in one company only and should therefore be considered as only one part of a balanced portfolio. The value of shares and any income from them can go down as well as up and you may not get back the amount of money you invest. Past performance is no guide to future performance.

#### **16.2 Suitability and Appropriateness**

If you are in any doubt about the suitability of this service or investments held on your behalf under it, you should consult an authorised financial adviser. We will not assess the suitability or appropriateness of investments held for you or other services provided to you under these Terms and Conditions and you are not subject to the FCA Rules on assessing suitability and appropriateness. You agree that you have not asked for or received any advice from us and it is your decision to accept this nominee service is suitable to your requirements.

#### **16.3 About this agreement**

This section 16 sets out the terms and conditions under which we will act as your service provider in providing the nominee service in connection with your shares in the Company. These Terms and Conditions

will come into effect once we have accepted your application to hold the shares in our nominee service. We reserve the right to refuse an application, and you must be aged 18 or over and resident in the U.K. or EEA in order to use this service.

#### 16.4 Protecting your personal data

Our privacy notice explains how we use and protect your information within Equiniti FS, and how your enhanced rights apply from 25 May 2018. To read the latest version of our privacy notice and understand more about how Equiniti FS safeguards your data, please visit our privacy centre at:

**[www.privacy.equiniti.com](http://www.privacy.equiniti.com)**

or contact us using the contact details in paragraph 16.6.

#### 16.5 List of Charges

Transfer into Aston Martin Nominee Service	FREE
Transfer out of Aston Martin Nominee Service	
(a) within 90 days of transfer into Aston Martin Nominee Service	FREE
(b) more than 90 days after transfer into Aston Martin Nominee Service	£10
Duplicate Statement (in the post)	£10 + VAT
Confirmation of holding	
(a) on the internet / telephone	FREE
(b) in writing	£10 + VAT
Annual management fee for unclaimed payments where share balance is zero	Max £5 (incl. VAT) per annum

#### 16.6 Contact Details and Definitions

16.6.1 When contacting Equiniti, you can telephone the Shareholder Helpline on:

**0333 207 5973 (+44 121 415 0920 if calling from outside the UK)**

A text phone is also available on:

**0371 384 2255 (+44 121 415 7028 if calling from outside the UK)**

Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Or write to us at:

**The Manager, Equiniti Corporate Nominees Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA United Kingdom**

Or you can send us your query securely by completing the online form at:

**[help.shareview.co.uk](http://help.shareview.co.uk)**

16.6.2 In these Terms and Conditions, the following words have particular meanings:

- **the Company** means Aston Martin Lagonda Global Holdings plc.
- **CREST** means the computerised system for the transfer of uncertificated securities

operated by Euroclear UK & Ireland Limited (under the Uncertificated Securities Regulations 2001).

- **EEA** means countries in the European Economic Area.
- **Equiniti FS** means Equiniti Financial Services Limited, which is authorised and regulated by the **Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN, United Kingdom** (under reference 468631). The main business of Equiniti Financial Services Limited is investment and general insurance services, and its registered office is in the UK at **Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA**, registered in England and Wales no. 06208699. References to Equiniti Financial Services Limited also include any company to whom it transfers its rights and obligations in accordance with paragraph 16.17.
- **the Equiniti Group** means Equiniti FS, its subsidiaries and parent companies and any subsidiary of any of its parent companies.
- **FCA and FCA Rules** means respectively, the Financial Conduct Authority and rules made by the FCA which apply to the services provided by us to you, as amended from time to time.
- **NomineeCo** means Equiniti Corporate Nominees Limited or any other company (whether or not in the Equiniti Group) on which we may decide in the future.
- **nominee service** means the service provided by us to eligible shareholders of the Company under these Terms and Conditions.
- **shares** means any class of fully paid up shares in the Company held from time to time by NomineeCo on behalf of you and/or other participants.
- **Shareview Portfolio** means the online portfolio service provided by the Equiniti Group where quarterly statements will be made available to you. Further information can be found at:  
  
**www.shareview.co.uk**
- **Unclaimed payments** means any payments over twelve (12) months old that have been issued to you in accordance with this agreement but have not been cashed.
- **we, our, us** means Equiniti FS. References to “we, our, us” also include any company to which we may transfer our rights and obligations in accordance with paragraph 16.17.
- **you, your, customer** means:
  - you, the beneficial holder of shares in the Company, and
  - if there is more than one of you, all the joint holders jointly and individually, and/or
  - your personal representative(s).

## 16.7 The nominee service we will provide

- 16.7.1 Your shares will be registered and held in the name of NomineeCo, a company that will hold your shares as we direct and for whose acts and omissions we will be responsible.
- 16.7.2 You will remain the ‘beneficial owner’ of the shares. In other words, although the shares will be registered in the name of NomineeCo, it will hold them for you, so that they really belong to you. This means that they continue to belong to you even if NomineeCo becomes insolvent.

- 16.7.3 Your shares will be held by NomineeCo in a pooled or omnibus account. We will keep a record of your shares but your individual holding may not be identifiable via separate share certificates or other paper or electronic proof of title. This means that in the event of a default (for example, if NomineeCo improperly fails to retain all of the assets entrusted to it), any shortfall in the investments registered in the name of NomineeCo may be shared pro rata by all the investors whose holdings are so registered.
- 16.7.4 You will be classified for the purposes of the FCA Rules as a Retail Client. If however you would otherwise be classified under the FCA Rules as an Eligible Counterparty or a Professional Client, you may not necessarily have the rights of a Retail Client under the Financial Services Compensation Scheme.
- 16.7.5 For more information on complaints/compensation, please see paragraph 16.28.
- 16.7.6 The decision to join the nominee service is your responsibility. If you are a citizen or resident outside the UK you should consult a professional adviser if you are in any doubt about whether you are going to need any governmental or other consent or to observe any other formalities in order to hold shares via our nominee service.

## 16.8 Your dividends and other shareholder entitlements

The terms here in paragraph 16.8 will always apply except where a change in any laws or regulations, or agreements between us and the Company prevent it.

- 16.8.1 Provided we have received the necessary funds from the Company, we will, subject to any instruction from you to the contrary as set out in paragraph 16.8.2, pay any amounts due to you in connection with your shares on the dividend payment date or other due date or as soon as reasonably practicable thereafter. Equiniti FS will hold the cash on your behalf with a bank in a client money account which is segregated from any money belonging to Equiniti FS in our own right. You will not be paid interest on cash balances, and we will be entitled to keep any interest earned or any equivalent fee that the bank in question pays us.

We will send you the money in sterling (unless we make available a Company facility to receive the payment in a different currency) by electronic payment, or by other payment methods we may decide on from time to time, which could include a cheque if we do not have up-to-date bank details for you. If for any reason we receive money for you in a foreign currency, we may convert it into sterling at the applicable exchange rate on the day we make the conversion. Unless you instruct us otherwise, we will continue to observe any bank mandates or other instructions you have given us or Equiniti Limited concerning your shares.

- 16.8.2 We may make available a service to enable you to:
- reinvest any sums receivable on your shares by way of a distribution of dividend by purchasing more shares in the Company; or
  - receive new shares instead of a cash dividend if declared by the Board of the Company; or
  - receive any sums receivable on your dividend by way of a distribution in any alternative payment method made available by the Company.

Provided your instruction as to how you wish to receive your dividend has been processed (subject to the Terms and Conditions of that service), and the necessary shares or funds have been received by us, we will reallocate them to you, subject to these Terms and Conditions.

Where a transaction results in you being entitled to a fraction of a penny which cannot be remitted to you at the time we would normally remit money to you, you consent to us releasing any such amount to a registered charity of our choice, for or on your behalf. Accordingly, you

agree that we will not remit that amount to you, nor hold it as client money for you, and you shall not have any claim, proprietary or otherwise, over such amount following payment to the charity.

16.8.3 All cash balances will be held by us as client money under the FCA Rules and as follows:

- we will deposit the cash in the UK or EEA with a suitably authorised bank or other financial institution that is regulated and has permissions within the UK or an EEA country to provide services to hold deposits and other client monies;
- the bank will hold the cash on our behalf in a trust account separate from any account used to hold money belonging to us or NomineeCo in our own right. Client monies will be pooled with client money of our other customers. Equiniti is committed to holding its client money with banks which are well capitalised as this better spreads the risk of any default by these institutions which could impact our customers;
- we will not, however, be responsible for any acts or omissions of the bank; and
- if the bank becomes insolvent, we will have a claim on behalf of our clients against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between them.

If we are holding cash, we may withdraw the cash, any withdrawal will be applied towards paying fees, charges and other sums due and payable to us, as set out in these Terms and Conditions and in accordance with FCA Rules.

If there has been no movement on your balance for at least six (6) years (notwithstanding any payments or receipts of charges, interest or similar items), then provided we have taken reasonable steps to trace you and to return the monies we may cease to treat that money as client money. We undertake to make good any valid claims against any released monies.

In accordance with FCA Rules, we are able to deposit some client monies with banks under unbreakable term deposit arrangements or notice periods of up to ninety five (95) days. In the unlikely event of any issues experienced by us or any banks holding your client money it may take longer to return money to you. This does not in any way affect your ability to withdraw funds from your account or undertake any transactions under normal conditions.

16.8.4 If the law obliges us to deduct tax from any payment owing to you, we will only send you the net amount after the required deduction has been made. If you are in any doubt as to your taxation position you should consult your own professional adviser immediately.

16.8.5 If you need us to send a replacement payment there may be a fee to pay.

Details of our standard fees when issuing replacement payments can be found at:

**[www.shareview.co.uk/clients/paymentreissue](http://www.shareview.co.uk/clients/paymentreissue)**

Any fee will be deducted from the replacement payment being sent to you.

16.8.6 If there is a rights issue in the Company or similar corporate action, we will, if possible, make arrangements for you to take up your rights in the Company in return for the necessary payment and/or provide instructions to us as to whether those rights should be held or sold. We will write to you if the Company proposes to issue such rights and explain the procedure you should follow if you wish to participate, as well as any costs or fees you may be charged for doing so. If you would like us to take up those rights on your behalf, we must receive your cleared payment of that sum, whether in £s sterling or another currency, in time for the due payment date or any other deadline we notify you about. Where it is not practicable for you to take up your rights, we will where practicable and possible make arrangements for the sale of such rights in the market (or off market to the Company or third party at our discretion) and the

distribution of the proceeds of such a sale.

- 16.8.7 If there is a capitalisation issue, or other distribution made up of additional shares in the Company, we will, if possible, make arrangements for you to accept. We will write to you if the Company proposes to make such a distribution and explain the procedure you should follow if you wish to participate.
- 16.8.8 In the event of a demerger, capital reorganisation or restructuring of the Company, we will assess what to do and contact you at the time. We will not be obliged to take any action unless the Company gives us reasonable notice and pays any costs we may incur. These are two possible courses of action:
- if the resulting company offers a nominee service, we will normally send you their terms and conditions and, unless you tell us otherwise, include your shares in that alternative nominee service; or
  - if no nominee service is offered, we will normally try to arrange for you to hold shares in the resulting company under the terms governing the demerger or restructuring.
- 16.8.9 If there is a takeover or other offer for your shares, we will not accept it unless we have your specific instructions to do so, or if the shares are being acquired compulsorily. On your behalf we will accept any compulsory purchase notices concerning your shares. In these circumstances we will accept a cash offer if this is one of the available alternatives. We will not, however, be liable for any resulting tax or other financial liability.
- 16.8.10 If for any reason, any shares in the Company are allocated to NomineeCo, we will reallocate them to eligible customers, who qualify on the Company's determined qualifying date. Reallocation will be on a pro rata basis whereby the eligible customer's share balance will be divided by all eligible customers' share balances and multiplied by the number of Company allocated shares. If there are any fractional shares, less than whole shares, these will be aggregated and sold with the net proceeds being paid in cash to eligible customers with fractions using the same pro rata method described above.
- 16.8.11 Where after the application of 3.10 any fractional shares or fractional amounts of cash of less than a penny remain which cannot be remitted to you at the time we would normally remit money to you, you consent to us releasing any such amount to a registered charity of our choice, for or on your behalf. Accordingly, you agree that we will not remit that amount to you, nor hold it as client money for you, and you shall not have any claim, proprietary or otherwise, over such amount following payment to the charity.
- 16.8.12 We will supply to you any other information required to be sent to you by us under applicable law or regulation.
- 16.8.13 The Company may send you the summary financial statements they send to all their shareholders. If they fail to do so, we cannot be held responsible. But if you contact us, we will do our best to send you a copy of the full annual review and accounts – so long as we can get enough copies from the Company.

## 16.9 Voting at Company General Meetings

- 16.9.1 We will endeavour to arrange for you to attend and vote at general meetings of the Company, so far as this is reasonably practicable and possible.
- 16.9.2 You may also authorise NomineeCo to vote for you at a Company general meeting in the way you wish. Any instructions you want to give us regarding your vote must reach us at least five (5) working days before the meeting in question – unless we notify you otherwise. We may, at our absolute discretion, agree to accept voting instructions electronically or by telephone. In the absence of specific instructions from you, the votes attached to your shares will not be used at all.

## 16.10 Keeping you informed about your holding

We will send you a paper statement as soon as you join the nominee service.

On a quarterly basis we will make available a statement within your Shareview Portfolio. If you would like this in paper format details of how to request this will be made available on your statement notification.

You can also request more frequent paper statements, please contact us using the contact details in paragraph 16.6 for details of the charge for this service.

If you need us to confirm your holding in writing at any other time, there may be a fee to pay. But you are welcome to check your holding at any time on our website at:

**[www.shareview.co.uk](http://www.shareview.co.uk)**

## 16.11 Adding to your holding

If you have bought or become entitled to more shares in the Company, you may transfer them to our nominee service – for us to hold under these same Terms and Conditions – at any time.

## 16.12 Dealing in your shares

16.12.1 A share dealing service may be made available to you in respect of your shares. If you want to use it to sell your shares, we will act on the instructions of the share dealing service providers nominated on your behalf by the Company. For further details, please contact us. In this case, the share dealing will be governed by the terms and conditions between you and the share dealing service providers – you can send for a copy of the share dealing terms and conditions by getting in touch with them direct.

16.12.2 If you want to use the services of a share dealing service provider other than that of those nominated by the Company, we will first need to transfer your shares back to you in the form of a paper certificate or to a third party of your choice.

There may be a fee for this transfer. So if you plan to use an alternative share dealing service provider, please let us know and we will send you the transfer form to complete, along with details of any fee and how to pay it.

16.12.3 Share dealing charges will vary from time to time. Please contact the share dealing service providers individually for their up-to-date fees and charges.

## 16.13 Tax

16.13.1 You will be responsible for paying any taxes or duties due in connection with your shares, including but not limited to, any tax on the income received in respect of your shares or on any capital gains from disposing of your shares, we will not be liable for them in any way. If you are in any doubt as to your taxation position you should consult your own professional adviser immediately. Your own tax treatment will depend on your individual circumstances.

### 16.13.2 **Our policy on correcting any shortfalls in money or assets held on behalf of customers**

Regardless of all the controls and measures we have, there can be instances when shortfalls in money or assets can occur, sometimes just during a working day or sometimes for a longer period.

In accordance with the principles and rules set by the FCA we will ensure there is adequate protection for customers' assets when we are responsible for them. A key measure in ensuring and demonstrating such protection is the reconciliation of all money and assets due to our customers. Such reconciliation includes the correction of any shortfalls in the money and/or assets due to customers that may be identified, using our own funds and resources where



necessary. This policy ensures that no customer would be disadvantaged should they request an immediate return of their money and/or assets or if it becomes necessary for us to return all money and assets to customers.

For all money held on behalf of customers we use controls, during each business day, to monitor these balances and provide same day funding for any identified shortfalls (i.e. we ensure that the total amount of money actually held for customers in a segregated 'client money' bank account is equal to the total amount of money due to customers as per our internal customer account records). The funding by us of any shortfalls that may occur will remain in place until such time as the reason for the shortfall has been identified and corrected.

We also monitor all assets (i.e. stock) held in custody for customers during the normal course of business each day to ensure these equal the total assets due to customers as per our internal customer account records. In the event a shortfall is identified, we will instigate the following actions:

- (a) Establish if this has arisen as a result of a routine timing issue which will address the shortfall in due course and monitor this through to completion.
- (b) If the shortfall is not as a result of a routine timing issue, we will establish the most recently available market valuation of the asset and credit the 'client money' bank account with the equivalent cash value of the shortfall.
- (c) Ensure that our records clearly show which customers may be impacted by the asset shortfall (these customers will be entitled to claim against this cash provision in the event that Equiniti FS were to become insolvent before the asset shortfall is resolved).
- (d) Where we ascertain that the delivery of assets will occur in due course to address the shortfall, then we will maintain an equivalent cash position in the 'client money' bank account until such time as these assets are delivered. This cash amount will be reviewed during each business day against the relevant market value of the assets and adjusted accordingly. We may apply an additional and appropriate margin to this valuation where the asset type is held on an overseas market which is open outside of normal UK business hours.
- (e) Where we ascertain that the delivery of the stock to correct the shortfall is unlikely to occur or will not occur then we will arrange to purchase the relevant asset in the market to correct the shortfall. The equivalent cash value placed into the 'client money' bank account will remain in place until the trade has settled and the stock amount is represented in the overall customer asset position.

#### **16.14 Joint holders and trusts**

- 16.14.1 NomineeCo may hold shares for up to four joint holders.
- 16.14.2 Normally we will only accept instructions with the consent of all joint holders.
- 16.14.3 We and NomineeCo cannot and will not take formal notice of any trust affecting the shares, whether express, implied or constructive.

#### **16.15 The security in your shares**

- 16.15.1 Your shares will not be lent to, nor deposited as collateral with, a third party. No money will be borrowed by us against the security of your shares.
- 16.15.2 You must not assign or transfer your interest in the shares to anyone else or borrow money against the security of your shares. Neither we nor NomineeCo will be bound to take notice of,

nor arrange to carry out, any trust, mortgage, charge, pledge or claim in favour of anyone else.

- 16.15.3 We may decline any notice we receive concerning the right, title, interest or claim of anyone else to an interest in your shares, except when that interest has arisen through bankruptcy, court order or death.

#### 16.16 Communications between you and us

- 16.16.1 Any communication or agreement between you and us under these Terms and Conditions must be in the English language. We will always communicate with you in English.

- 16.16.2 Please address all letters, instructions, notices, and other documents for us to the address detailed in paragraph 16.6.

Until your communication actually reaches us at this address, we will not be able to treat it as officially received, nor to act on it.

You must send us any instructions or notices in writing – and we need an original paper document please, not a fax or email. In a few special circumstances and at our sole and absolute discretion we may be able to waive the requirement for your instructions to be in writing.

- 16.16.3 All quarterly statements will be added to your Shareview Portfolio and will not be sent by post (unless you have instructed us in accordance with paragraph 16.10).

In addition, we will have discretion to make available to you through your Shareview Portfolio any other notices or documents related to this service.

For example, we may advise you via the Shareview Portfolio of dividend payment confirmations or amendments to our Terms and Conditions, rather than sending this information to you (and all other users of our nominee service) individually by post. An exception to this is where amendments to our Terms and Conditions are material and we are required to contact you directly giving you prior notice as per paragraph 16.22.

All email notifications will be sent to holders using the latest valid email address provided. Where we choose to use paper communication we will continue to address all payments, notices and other documents to the sole or first-named joint holder at the address on our register, or the holder and address given to us most recently for correspondence purposes.

If you provide us with an email address but subsequently decide that you do not want us to communicate with you by email or using a website, please send us a letter in the post stating this and we will resume using the last postal address we have for you.

We may choose not to send out a document if you are not resident in the UK or the address you have given us for posting documents is not in the UK, for example if we have reason to believe its distribution in your country may be forbidden by law.

- 16.16.4 Everything we send you is at your own risk, including any cheque or electronic payments. If we are unable for any reason to send you a payment electronically, we will send it by cheque instead.

- 16.16.5 We cannot take any part in, nor take any responsibility for, arrangements between joint holders over sharing information or accounting among themselves.

- 16.16.6 If there should be any dispute or court proceedings concerning your shares or your beneficial interest in them, you must let us know straightaway. If we become aware of a dispute between you and a third party, or between any joint holders, over ownership of the shares, we may decide that we must see an agreement signed by the disputing parties or a court order before

we can act on any more instructions. If an agreement or court order of this kind is ever made affecting your shares, you agree to supply us with a copy as soon as possible afterwards.

- 16.16.7 If communications from us to you are returned by the Post Office marked 'Gone Away', or if, for any other reason, it is our reasonable belief that you no longer live at the address that you have registered with us, we will stop sending communications to you and will attempt to re-establish contact.

In order to do this, we will write to your last known address seeking information about your current whereabouts. If you have a dividend mandate instruction in place, we will also write to your bank asking them to forward our contact details on to you.

If we are still unable to re-establish contact with you, we may instruct a professional tracing agent to locate and make contact with you. If the tracing agent is successful, and you contract with them to use their services, they may charge you.

If we have reason to believe your email address is invalid we will stop sending electronic communications and will resume using the last postal address we have for you. Your quarterly statements will continue to be made available to you in accordance with paragraph 16.10.

### 16.17 Transferring our obligations

In accepting these Terms and Conditions you agree that we may transfer our obligations under this agreement to any other company, if that other company writes to you and undertakes to carry out all our duties and obligations under this agreement. If it does so, you agree that we will be released from all those duties and obligations that such company has undertaken to carry out. We shall satisfy ourselves that any such company is competent to carry out those functions and duties transferred and is regulated to do so by the FCA, if such regulation is required. As part of transferring our rights and obligations to a third party, we may transfer all of the cash, investments and information we hold under these Terms and Conditions to that third party or its nominee. Where funds are held by us as client money the third party will continue to hold this as client money. If you receive a written notice under this paragraph, and you decide you wish to end this agreement, you may do so by sending us instructions as explained in paragraph 16.18. No charge will be payable by you for this if your instructions reach us within one month of the date of the written notice.

### 16.18 Ending this agreement

- 16.18.1 You may cancel this agreement at any time by letting us know in writing. This is in addition to your legal right to cancel this agreement within fourteen (14) days of the agreement between us being made. Your cancellation letter will take effect as soon as we receive it, although this will not prevent the completion of any transactions that are already under way. The normal charges will be made for these transactions.

- 16.18.2 If you have asked to cancel this agreement, or you are no longer eligible to hold your shares in our nominee service (i.e. you change address to outside the EEA), or our nominee service is cancelled by us in accordance with section 15 (*Selling Restrictions*), we will, unless you instruct us otherwise, transfer any shares being held in our nominee service into your own name, and then send you a share certificate.

All transactions are subject to the usual fees unless otherwise notified.

- 16.18.3 This agreement will only end once your shares are no longer held in our nominee service, and any outstanding dividends or other entitlements have been cashed in accordance with your instructions.

### 16.19 Notification of death

The rights to your shares pass to your legal representatives on your death.

To register the death we will need to see the original UK Grant of Representation, or a sealed office copy (we are not able to accept certified copies). This could be:

- Grant of Probate;
- Letters of Administration; or
- Certificate of Confirmation (Scotland).

If the relevant shares are held on behalf of more than one person, and after the event the shares are to be held on behalf of the other person(s) then we will arrange for the shares to be transferred into their name(s) to remain in the nominee service.

In order to complete the transfer of shares into new name(s) after the event, we may need to request additional information and until this information is available the shares will continue to be held in the original name(s).

#### **16.20 Terminating our nominee service**

This agreement may be brought to an end at any time by us giving you three (3) months' notice or automatically if the agreement between us and the Company under which we provide this nominee service comes to an end.

In either case, the completion of transactions already under way will not be affected.

#### **16.21 Charges for our nominee service**

Details of fees are set out in these Terms and Conditions.

We may review these charges from time to time.

We may charge other fees for services provided under this agreement.

We may charge an annual management fee if we no longer hold any shares on your behalf under this agreement but continue to hold unclaimed payments which have been previously notified to you. We will withdraw this from your unclaimed payments up to the maximum stated in these Terms and Conditions.

We may waive fees at our sole discretion.

We will let you know in writing before we change any of them (see also paragraph 16.22). If at any time you would like an update on our fees they are available from us on request.

In addition to the charges outlined above, we receive fees from the Company sponsoring the service. The Company sponsors this service so that you can benefit from holding your shares in an electronic account at low cost. The fees are negotiated regularly with the Company, with the actual charge made to the Company reflecting the size, complexity and value of the service and the overall relationship with the Company. We also receive fees from brokers with whom the Company has set up arrangements for you to sell your shares or buy additional shares. These fees are charged by us for trade settlement and register access administration. The broker should give you details of these fees at the time of your trade. More information about these fees is available on request.

#### **16.22 Changing this agreement**

We may change these Terms and Conditions from time to time in order to:

- comply with changes in law or regulation;
- correct inaccuracies, errors or ambiguities;
- take account of any corporate reorganisation inside our group of companies or a transfer of our rights, benefits and/or obligations under these Terms and Conditions to a third party; and/or

- reflect changes in the scope and nature of the service we are able to provide, having regard to:
  - our agreement with the Company;
  - the CREST rules and regulations, and our CREST membership;
  - our computer or database systems;
  - our administrative procedures and routines; and/or
  - market practice and overall customer requirements.

If we intend to change the Terms and Conditions and the alteration is material we will give you at least thirty (30) days' advance written notice of the alteration, unless such changes are required by law or regulation to be effected earlier, or it is otherwise impracticable to do so.

See also paragraph 16.16.3 as to when we may use email or a website to provide you with such notice.

Remember also, if you do not like an alteration that we propose to make to these Terms and Conditions, that you have a right to leave the nominee service at any time by following the procedure in paragraph 16.18.

### 16.23 The extent of our liability

16.23.1 We will not be responsible for any losses or expenses you incur under this agreement, unless caused by our breaching FCA Rules, or our fraud, wilful default or negligence.

Even in the event of our wilful default or negligence, we will not be liable for any loss attributable to a failure by you to let us know about address or name changes, other changes in personal details, or bankruptcy, or any problem or defect in your ownership or title to the shares (unless caused by us).

16.23.2 Neither we nor NomineeCo act as agent for the Company or accept any responsibility for anything the Company does or does not do.

16.23.3 Neither we nor NomineeCo will be responsible for:

- acting in accordance with a court order (of whatever jurisdiction) or failing to act in accordance with a court order about which we have not been notified;
- forged or fraudulent instructions. So long as we have shown all due care, we will be entitled to assume:
  - that signatures that purport to be yours are genuine; and
  - if we have agreed to accept a particular instruction over the phone or by email, that the caller's or emailer's identity is genuine – unless it ought to be obvious to anyone that it is not.
- any kind of loss or damage you suffer in the event of 'force majeure' – meaning any failure, interruption or delay in the performance of our obligations because of:
  - industrial disputes;
  - the malfunction or failure of any telecommunications or computer service, or CREST;
  - the failure of third parties to carry out their obligations;
  - the activities of government or international authorities, including changes in law

or regulations; and/or

- any other event or circumstance not within our reasonable control provided, where relevant, that we have complied with the FCA Rules on business continuity. If this type of situation arises, however, we will remedy the situation as soon as reasonably possible.
  - any indirect, special or consequential loss (including direct or indirect loss of profit), other than where this results from fraud or a breach of the Conduct of Business Sourcebook or Client Assets Sourcebook in the FCA Rules on our part.
- 16.23.4 We and NomineeCo reserve the right to delay acting on any particular instruction you give us, in order that we can get additional information from you, and/or comply with any law or regulations, and/or investigate the validity or any other aspect of the instruction. Neither we nor NomineeCo will be responsible for any financial loss resulting from such a delay.
- 16.23.5 Neither we nor NomineeCo will be responsible in any way to anyone for any shortfall that might arise because we are accountable for tax on any of the shares, or any part of the shares, or on any income or capital distribution or other payment they produce, or from any sale proceeds. In order to comply with any tax liabilities of this kind that might arise, we will be entitled to recover the money by making deductions from the income arising from your shares, or by selling any or all of the shares and making deductions from the proceeds.
- 16.23.6 We and NomineeCo will be entitled to make any agreement with, or give any undertakings to, any tax authority as regards the taxation status of the transactions made under this agreement, and do everything necessary to abide by any such agreement or undertakings.
- 16.23.7 We and NomineeCo may do, or stop doing, anything that, in our reasonable opinion, is necessary in order to comply with any laws, rules, regulations or the requirements of any regulatory or other body that are binding on us.
- 16.23.8 We reserve the right to correct your shareholding, at our expense, without reference to you, if we discover we have made an error, and will notify you (where relevant) of any correction made. In the event that we make an error on your shareholding and realise a financial gain in putting your shareholding back in the correct position we will be entitled to retain this.

#### 16.24 Indemnifying us

- 16.24.1 You agree to indemnify us and NomineeCo and our respective agents, officers and employees for any liabilities we incur arising from anything done by us in the proper performance of our duties in accordance with this agreement in relation to your shares, except for liabilities that are the result of our or NomineeCo's wilful default, negligence or fraud or a breach of the FCA Rules.
- 16.24.2 Your obligations under this indemnity will survive even in the event of:
- complete or partial termination of this agreement, or
  - our or NomineeCo's resignation or replacement.
- 16.24.3 If you are liable under the terms of this agreement to pay us a sum of money and the law requires tax to be deducted or withheld from that sum, you must pay us enough to cover both your liability and the tax sum involved in full. We and you agree to make any payments and adjustments necessary to achieve this.

## 16.25 Conflicts of interest

16.25.1 We have organisational and administrative arrangements in place, that are intended to prevent conflicts of interest from adversely affecting the interests of our clients. So, we take all appropriate steps to identify and prevent or manage conflicts of interest:

- (a) between us and our clients; and
- (b) between one client and another, that arise in the course of providing an investment and/or ancillary service.

If these arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to you will be prevented, we will tell you about the nature and/or sources of conflicts of interest, and the steps we have taken to mitigate these risks, in providing these services.

16.25.2 You will find full details of our Conflicts Policy on our website at:

**[www.shareview.co.uk/info/policies](http://www.shareview.co.uk/info/policies)**

or you can request a printed copy by contacting us using the contact details in paragraph 16.6.

16.25.3 At the time of the issue of this document no material conflicts of interest were identified which could not be managed in accordance with paragraph 16.25.1.

## 16.26 Governing law

These Terms and Conditions are governed by English law. Any disputes relating to the agreement between us will be subject to the jurisdiction of the courts of England and Wales.

## 16.27 No third party rights

This agreement is only between you and us. It will not give any benefits to, nor be enforceable by, a third party.

## 16.28 Complaints and compensation

If you have a complaint of any kind, please be sure to let us know. We will do our utmost to resolve the issue. You can put your complaint in writing to us at:

**Complaint Resolution Team, Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA United Kingdom**

or email us at:

**[concerns@equiniti.com](mailto:concerns@equiniti.com)**

or call us using the contact details in paragraph 16.6.

If we cannot resolve the issue between us, you may – so long as you are eligible – ask the independent Financial Ombudsman Service to review your complaint.

A leaflet with more details about our complaints procedure is available – you are welcome to ask us to supply you with a copy at any time.

We are a member of the Financial Services Compensation Scheme, set up under the Financial Services and Markets Act 2000.

If we cannot meet our obligations, you may be entitled to compensation from the Scheme. This will depend on the type of agreement you have with us and the circumstances of the claim. For example, the Scheme covers corporate sponsored nominees, individual savings accounts and share dealing.

Most types of claims for FCA regulated business are covered for 100% of the first £50,000 per person.

This limit is applicable to all assets with Equiniti FS.

For more details about the Financial Services Compensation Scheme, you can call their helpline:

**0800 678 1100 or +44 207 741 4100**

or go to their website at:

**[www.fscs.org.uk](http://www.fscs.org.uk)**

or write to them at:

**Financial Services Compensation Scheme  
10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU United Kingdom**

### **Alternative Formats**

To request these Terms and Conditions in an alternative format, for example, large print, braille, or an audio tape, please contact Equiniti using the contact details in paragraph 16.21.6 above.



## PART VI - DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	<p><b>Penny Hughes, CBE</b> (Independent Non-Executive Chair)* <b>Dr. Andrew Palmer, CMG</b> (President and Group Chief Executive Officer) <b>Mark Wilson</b> (Chief Financial Officer) <b>Richard Solomons</b> (Senior Independent Non-Executive Director)* <b>Amr Ali Abdallah AbouelSeoud</b> (Non-Executive Director) <b>Najeeb Al Humaidhi</b> (Non-Executive Director) <b>Saoud Al Humaidhi</b> (Non-Executive Director) <b>Lord Matthew Carrington</b> (Independent Non-Executive Director)* <b>Mahmoud Samy Mohamed Ali El Sayed</b> (Non-Executive Director) <b>Peter Espenhahn</b> (Independent Non-Executive Director)* <b>Dante Razzano</b> (Non-Executive Director) <b>Peter Rogers, CBE</b> (Non-Executive Director)* <b>Imelda Walsh</b> (Independent Non-Executive Director)* <b>Professor Tensie Whelan</b> (Independent Non-Executive Director)* <b>Roberto Maestroni</b> (Non-Executive Director)**</p>
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\*indicates those persons who will become directors on Admission.

\*\*Mr. Maestroni will be resigning on Admission.

<b>Company Secretary</b>	<b>Michael Marecki</b>
<b>Registered Office</b>	Banbury Road Gaydon Warwick, CV35 0DB United Kingdom
<b>Financial Adviser</b>	<b>Lazard &amp; Co., Limited</b> 50 Stratton Street London, W1J 8LL United Kingdom
<b>Sole Sponsor</b>	<b>J.P. Morgan Securities plc</b> 25 Bank Street Canary Wharf London, E14 5JP United Kingdom
<b>Joint Global Co-ordinators</b>	<b>Deutsche Bank AG</b> Winchester House 1 Great Winchester Street London, EC2N 2DB United Kingdom
	<b>Goldman Sachs International</b> Peterborough Court 133 Fleet Street London, EC4A 2BB United Kingdom
	<b>J.P. Morgan Securities plc</b> 25 Bank Street Canary Wharf London, E14 5JP United Kingdom

**Joint Book Runners**

**Merrill Lynch International**

2 King Edward Street  
London, EC1A 1HQ  
United Kingdom

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London, E14 4QJ  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London, E14 5HQ  
United Kingdom

**UniCredit Bank AG, Milan Branch**

Piazza Gae Aluanti 4  
Milano, 20154  
Italy

**Co-Lead Managers**

**CI Capital Investment Banking S.A.E.**

64 Mohie El Din Aboulezz St.  
Dokki, Giza, 12311  
Egypt

**Houlihan Lokey Capital, Inc.**

10250 Constellation Blvd.  
5th Floor  
Los Angeles, CA 90067  
USA

**Mediobanca – Banca di Credito Finanziario S.p.A.**

Piazzetta Cuccia 1  
20121 Milano  
Italy

**Numis Securities Limited**

The London Stock Exchange Building  
10 Paternoster Square  
London, EC4M 7LT  
United Kingdom

**Auditor and Reporting Accountant**

**KPMG LLP**

15 Canada Square  
London, E14 5GL  
United Kingdom

**Legal advisers to the Company as to English law**

**Slaughter and May**

One Bunhill Row  
London EC1Y 8YY  
United Kingdom

**Legal advisers to the Company as to U.S. law**

**Simpson Thacher & Bartlett LLP**

CityPoint  
One Ropemaker Street  
London, EC2Y 9HU  
United Kingdom

**Legal advisers to the Joint  
Global Co-ordinators, Joint  
Bookrunners, Sponsor, Co-  
Lead Managers and  
Underwriters as to English  
and U.S. law**

**Registrar and Receiving  
Agent**

**Freshfields Bruckhaus Deringer LLP**

65 Fleet Street  
London, EC4Y 1HS  
United Kingdom

**Equiniti Limited**

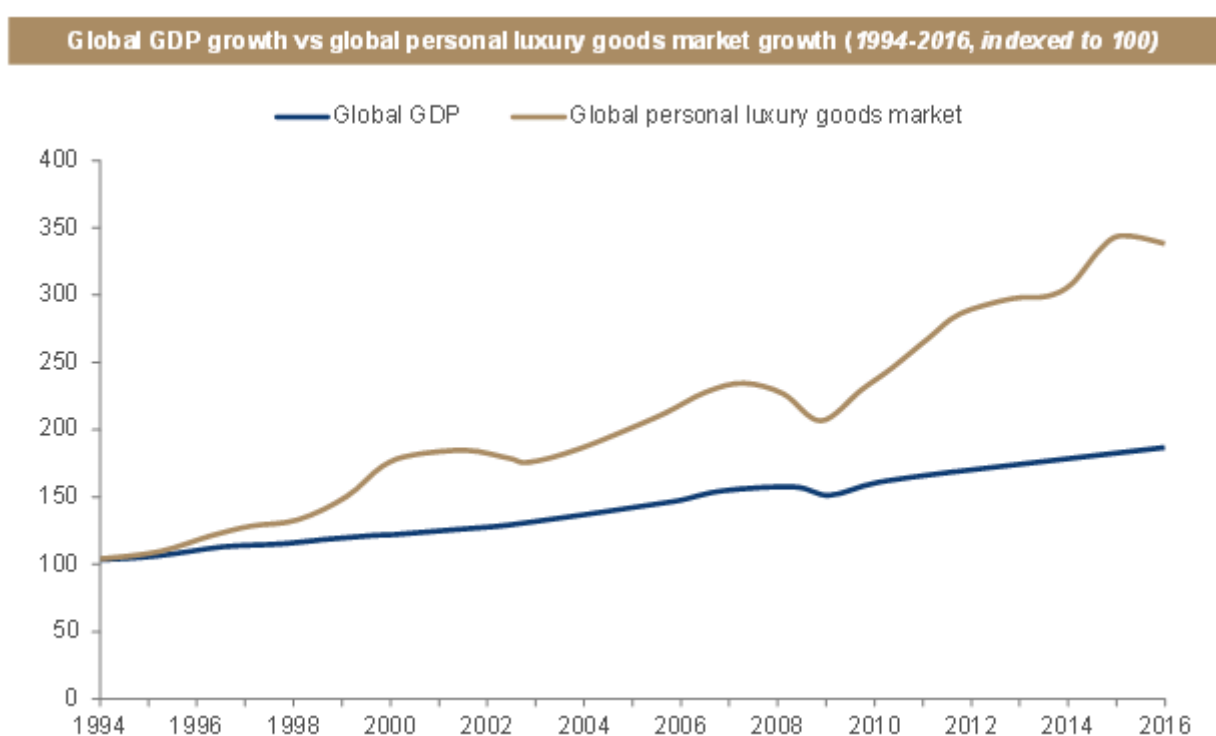
Aspect House  
Spencer Road  
Lancing  
West Sussex, BN99 6DA  
United Kingdom

## PART VII - MARKET OVERVIEW

*This Part VII (Market Overview) should be read in conjunction with the more detailed information contained in this Prospectus, including the financial and other information in Part XII (Operating and Financial Review).*

Aston Martin Lagonda operates in the HLS car segment of the automotive industry, which includes a broad range of cars: from hypercars (such as the Aston Martin Valkyrie) to high luxury GT and sports models (such as DB11 and Vantage), four-door coupes, SUVs and sedans.

Compared with the broader passenger car market, the HLS market shares several characteristics with other luxury goods, such as brand heritage, prestige and exclusivity, aesthetics, appreciation of performance and quality. The luxury goods market is affected by global macroeconomic conditions, but is more directly affected by population wealth, and wealth of HNWIs. The growth in the personal luxury goods market has significantly exceeded global gross domestic product (“GDP”) growth as shown in the graph below:



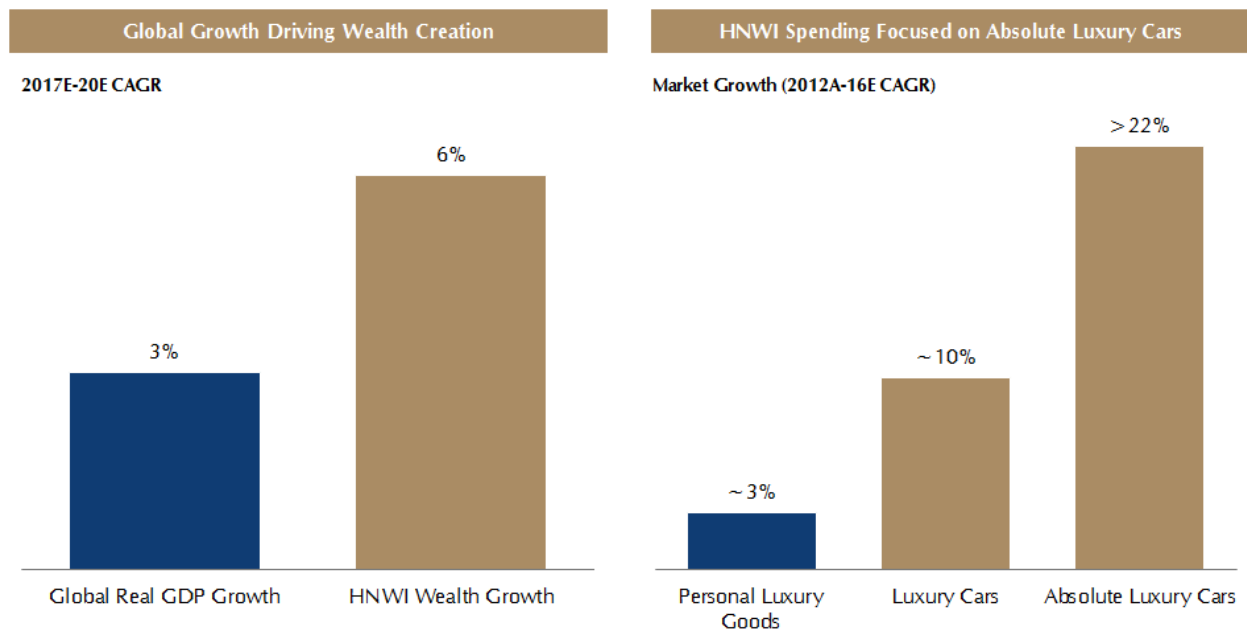
Note: Personal luxury goods refers to items such as handbags and jewellery, luxury hospitality, fine wines and spirits, fine art or designer furniture.

Source: Bain & Company Luxury Goods Worldwide Market Study 2016, World Bank DataBank.

Given the significant cost and high degree of customisation of the cars offered within the HLS car segment, customers tend to be HNWIs. HNWIs are typically defined as individuals having investable assets (financial assets not including primary residence, collectables, consumables and consumer durables) in excess of \$1 million.

Since 2008, according to Bain & Company, the spend on luxury cars has grown faster than the spend on broader personal luxury goods market. Similarly, the HLS car market is growing at a rate exceeding global GDP growth (based on World Bank DataBank), mainly driven by an expanding population of HNWIs and increasing levels of HLS car ownership among HNWIs. The luxury cars segment, with an estimated value of €489 billion in 2017, was one of the fastest expanding segments in the worldwide luxury market, growing approximately 6 per cent. in 2017 according to Bain & Company’s Luxury Goods Worldwide Market Study.

The most exclusive end of the market (absolute luxury cars, which includes hypercars) has recorded the fastest growth rate (over 22 per cent. compounded growth from 2012 to 2016), as shown in the graphic below:



Sources: World Bank Global Economic Prospects 2018, World Wealth Report 2017, Capgemini, Bain & Company Luxury Goods Worldwide Market Study 2016. Note: HNWI represents individuals with assets \$1 million to \$50 million.

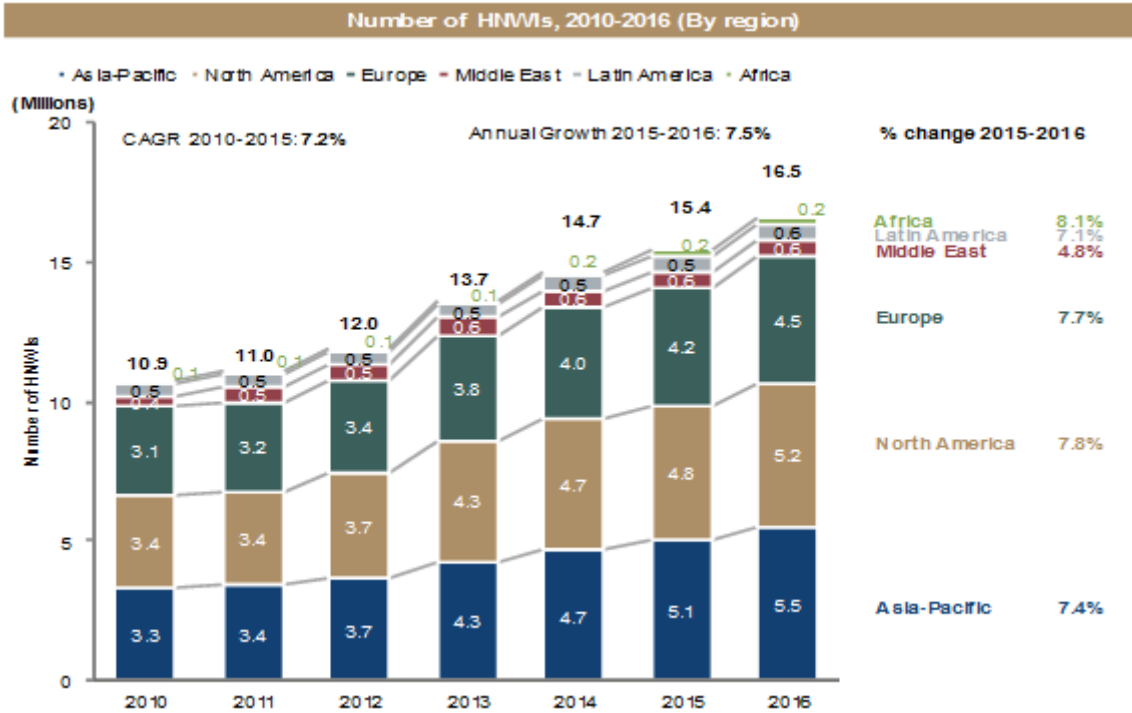
Manufacturers in the HLS car segment can be separated into exclusive luxury brands and large automotive companies with certain luxury product derivatives. Exclusive luxury brands such as Aston Martin Lagonda, Bentley, Ferrari, Lamborghini, McLaren and Rolls-Royce generally pursue a low volume production strategy to maintain a reputation of exclusivity and scarcity and to promote premium pricing.

Due to the relatively small size of the HLS car segment, new product offerings tend to drive overall volume growth. Consequently, market share is not as relevant compared with other segments of the automotive market.

## 1 Key market drivers

### ***Number of high net worth individuals (HNWIs)***

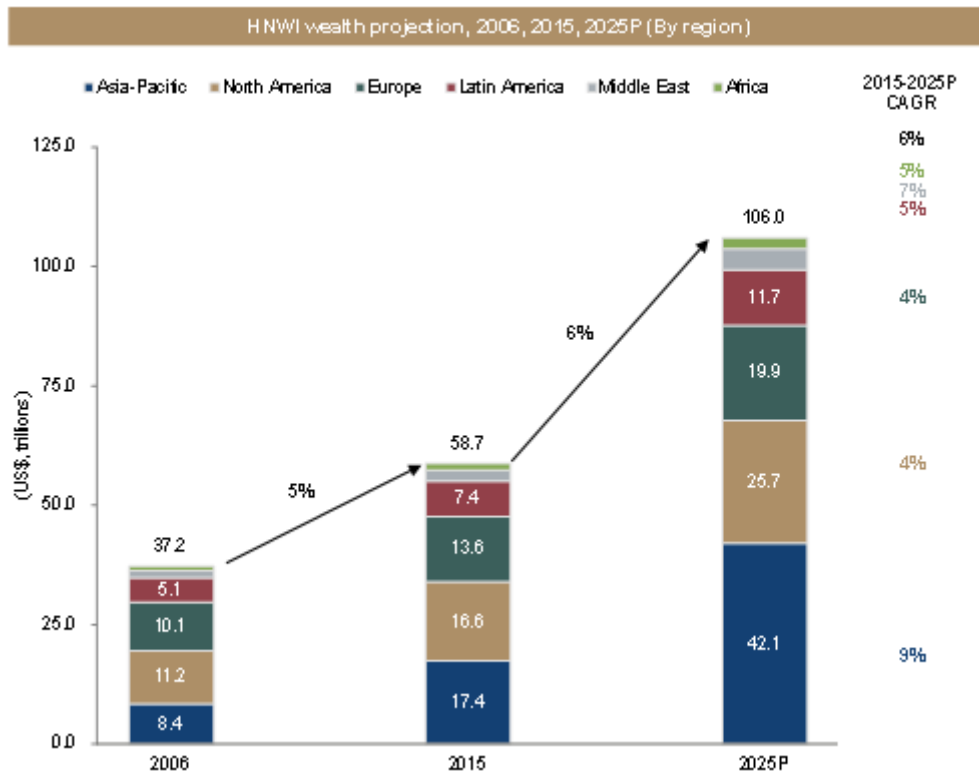
The principal driver of the HLS car segment is the number of HNWIs with the resources available to purchase HLS cars. The pool of HNWIs has been boosted by global economic growth and wealth creation, particularly in certain emerging economies, and rising levels of affluence and demand from the emerging middle and upper classes, particularly in the Asia Pacific region. In particular, the growth of HNWIs in China has been both significant and consistent over the last few years, with the number of HNWIs increasing by 21 per cent. between 2015 and 2017. According to Capgemini's 2017 World Wealth Report, the population of HNWIs has grown by 7.5 per cent. between 2015 and 2016 to 16.5 million HNWIs globally. The HNWI population grew at a compound annual growth rate ("CAGR") of approximately 7 per cent. between 2010 and 2016, as the following chart shows:



Note: CAGRs are calculated on rounded figures.

Source: World Wealth Report 2017, Capgemini.

HNWI wealth is expected to continue to expand rapidly, on track to surpass \$100 trillion globally by 2025 according to Capgemini's 2018 World Wealth Report. The Directors believe that age drives the penetration of the HNWI population into the HLS car market in two key respects. First, individuals are entering the HNWI population at increasingly younger ages, which is creating a larger market. Second, the older members of the HNWI population tend to resist growing old in terms of style, appearance and attitude when it comes to purchasing a car. This youthful mentality supports demand for sports cars in the market of older members of the HNWI population. Additionally, the growth in the number of high net worth women, which leads to a correspondingly higher household income, has also contributed to the increase in the HLS car market. The Directors believe that this growth in the number of HNWIs and projected growth in absolute wealth underpins the growth plans of Aston Martin Lagonda. The following chart sets out the expected HNWI wealth projection by region, with the Asia Pacific region expected to grow fastest in relative and absolute terms:



Note: 2025 data is calculated by applying the country-level annualised growth rate from 2006-2015 for the 2015-2025 period. CAGRs are calculated using rounded figures.

Source: Capgemini Financial Services Trends & Insights 2016; World Wealth Report 2016, Capgemini.

### **Penetration of HLS among HNWIs**

Economic growth, an increasing concentration of wealth, changing demand patterns and significant infrastructure investments have led to a surge in demand for HLS cars worldwide, particularly in emerging markets such as China. Additionally, the increasingly young age of HNWIs has driven increased demand within the HLS car market.

A further driver for the HLS car market is the ownership rate of HLS cars within the HNWI population. This is influenced by the growing availability of HLS cars, dealership network expansions and volume increases of original equipment manufacturers ("OEMs"), as well as affordability and desirability.

Additionally, improving infrastructure in emerging markets as well as increasing HLS product awareness among HNWI consumers is expected to drive penetration levels in these markets, which historically have been below the levels of more developed markets, due to road and traffic constraints, wide-spread reliance on chauffeurs and lack of suitable racetracks.

### **Limited supply to protect brand exclusivity and pricing power**

HLS car manufacturers typically employ a low volume production strategy, where the volume does not typically vary based on demand but is rather based on volume targets established to maintain a reputation of exclusivity and scarcity among purchasers of their cars. Manufacturers deliberately monitor and maintain their product volumes and delivery wait-times to promote their reputation, while being sensitive to local client expectations in particular markets. In addition, manufacturers within this segment enhance the uniqueness of particular models by bespoke customisations, variants and derivatives to meet the demands of their customers.

The low volume strategy, combined with the quality and performance of the cars produced, has typically allowed HLS car manufacturers to charge high average selling prices, which, through continual improvement in performance, technology, quality and other features, have trended up over time.

### ***New product launches and economic confidence***

Given the significant financial resources available to its HNWI customer base, a key characteristic of the HLS car market is that a considerable portion of demand is driven by new product offerings, which tend to create demand and drive sales volumes even in difficult market environments, given the desire of HNWI customers to own the latest models available. Demand for HLS products is maintained through the lifecycle of the product by introducing new derivatives, such as a convertible or second powertrain derivative, performance upgrades, new personalisation options and improved quality. This strategy enables HLS manufacturers to continually deliver new product variants, thereby increasing consumer demand.

Consumer demand for passenger cars in general is affected by global economic conditions, which in turn affect consumers' disposable income, purchasing power and the availability of credit. High disposable income and liquid wealth levels of the HNWI segment mean that HLS customers are less affected by the economic cycle, though other factors such as uncertainty of economic outlook, declining return on investments, reduced income streams and social acceptance can have an affect on customers' willingness to buy HLS cars.

### ***Increased breadth of HLS product offering***

Consistent with the changing demographics of the HNWI population, with an increased emphasis on Asia and a greater proportion of women and younger individuals, customer tastes and preferences in the HLS car market have also evolved over recent years. Increasingly, in addition to those customers seeking the exceptional performance and driving pleasure characteristic of sports cars within the HLS car market, there is growing demand for vehicles offering the versatility and comfort typically associated with SUVs and sedans.

The luxury sports and GT and super GT segments are expected to continue to grow and the performance premium segment (from which Aston Martin Lagonda also draws customers) also shows strong predicted growth, with each of these sectors expected to achieve a combined growth rate of around 19 per cent. between 2018 and 2023 (according to IHS Markit data). The expanding mid-engine segment is also expected to provide an opportunity for volume growth, with the HLS mid-engine segment predicted to grow by 41 per cent. between 2018 and 2023 (according to IHS Markit data). Typically mid-engine cars within the HLS market are priced higher than front-engine GT and sports cars. A mid-engine car therefore gives the opportunity to increase the average selling price of the Group's models. Combined, the luxury and performance premium GT, sports and mid-engine markets are expected to be close to 110,000 units by 2023.

Luxury SUVs in particular are a rapidly growing segment of the HLS car market. A number of producers, including Aston Martin Lagonda, Bentley, Lamborghini and Rolls-Royce are developing models to capture the significant customer demand that has historically been met by certain product derivatives of large automotive companies. According to IHS Markit Global Outlook, global SUV sales within the performance premium market is expected to reach 48,761 units by 2020, with a total high luxury and performance premium potential market of 58,424 units, by the same year. Further, existing ownership of SUVs among the HLS car customer base is expected to support the increased penetration of luxury SUVs, as producers target HNWI's seeking to upgrade their existing vehicles (for example, based on a survey conducted by Aston Martin in the first half of 2018, around 72 per cent. of existing owners of DB11 and Vanquish already own an SUV).

Similarly, the luxury sedan segment of the HLS car market (which is currently dominated by Rolls-Royce and Bentley) offers an opportunity to increase the Group's breadth of product offering. Typically these products are priced higher than GT and sports cars which present the opportunity to increase the average selling price of the Group.

### ***Brand recognition and customer experience***

Brands within the HLS market have strong brand recognition, built through a history of iconic, exclusive products and associations with the motorsport industry. The Directors believe this brand recognition and history provides a barrier to entry into the HLS market. Brand recognition is enhanced through continued improvements in product offerings, restoration and maintenance of heritage products, participation within



the motorsport industry and selective marketing activities to increase brand awareness.

Consistent with the broader luxury goods industry and often curated in partnership with other luxury goods brands, brand centres and retail stores are increasingly important for HLS brands, helping to perpetuate an aspirational “lifestyle” choice for customers in conjunction with other bespoke brand experiences and enhancing the visibility of the brand. With an increasingly youthful and brand-conscious HNWI customer base, tailored customer engagement strategies are becoming more prevalent in the HLS market to provide a more exclusive and immersive luxury experience for owners.

### ***Heritage market***

Given the exclusive nature and inimitable heritage synonymous with many producer brands within the HLS car market, over time, many HLS car models have evolved from a consumable product into an investment class of their own. This has made it more attractive for HNWIs to acquire HLS cars. In the case of Aston Martin Lagonda, for example, the secondary market values of the DB5 Coupe and DB5 Volante have increased by 30 times and 24 times, respectively, since 1995.

## **2 The HLS car market**

### ***Characterisation***

The Directors consider that the car market comprises four key segments: (1) entry level (where the key players include Suzuki and Dacia); (2) mass market (with key players including Volkswagen, Fiat, Honda and Nissan); (3) premium (with key players including Porsche, BMW, Mercedes-Benz, Tesla and Maserati); and (4) luxury (with key players being Aston Martin, Lagonda, Lamborghini, Ferrari, McLaren, Bentley and Rolls-Royce).

The HLS car market can be broken down by price range and degree of sporting characteristics. Classifications include hypercars, supercars, sports cars, grand tourer cars, super grand tourer cars, SUVs and sedans. HLS car brands are considered to be those with an average selling price of over £100,000.

Historically, a customer’s purchase of an HLS car was typically as an incremental car, particularly supercars and focused sports cars, which may only be driven on special occasions or purchased as trophy assets and driven rarely to preserve its value and condition. The driving characteristics and more limited comfort levels typically found in supercars and focused sports cars may also limit their utility as a regular means of transport. At the other end of the spectrum, less aggressive sports cars and grand tourer cars, which have a greater focus on comfort and drivability, may be purchased as everyday driving cars, as weekend cars, or, in the case of more versatile four-seater models, sedans and increasingly SUVs, they may even be used as family cars and will often be purchased as a primary household vehicle.

At the top of the HLS car market are hypercars and special editions. These products are produced in very limited volumes, are priced at significant premiums and can appreciate quickly following their initial sale. Most HLS manufacturers use these models to provide a 'halo' effect for their product range alongside introducing new technologies which can then be applied to the broader product range.

### ***Established and developing markets***

The HLS car market varies significantly from one region to another in terms of expected growth, with significant variation between mature and developing markets. HLS manufacturers assess the wealth and infrastructure of each market when determining where to sell and market their products.

#### ***Established markets***

Developed markets (for example, Europe and North America) represent the majority of the HLS car market and constitute approximately 60 per cent. of the world’s HNWI population, according to the World Wealth Report 2017 issued by Capgemini, although they only represent approximately 15 per cent. of the world’s population, according to the United Nations Department of Economic and Social Affairs, Population Division. Developed markets benefit from high HNWI density, advanced infrastructure and generally high brand awareness. Within the North American market particularly, HLS car market growth in future years is expected to be supported, in part, by increased penetration of luxury SUVs into a customer base with a

strong affinity for SUV ownership.

### Developing markets

Developing markets such as Russia, India, China and the wider Asia Pacific region are rapidly gaining importance within the HLS car market. Growing wealth, changing demand patterns and significant infrastructure investments have led to an increase in demand in these markets, and particularly in China and the wider Asia Pacific region. The average absolute purchasing power in these countries is expected to continue to increase significantly in coming years, including with respect to HNWIs. This trend will also likely be supported by the increasing number of working women with high incomes in these countries which leads to a correspondingly higher household income, as well as a general corresponding increase of motor car ownership per capita.

As a result, there is an increasing number of HNWIs within developing markets who may represent purchasers for the HLS car market. This is especially true in China, where there have been rising levels of affluence and growth in luxury goods consumption. Changing customer preferences in the Chinese HLS car market, including an increased propensity towards SUV ownership and a choice to drive oneself rather than using a chauffeur, are expected to drive greater demand for luxury SUVs and sedans within this market in the future. These trends are also being seen in some developed markets, including Japan. As a result, the SUV market is expected to be attractive, with an average of over 900,000 premium SUVs expected to be sold *per annum* in 2019 to 2030 according to IHS Markit.

Brand recognition and customer experience is particularly relevant in developing markets, given that only a few brands are widely recognised.

### Competitive position

Competition in the HLS car market is concentrated in a relatively small number of producers, which include large automotive companies with respect to certain brands under their ownership, as well as exclusive luxury manufacturers, like Aston Martin Lagonda, which are exclusively focused on luxury cars. Key competitors within this segment include Ferrari, Lamborghini, Bentley, Rolls-Royce and McLaren. In addition to these main players, certain premium manufacturers also produce a small number of higher priced cars that compete with cars in the lower price bracket of Aston Martin Lagonda's range in terms of price and performance (for example, the Porsche 911 Turbo). Competition in the HLS car market is mainly driven by the strength and differentiation of the brand, the appeal of the cars in terms of styling, performance and innovation, and the regular renewal of model offerings in order to continually stimulate customer demand.

The luxury automotive market breaks down into a number of key segments, including GT, sports, SUV, mid-engine supercar and hypercar. The following table sets out Aston Martin Lagonda's models to serve each of the key segments and certain illustrative current corresponding models from other producers. The Directors believe Aston Martin Lagonda is one of the few luxury automotive manufacturers to offer a product in each of these segments. The Directors believe this is one of the key strengths of Aston Martin Lagonda's business model and enables the Group to appeal to a broader range of HNWIs than the other HLS manufacturers.

Classification	Aston Martin Lagonda	Ferrari	McLaren	Lamborghini	Bentley	Rolls-Royce
Grand Tourer	DB11	Portofino			Continental GT	
Sports	Vantage		570S	Huracan		
Super Grand Tourer	DBS Superleggera	812 Superfast			Continental GT Supersports	Wraith
SUV	DBX <sup>1</sup>	Purosangue		Urus	Bentayga	
Mid-Engine Supercar	AM9 <sup>1</sup>	488	720S	Aventador		
Ultra-Luxury SUV	Lagonda SUV <sup>1</sup>					Cullinan
Ultra-Luxury Sedan	Lagonda Sedan <sup>1</sup>				Mulsanne	Phantom
Hypercar	Aston Martin Valkyrie	LaFerrari	Senna	Centenario		

<sup>1</sup> These cars have not been launched. They are expected to be revealed in or around: DBX (2019), Mid-Engine Supercar (2020), Lagonda SUV

(2021) and Lagonda Sedan (2022).

HLS car brands ultimately differentiate themselves from the large automotive companies by their reputation of exclusivity, which is largely driven by the low volume production, personalisation, high quality materials and limited issues of special editions. Differentiated design, heritage, performance, innovation and luxury enable exclusive HLS car brands to position their cars distinctively for HNWI. The Directors believe that each of the Aston Martin and Lagonda brands is strongly positioned due to connotations of beauty, sophistication and luxury, with a clearly distinct design catering for the specific tastes and personal preferences of HNWIs. The Lagonda brand overlays a further theme as being exclusively driven by zero emission powertrain technologies.

### 3 Market trends

There has recently been strong growth in the premium SUV sector of the automotive market, as part of a general consumer trend towards larger cars. This trend is expected to continue, with the premium SUV sector forecast to grow by 5 per cent. between 2019 and 2030 and the high luxury SUV segment forecast to grow by 30 per cent. during the same period (according to IHS Markit). There is also an increasing number of HNWI women, globally, that the Group intends to target with its planned SUV. The Directors believe that Aston Martin Lagonda is well positioned to capitalise on this growth market, as a significant portion of comparable Aston Martin owners also own an SUV (for example, based on a survey conducted by Aston Martin in the first half of 2018, around 72 per cent. of existing owners of DB11 and Vanquish already own an SUV). The Directors also consider that there is an opportunity to attract customers from the large premium SUV market who are looking to trade up, as the luxury SUV market grows.

The increase in the absolute wealth of HNWIs in emerging markets such as China is driving increased demand for products from HLS manufacturers. With the planned expansion of its dealer network focused on Asia Pacific (including, in particular, China) and the introduction of both an Aston Martin and Lagonda SUV, the Directors believe Aston Martin Lagonda is well placed to attract customers to the brand from these emerging markets.

Within the broader passenger car market, the adoption of stringent emissions targets by regulators combined with a consumer preference to save money on fuel has driven growth in the development and production of more fuel-efficient vehicles. In addition, consumers' increasing social and environmental awareness is affecting their vehicle purchase choices. These factors are leading to a significant increase in demand for both hybrid and electric vehicles.

Cost is currently a limiting factor in the demand for electric vehicles but advancements in battery technology are expected to close the gap with conventional internal combustion powertrains over the coming years. Given the requirement for technological breakthroughs, there are a wide range of expectations of the penetration level of electric vehicles in the near-term, with third parties projecting xEV (BEV and PHEV) global passenger vehicle powertrain divergent shares, for example around 5 per cent. from *BP Energy Outlook* and a range of between 10 and 35 per cent. from *Roland Berger* by 2025. However, in the longer term, there is expected to be a marked shift in automotive powertrains, with both governments and OEMs announcing longer-term targets.

In recent years, this shift towards electrification has progressively reached the HLS car market segment and many producers have committed to developing hybrid and fully electric cars in the near future. Other luxury high performance manufacturers have sought to address this market through hybridisation of hypercars and sports cars (including the Ferrari La Ferrari, the Porsche 918, the McLaren Senna and the McLaren P1).

Aston Martin Lagonda has a multi-pronged electric vehicle strategy, with hybridised supercars and SUVs (under the Aston Martin marque), and all-electric SUVs and sedans (under the heritage Lagonda marque, which the Directors believe will be the world's first all-electric luxury automotive brand).

## PART VIII - THE BUSINESS

### 1 Overview

Aston Martin Lagonda is one of the world's most iconic and leading luxury companies focused on the design, engineering and manufacture of high luxury cars. Both the Aston Martin and the Lagonda brands have a history of over 100 years and symbolise luxury, exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. The Directors believe Aston Martin Lagonda's rich and prestigious heritage defines Aston Martin Lagonda as something unique within the automotive industry. Aston Martin Lagonda's cars sit solely within the HLS car market and are planned to span the whole spectrum of that market. The Group's vision is to be the Great British car company that creates the most beautiful and accomplished automotive art in the world.

#### *Models*

Aston Martin Lagonda's current core model line-up comprises three core models of the new generation of products, one grand tourer ("**GT**") (DB11), of which there are three derivatives (DB11 AMR, DB11 V8 Coupe and DB11 Volante), one sports car (Vantage) and one super GT (DBS Superleggera). Aston Martin Lagonda also produces one four-door, four-seat sports coupe (Rapide S). Some of the models are available in different model types, including engine size, as well as in coupe and convertible models and all currently sit under the Aston Martin brand. Aston Martin Lagonda also regularly develops and produces special edition models, such as the Vantage GT12, Aston Martin Vulcan and Vanquish Zagato models, and has confirmed production of its new hypercar, the Aston Martin Valkyrie (expected in 2019). Aston Martin Lagonda has also confirmed plans for its first full electric vehicle, Rapide E (expected in 2019).

#### *Second Century Plan*

In 2015, Aston Martin Lagonda introduced its new Second Century Plan. This plan has three phases: (1) business stabilisation, (2) core strengthening, and (3) expansion of product portfolio. Combined, the three phases of the Second Century Plan aim to deliver a successful and sustainable luxury business. Phase one of the plan was completed in 2017, following the successful introduction of DB11 and through the introduction of a new leadership team, the establishment of a clear growth plan and the securing of financing to execute that plan. The Group is now over 80 per cent. invested in the core strengthening phase, which is expected to deliver an entirely new sports car range and continued deployment of the special editions strategy. An important milestone for phase two has now been achieved, with the successful marketing launch of DBS Superleggera in June 2018. Phase two is expected to be completed with the introduction of the convertible derivatives of Vantage and DBS Superleggera. Aston Martin Lagonda has commenced the third and final phase of its Second Century Plan, with the relaunch of the Lagonda brand and planned introduction of Aston Martin Lagonda's first SUV, DBX.

The Second Century Plan is underpinned by the launch of seven new core models, one launched each year from 2016 through to 2022 with each model having a seven-year lifecycle (7x7x7). These core models form part of a three-pillar product strategy that comprises: (i) GT, sports and mid-engine cars, (ii) SUVs and (iii) sedans. The Group will also launch derivatives of each of these models, as well as delivering a series of special edition models. President and Group Chief Executive Officer, Dr. Andrew Palmer, recently received the prestigious L.E.A.D.E.R. (Leaders in European Automotive Development, Excellence and Research) award from Automotive News Europe in recognition of Aston Martin Lagonda's Second Century Plan. The success of the plan has also been reflected in the brand value of Aston Martin. In 2018 the brand was recognised as the fastest-growing auto brand of 2018 and the fastest-growing brand in the U.K., up 268 per cent., according to Brand Finance.

Aston Martin introduced DB11 in the autumn of 2016, the Group's first entirely new model under the Second Century Plan. As at 30 June 2018, Aston Martin Lagonda had achieved sales of 5,837 DB11 cars since launch. In 2017 the success of DB11 was underlined by becoming the most profitable model in a single year in the Group's history. The second new core model launched under the Second Century Plan was the new Vantage, first shown in the fourth quarter of 2017, with the car starting production in May 2018. DBS Superleggera, the third core car under the plan, was launched in June 2018 and production commenced in September 2018.

The portfolio expansion phase of the plan is expected to see the Group launch its first SUV (DBX) in 2019. DBX will be built in a new production facility in St Athan, Wales and is expected to start full production in the first half of 2020. The Group's first mid-engine car (post-Aston Martin Valkyrie) is expected to be revealed in 2020, with production of the core model commencing in 2022. The sixth and seventh cars under the plan are planned to be an ultra luxury SUV and an ultra luxury sedan, both under the fully electric Lagonda brand. These are expected to be shown in 2021 and 2022 respectively, with production planned for the following years.

The Group plans to continue to deliver two special edition models, alongside one heritage special edition, per year.

### *Design*

The Aston Martin Lagonda product development team comprises 960 designers and engineers, covering almost all aspects of new car planning, design and development. Whilst the majority of this team is based at the Gaydon facility, designers and engineers developing projects with Red Bull Advanced Technologies are located at the Milton Keynes campus (where Aston Martin Lagonda is able to showcase its cutting-edge design and engineering capabilities, through its collaboration with Red Bull Advanced Technologies). The cars Aston Martin Lagonda designs have resulted in numerous awards, including: Car Design of the Year 2016 (Salone dell'Auto), Sports Car of the Year 2016 (Autonis) and T3 Design of the Year 2016, each for DB11; What Car 'Car of the year (Coupe more than £50,000)' for DB11 V8 Coupe and Chief Creative Officer Marek Reichman was recently inducted into the DESIGNBEST Hall of Fame.

### *Production*

Aston Martin Lagonda's principal production facility is located in Gaydon, U.K. The Gaydon facility was opened in 2003 and developed for the specific needs of Aston Martin Lagonda. The Directors believe it is one of Europe's most modern and advanced automotive manufacturing facilities in the HLS car market. In addition to its main site at Gaydon, Aston Martin Lagonda has further facilities in Wellesbourne and Newport Pagnell. Wellesbourne, in conjunction with Gaydon, is used to produce the special edition models, while heritage or continuation models are manufactured at Newport Pagnell, which also includes the Aston Martin Works operations.

In addition, Aston Martin Lagonda is currently developing a new plant in St. Athan, Wales for the future production of SUVs, which the Directors anticipate will begin pre-production in the first half of 2019, with full production planned to commence in the first half of 2020. The plant at St. Athan will be based on the same advanced manufacturing processes as at Gaydon and the second phase of facilitisation was completed in July 2018.

### *Dealers*

Aston Martin Lagonda sells its cars through a global dealer network, comprising 160 dealers as at 30 June 2018, which allows it to benefit from geographical diversification of revenues and access to high growth markets. In the second half of 2018, Aston Martin Lagonda expects to open four new dealerships in China, adding to the 16 already established, to further access the strong growth in the region. Aston Martin Lagonda segments its markets into the following regions: U.K.(and South Africa), EMEA, Asia Pacific and the Americas.

The Group plans to expand the number of Aston Martin dealers to around 200 over the course of the Second Century Plan. In 2019, it is intended that Aston Martin Lagonda will commence the development of the Lagonda dealership network (with the aim of establishing a global network of around 50 dealers over a 24-month period). This will build upon the existing dealer network by engaging the best performing dealerships to distribute Lagonda products.

## **2 History**

Aston Martin was founded in London in 1913 and for much of its history, it was a niche producer of luxury, high-performance sports cars, mainly for U.K. customers. Aston Martin has produced some of the most iconic cars in the world, including DB5, and also has a historic racing pedigree with Aston Martin taking over

all victory at the 24 Hours of Le Mans in 1959 and, more recently, five class wins since 2007. The Aston Martin DBR1, the winning model at the 1959 24 Hours of Le Mans, has since become the most expensive British car ever sold. In 1947, the Group acquired the Lagonda brand, another niche producer of luxury cars, which was founded in 1904. One of its famous heritage cars, the Lagonda M45R Rapide, from which Aston Martin's recent Rapide models take their name, recorded a victory at the 24 Hours of Le Mans in 1935.

In 1987, Ford acquired a 75 per cent. stake in Aston Martin Holdings (UK) Limited, which it increased to 100 per cent. in 1994. Following the Ford acquisition, the Group's operations and sales expanded through the introduction of DB7 and the Vanquish models. In 2004, the "Vertical Horizontal" architecture was introduced as the underpinning of Aston Martin's new products and DB9 and V8 Vantage were introduced, increasing sales from an average of fewer than 200 cars per year in the few years prior to 1987 to an average of approximately 6,800 from 2006 to 2008, with a peak of over 7,000 in 2007. In 2007, Ford sold majority ownership of Aston Martin Holdings (UK) Limited to a consortium of investors (including Investment Dar (UK) Limited and Adeem Investment and Wealth Management Company) and, in 2013, investment subsidiaries of Investindustrial V L.P. acquired 1,142,696 ordinary shares (representing 37.5 per cent. of Aston Martin Holdings (UK) Limited at that time). Between 2013 and 2014, Daimler became the holder of non-voting shares representing 4.9 per cent. of Aston Martin Holdings (UK) Limited's issued ordinary share capital.

Since 2013, the investors have made significant investments in Aston Martin Lagonda and in the Second Century Plan, for example through the injection of additional capital in the form of Preference Shares. In 2016, the Group introduced DB11, replacing DB9. DB11 introduced an improved modular architecture, which forms the basis of Aston Martin Lagonda's GT and sports cars being delivered under the Second Century Plan. DB11 was also the first product to incorporate Mercedes-Benz electrical architecture and entertainment systems following the partnership with Daimler. In December 2017, Aston Martin Lagonda acquired AM Brands Limited in order to deliver a more focused strategy in its complementary brand extension activities. In 2018, Aston Martin Lagonda started production of the new Vantage, replacing the successful V8 Vantage S and V12 Vantage S models. The new Vantage and the new DBS Superleggera, launched in June 2018, are based on the same modular platform as DB11. In July 2018, a 1961 Aston Martin DB4GT Zagato (raced by F1™ champion, Jim Clark) became the most expensive British car ever to be sold at a European auction.

### 3 Strengths

The Directors believe that the key competitive strengths set out below will help Aston Martin Lagonda to realise its strategic goals, reinforce its competitive position and deliver its vision of being the Great British car company that creates the most beautiful and accomplished automotive art in the world.

#### ***A distinctive luxury British brand defined by superior design***

Aston Martin Lagonda comprises two distinct brands that underpin its position in the luxury market. The Directors believe that the Aston Martin brand is one of the most globally recognised luxury brands and a leader in the HLS car market. The Directors also believe that, following the relaunch of Lagonda, the brand will be the first luxury, fully electric vehicle marque. Aston Martin Lagonda's brand identity is underpinned by its vision to be the Great British car company that creates the most beautiful and accomplished automotive art in the world.

#### ***Exceptional brand authority***

Aston Martin has a long tradition of exceptional design, engineering and manufacturing of HLS sports and GT cars, in addition to a racing pedigree, which includes a motorsport debut at the French Grand Prix in 1922, DBR1's famous Le Mans 24-hour race victory in 1959, as well as the latest victory in the GTE Pro class of the 2017 Le Mans 24-hour race. Lagonda, famous for production of HLS sedans, has similarly strong racing credentials and its M45R Rapide delivered a Le Mans victory in 1935. Aston Martin is internationally recognised for its elegant and sophisticated British style, from the iconic DB5 seen in the 1964 James Bond film Goldfinger, to the newest models, the award-winning DB11 and the new Vantage. Long established as a strong player within the HLS cars segment, Aston Martin's brand is exclusive, understated and elegantly styled, yet an Aston Martin product remains visible and sought-after, including

heritage models, which typically command high resale prices.

Today, Aston Martin perpetuates its exclusive brand image through the pairing of power and performance with refinement and style in its cars, as well as comprehensive brand management and effective public relations, including high-end dealer showrooms and newly designed brand centres, such as those recently opened in London and Tokyo, providing customers with a truly immersive luxury experience. Aston Martin operates a franchise model for its dealerships whereby it maintains strong control over the brand positioning, while limiting the capital investment in the network.

Aston Martin customers are able to experience an emotional connection with the brand, as the design, performance and quality ensure their experience is a high-class and unique experience. This emotional connection between driver and car is further strengthened through the Q by Aston Martin programme, whereby a customer can work with Aston Martin Lagonda's award-winning design team to completely customise their Aston Martin by adding personalised, distinctive touches. The customisation available under Q by Aston Martin varies from specific paints to an entirely bespoke car. The Aston Martin brand is also perpetuated as a luxury lifestyle concept through brand extension activities, including the "Art of Living" experience platform, capitalising on a trend of existing and target customers' desire for experiences, such as driving breaks and access to exceptional lifestyle experiences away from automotive activities.

The strong connection between customers and products has also enabled Aston Martin Lagonda to further build a loyal consumer base. Through an exclusive club, Aston Martin Lagonda manages a close relationship with its most loyal customers and VIPs, with benefits including exclusive offers and opportunities. For example, members were offered the first opportunity to place orders for Vanquish Zagato Speedster, Vanquish Zagato Shooting Brake and DBS Superleggera.

The quality of the Aston Martin brand has been recognised globally by customers and also commentators, as it became the fastest-growing auto brand globally and the fastest-growing of any brand in the U.K. in 2018, up 268 per cent. according to Brand Finance. The strength of Aston Martin's brand and the launch of the new range of models through the Second Century Plan has delivered success in attracting new customers with 59 per cent. of customers in 2017 new to Aston Martin Lagonda and 11 per cent. "lapsed" customers returning to the brand.

In March 2018, Aston Martin Lagonda set out the intention for a new range of state-of-the-art, emission-free luxury vehicles under the Lagonda brand, with the presentation of the Lagonda Vision Concept at the Geneva Motor Show. Through Lagonda, the Group aims to create the world's first zero-emission luxury brand (from tailpipe), combining the latest advances in electrification and autonomous driving technologies with highly luxurious and visionary designs.

#### *Superior pricing power underpinned by desirability, exclusivity and scarcity*

Aston Martin Lagonda has proven pricing power and value resilience. This is evidenced by the Group's heritage cars which often command collector premiums and have become investment classes in their own right. For example, in the secondary market the DB5 Coupe model is currently valued at 30 times its price in 1995, the DB5 Volante at 24 times its price in 1995 and the DB4GT at 14 times its price in 1995 (based on research conducted by Aston Martin Lagonda).

Customers purchase Aston Martin Lagonda's products for a variety of reasons, and in particular based on emotive factors such as brand power, design, performance and quality. Aston Martin Lagonda has been able to increase average selling prices of core models by 114 per cent. between 2007 and 2017, mainly due to the strategic introduction of new core models and enhanced versions of existing models that capitalise on such emotive factors. Aston Martin Lagonda's product launches, whether for new models or derivatives, are generally met enthusiastically, with demand outpacing production in the year of launch. DB11 and the new Vantage both received critical acclaim, with DB11 winning a number of prestigious awards including 'What Car' Car of the year (Coupe more than £50,000) in 2018 and the renowned Golden Steering Wheel from "Auto Motor und Sport" being voted "Most Beautiful Car 2017".

The limited production of special editions promotes exclusivity, while enhancing brand image. This allows Aston Martin Lagonda to raise price points for cars with these enhanced features. For example, based on the Vanquish model platform, Aston Martin Lagonda introduced four special editions using the Zagato

nameplate, each of which were priced in excess of £500,000. In addition, Aston Martin Lagonda has developed models that are designed to be at the cutting-edge of automotive design and technology. This is embodied in the Aston Martin Valkyrie (which is part of Aston Martin Lagonda's collaboration with Red Bull Advanced Technologies). The road-going version of the recently announced Aston Martin Valkyrie was fully allocated shortly after launch, having been over four times oversubscribed, despite the limited number of customers approached, the price and deposit requirements. The exclusive nature of these special edition models allows Aston Martin Lagonda to command superior pricing versus that of its competitors. The special editions also increase demand for the core models, as they are only available to regular customers of the core models.

Aston Martin Lagonda taps into the passion and demand for its heritage cars through its continuation models, which blend traditional craftsmanship, with the sympathetic application of modern engineering advancements and performance enhancements. The DB4GT Continuation, launched in 2017, has a limited run of only 25 models and was oversubscribed at a selling price of £1.5 million plus taxes (U.K. manufacturer's suggested retail price of £1.8 million including tax).

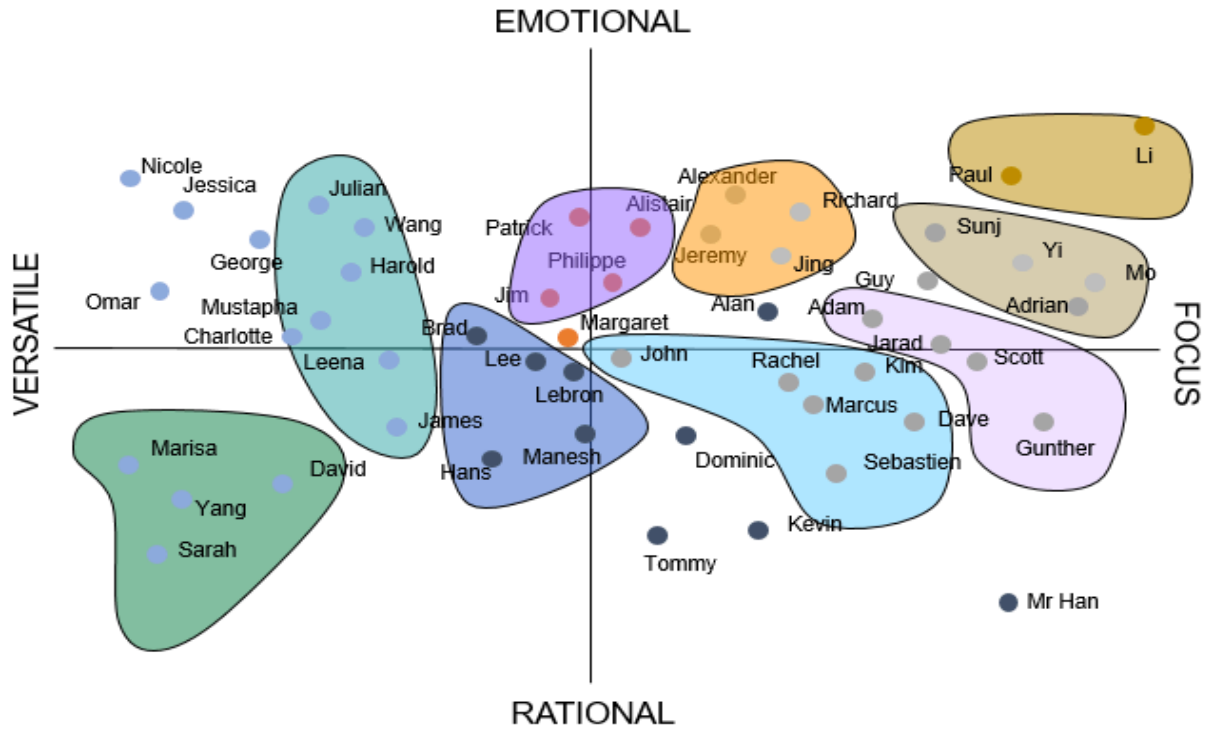
To maintain the desirability, scarcity and exclusivity of Aston Martin Lagonda's cars, the Group limits the number of volumes of each model based on specific annual targets, which are set through careful appraisal of the demand in each sub-segment of the HLS car market. This approach is driven by the Group's overall strategy of seeking to maintain the optimal balance between supply and demand. The Directors believe that the optimal volume is up to around 7,000 sports cars per year, with additional volumes from SUV and sedans driving target volumes of around 14,000 cars per year in the medium term. The Directors believe demand for these products will exceed this optimised volume of 14,000 units. This is consistent with the optimised delivery capacity of Aston Martin Lagonda's manufacturing facilities in Gaydon and, once completed, St. Athan. The Directors believe that the Group's targeted multi-model dual-brand strategy will allow Aston Martin Lagonda's brand to maintain its exclusivity and desirability.

#### ***Optimally positioned to address the whole spectrum of the auto luxury market***

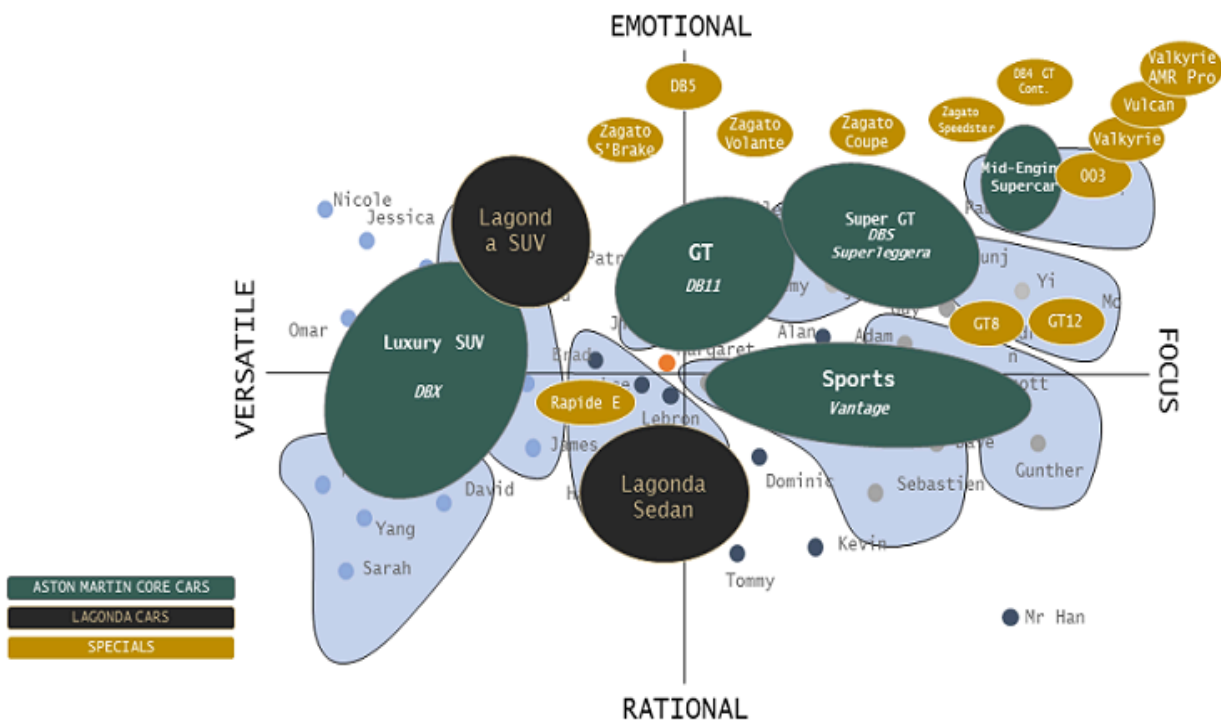
A defining characteristic of Aston Martin Lagonda is the breadth of its product offering. As part of its Second Century Plan, Aston Martin Lagonda is developing a full product portfolio comprised of seven core models, aimed at addressing the whole spectrum of the luxury car market. The Directors believe this makes Aston Martin Lagonda unique within the HLS market. The current core product offering includes three core models from the new generation of products and addresses the GT, super GT and sports segments. The upcoming launch of DBX, Aston Martin Lagonda's first SUV, together with the introduction of a Lagonda branded SUV and sedan and the expected development of a mid-engine supercar will complete Aston Martin Lagonda's product portfolio, giving it a superior product offering in the luxury automotive space that addresses the needs of all the key customer clusters.

To develop this focused product portfolio, Aston Martin Lagonda conducted quantitative and qualitative analysis to identify customer clusters. This involved profiling HNWI and clustering them based on their preferences and needs. This identified a series of customer clusters as outlined below.





The Second Century Plan sees the needs of each customer cluster being addressed by one or more of the seven core products. This is expected to expand the demand for Aston Martin Lagonda products as new clusters of HNWI's will be targeted, whilst there will still be products appealing to current customers. In addition, Aston Martin Lagonda plans to launch a number of special edition models to address other customers' needs within the overall luxury market, particularly customers wanting more focused performance or more exclusive design.



### *Global access to fast growing wealth creation*

Aston Martin markets and sells its vehicles through a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in key markets, including the Asia Pacific region, the Americas, the Middle East, Europe and the U.K. Over the past 17 years, Aston Martin's dealer network has undergone extensive expansion, having grown from 61 dealerships in 19 countries in 2000 to 160 dealers in 53 countries at 30 June 2018.

The Directors believe Aston Martin Lagonda is well positioned within the HLS car segment of the automotive market, which has experienced significant growth due to the rise in the number and wealth of HNWIs. The growth in number and wealth of HNWIs provides a greater potential customer base for Aston Martin Lagonda's cars.

The Directors believe Aston Martin Lagonda stands to benefit from this growth, through its large and diversified global dealer network. Aston Martin Lagonda's dealers, who the Directors believe are well-positioned in attractive key growth markets, provide it with the critical resources that will help it take advantage of this trend and further establish Aston Martin Lagonda's brand. The Group has restructured its dealer network in Asia Pacific to take advantage of the increasing wealth in the region and has built or refurbished over a third of the Asia Pacific dealer network under the Second Century Plan. A new brand centre in Tokyo was also opened in November 2017. These improvements in the network helped deliver year on year sales growth of 35 per cent. in Asia Pacific between 2016 and 2017, with China independently delivering 86 per cent. year on year growth from 2016 to 2017. With the average sales price being over 40 per cent. higher in Asia Pacific than in the U.K. in 2017, this growth in Asia Pacific contributed to the Group's increased revenue and margins in 2017.

### *Strong authority in the fastest growing product segments*

Through Aston Martin Lagonda's comprehensive and sophisticated customer mapping and clustering techniques, it is able to effectively tailor its product strategy to target a broader range of customers, catering towards distinct customer preferences through a diverse model range offering differentiated characteristics. When analysing these market opportunities, Aston Martin Lagonda reviews all competitors within the relevant price range and considers the competitive positioning of any new product (including any potential to increase selling prices). Aston Martin Lagonda's core sports and GT model range is ideally positioned to capture customers seeking true sporting elegance, driving pleasure and performance. The Aston Martin DBX, the Group's first SUV, will enable Aston Martin Lagonda to access the expanding SUV segment and address customers looking for a more versatile, luxurious and comfortable product than those currently available in the premium market. Based on the underlying potential of the SUV market, the Directors believe that target sales for DBX in the medium term can be achieved with around 7 per cent. penetration of the overall performance premium SUV market by 2020.

Further, according to IHS Markit, the HLS mid-engine segment is expected to grow by 40 per cent. between 2018 and 2023 and Aston Martin Lagonda expects to enter this market for the first time 2022 with the production of a mid-engine supercar. This will be preceded by the launch of a special edition mid-engine supercar, codenamed Project 003, which is planned to go into production in 2021 and be limited in volume. Both models will draw on the learnings and technology developed by the Aston Martin Valkyrie with the intention of attracting a new group of customers to the brand and increasing the Group's average selling price.

The introduction of Lagonda as the first luxury, all-electric vehicle brand will underpin Aston Martin Lagonda's ability to access the growing electric vehicle market and, specifically, customers seeking a luxury experience with a zero-emission powertrain by building on the established processes and technical capabilities that are being applied to the production of Rapide E (Aston Martin Lagonda's first all-electric car). Lagonda is expected to address the ultra-luxury SUV market and ultra-luxury sedan market, which will further strengthen the third phase of Aston Martin Lagonda's Second Century Plan, portfolio expansion.

Through the Second Century Plan and three-pillar product and dual-brand strategy, the Directors believe that Aston Martin Lagonda is well positioned to capture growth opportunities in the fastest growing segments of the HLS car market. The Directors believe that the planned portfolio expansion across each of these segments will deliver demand that outstrips Aston Martin Lagonda's optimised capacity of 14,000

units within the HLS car market, which in turn will enable Aston Martin Lagonda to continue to increase the average selling price of the Group's models and margins for its products. Further, the average selling price of Aston Martin Lagonda's cars has also benefited from the Group's growing sales and penetration in Asia Pacific and the Americas, being regions which generally support higher average sale prices and, under the Second Century Plan, the Directors expect this trend to continue in the medium term.

### ***World-class design and engineering coupled with outstanding execution***

With world-class technology, cutting edge engineering capability and state-of-the-art facilities, Aston Martin Lagonda continually develops and manufactures luxury vehicles that seamlessly combine its customers' demands for technologically advanced cars whilst maintaining the traditional style, beauty and essence of the Aston Martin and Lagonda brands.

#### *Award-winning design capability*

Aston Martin Lagonda's business is supported by award-winning design and engineering capabilities creating distinctive model line-ups. Its product development and design team comprises 960 designers and engineers and has won several prestigious design awards. These designers and engineers work collaboratively from the outset of each new product creation process to ensure every new model combines the best of both beauty and performance. With each product launch, Aston Martin Lagonda is able to showcase its evolving style, influenced by the changing tastes and demands of its consumer base, while maintaining elements of design that have historically defined, and will continue to define, an Aston Martin. The successful launch of the new Vantage is a prime example of Aston Martin Lagonda's ability to successfully introduce Aston Martin cars that are distinctively new, yet unequivocally representative of the Group's unique design characteristics. Similarly, the Lagonda Vision Concept unveiled at the Geneva Motor Show in March 2018, the Directors believe, sets a new benchmark for emission-free luxury vehicles with very distinct design characteristics that are expected to become the hallmark of the brand.

All of Aston Martin Lagonda's products are beautifully designed and crafted, using authentic materials. As an example, all Aston Martin models are designed to reflect the golden ratio, creating cars with natural proportions and timeless aesthetics. The Directors proudly hold Aston Martin Lagonda to a high standard. For example, for a car to "earn" its iconic Aston Martin wings, it must undergo a rigorous final inspection, that concludes with the inspector's name being stamped in the engine bay, as a mark of quality. Only then are the Aston Martin wings affixed to the cars.

#### *World-class technical capabilities*

Aston Martin Lagonda has used modular architecture as the basis for its models for over 12 years, starting with DB9 in 2004. The introduction of DB11 heralded the start of a revitalised product portfolio and introduced a new advanced modular architecture including a revised aluminium body structure, electrical architecture and entertainment system, and efficient V8 and V12 engines, underpinning the second phase of the Second Century Plan, core strengthening. Aston Martin Lagonda's updated modular architecture is the backbone of its product portfolio and employs a 'Carry Over-Carry Across' principle for key systems and components, to reduce engineering cost, complexity, improve quality and reduce time-to-market for subsequent models. Every significant component of an Aston Martin car is either utilising a part from a previous model or creating a part for the next model. This principle increases capital efficiency and also reduces warranty costs, as many components are already proven from previous models. Aston Martin Lagonda invested significantly in this modular architecture for DB11, and, under the Second Century Plan, Aston Martin Lagonda intends to develop most of its future sports and GT models based on this architecture. The flexible modular architecture allows for a high degree of product differentiation and enables Aston Martin Lagonda to easily adapt to the production of new models, thereby reducing the production and development costs for incremental models as well as the execution risk and the time taken to bring those models to market. For example, leveraging the original investment made on modular architecture for DB11 reduced Aston Martin Lagonda's production and development costs on the new Vantage and DBS Superleggera models by 53 per cent. and 84 per cent., respectively, while the time taken from formal programme launch to initial production for each model was reduced from 37 months in the case of DB11, to 32 months for the new Vantage and 27 months for DBS Superleggera.

Under the Second Century Plan, Aston Martin Lagonda has introduced an extensive and methodical

schedule of processes to ensure the quality of cars produced, which has enabled Aston Martin Lagonda to set new standards in the quality of the cars it delivers, with DB11 building on the strong performance of the outgoing DB9. DB11 is twice as good as DB9 in terms of manufacturing quality, measured as the number of defects per vehicle at end of line inspection, prior to any rectification before shipping. In addition, DB11 costs 20 per cent. less than DB9 in terms of warranty costs and DB11 has achieved a customer satisfaction rating in excess of nine out of ten. These processes will be carried forward to each of the models that the Group produces under the Second Century Plan.

Aston Martin Lagonda's bonded aluminium body structures, combined with Aston Martin Lagonda's expertise in dynamics, enable it to reach a broader base of customers by adapting each car to its target customer. The new Vantage, for example, has been developed to address the sports car market, with a firmer suspension setup and more reactive dynamic performance than Aston Martin Lagonda's GT cars. The success in delivering this is demonstrated by the reaction from public commentators to the ride and handling of the new Vantage. For example, Auto Express awarded the car 5 stars in April 2018.

In 2013, Aston Martin Lagonda entered into a strategic partnership with Daimler to supply the next generation Aston Martin cars with the new Mercedes-Benz AMG V8 engines and to supply electrical architecture and entertainment systems. Through this partnership, Aston Martin Lagonda gains access to world-class electrical architecture and powertrain capability. The access to electrical architecture improves the overall quality of the Group's cars (evidenced by an approximate 64 per cent. reduction in electrical warranty costs on DB11 when compared with Vanquish, which did not use a Daimler electrical architecture). Access to the Mercedes-Benz AMG V8 and electrical architecture also reduces Aston Martin Lagonda's capital expenditure burden, as compared with developing equivalent technology on its own.

Aston Martin Lagonda also retains a high level of in-house powertrain expertise, in both conventional internal combustion engine technology and next generation electric drivetrains. The Group was responsible for the development of the 5.2 litre twin turbo engine which powers DB11 V12 Coupe, DB11 AMR and DBS Superleggera. Built in Cologne and capable of delivering 715BHP and 900NM of Torque in the new DBS Superleggera, the technology within this powertrain has also helped to reduce Aston Martin Lagonda's carbon dioxide ("CO<sub>2</sub>") output. The Directors believe that by retaining powertrain expertise, the Group is better positioned to assess the relative financial and operational merits of buying in internal combustion engines and all-electric powertrains from third parties versus developing a comparable engine in-house. The Group will then determine whether to proceed with in-house development or supply from a third party based on the relative economic and technical merits of each option. The Group looks to continuously improve its outsourcing strategy, particularly during the design process in respect of new models in its range.

Aston Martin Lagonda has reduced the CO<sub>2</sub> output of its European fleet by over 38 per cent. over the last 17 years from 474 g/km in 2000 to 290 g/km in 2017, through the introduction of improved materials and technologies, including a lightweight bonded aluminium body structure, more efficient engines and transmissions and the use of composite and carbon fibre panels and other lightweight components. Aston Martin Lagonda is targeting further reductions to 285 g/km by 2021. As an example of ongoing improvements in the past decade from 2006 to Aston Martin Lagonda's final DB9 model in 2016, it reduced the CO<sub>2</sub> emissions of DB9 by 23 per cent. while increasing its power output by 20 per cent. It has utilised this added efficiency while developing DB11, which is 18 per cent. more efficient than its predecessor, DB9. Similarly, since the launch of the outgoing V8 Vantage model in 2005, Aston Martin Lagonda has reduced its CO<sub>2</sub> emissions by over 27 per cent. while enhancing its competitiveness through a power increase of 13 per cent. to a figure of 296g/km for the final edition. The new Vantage delivers 236g/km, therefore giving a 42 per cent. improvement compared with the last generation V8 Vantage at launch. These efficiency gains developed for the Vantage are also carried across to the V8 derivative of DB11. The Directors believe that Aston Martin Lagonda's bonded aluminium body structure, use of other lightweight materials (including carbon fibre on certain models) and its modular approach, combined with recent and continuing efforts to maintain performance while decreasing emissions, demonstrate Aston Martin Lagonda's industry-leading capabilities.

*Highly scalable and efficient manufacturing capabilities at Aston Martin Lagonda's state-of-the-art facilities*

With production of DB11, Aston Martin Lagonda introduced new, Beyond Lean™, manufacturing techniques

that have been implemented throughout the production process and have yielded efficiency savings, while ensuring all models have so far been launched on time and on budget without compromising on quality.

The “Beyond Lean™” method of manufacturing enables Aston Martin Lagonda to efficiently produce unique and customised units of production on two flow production lines at the Gaydon facility. This method of manufacturing is enabled by a flexible logistic function and supply chain, which deliver parts to line in a sequenced fashion, ensuring ‘just-in-time’ delivery of customised parts to the line. This is supported by the skilled workforce, which has the capabilities to manage the production of a range of derivatives on the flow production line and to complete cycle times of between 25 and 40 minutes on certain stations. This methodology is being carried over to the new production facility at St. Athan, which will follow the proven production principles and processes of the Gaydon plant. A number of employees that have been on-boarded early in anticipation of commencement of operations at St. Athan, are being trained at the Gaydon site for this purpose.

The Gaydon facility also has a flexible employee base, each of whom is trained on most of Aston Martin Lagonda’s production stations and models. This flexibility allows Aston Martin Lagonda to add or reduce personnel as needed, enabling it to shift employees across different areas of production, to maximise the production capacity and utilisation. Aston Martin Lagonda is able to increase production volumes by production line rate increases and additional shifts or extra working days. The flexibility of the Beyond Lean™ methodology also enables the Group to efficiently build some special edition models down the main production line, with only the finishing touches being completed in another facility. The success of the Group’s design, engineering and manufacturing methodology is demonstrated by the successful launch of three new models in the first half of 2018 (being DB11 Volante, DB11 AMR and Vantage).

This lean manufacturing philosophy and process excellence will also be implemented at Aston Martin Lagonda’s second main manufacturing site at St. Athan, currently under development with the first pre-production cars due to be built in the facility in the first half of 2019, supporting the efficient and cost-effective delivery of Aston Martin Lagonda’s DBX and other future models.

These main production facilities are complemented by manufacturing facilities for Aston Martin Lagonda’s continuation models at Newport Pagnell and special edition models at Wellesbourne. These niche production facilities also use elements of the Beyond Lean™ processes Aston Martin Lagonda has developed for its core cars, while enabling Aston Martin Lagonda to deliver higher value cars that require more technical or bespoke processes during manufacture.

#### *Enhanced communications and marketing tools*

Under the Second Century Plan, Aston Martin Lagonda has invested in operational and structural tools to support the Group’s expanding operations. These strategic investments include adopting the latest generation technologies to enable better communications and smooth interactions with customers at every touch-point. For example, in 2016 the Group invested in a new customer relationship management system, in order to provide a single view cloud-based technology platform and to enhance dealer management. The new Aston Martin Lagonda website was launched in 2017 and has been designed to reinforce the luxury brand experience of users (and is available in multiple languages). Further, the Group has introduced a single brand hub to ensure global consistency in all dealer marketing materials and, in 2018, a new customer and dealer merchandising platform was introduced to provide a single online platform for customers and wholesalers to order Aston Martin Lagonda and partner merchandise.

As a result of these investments, all new models are configurable online immediately on launch.

#### ***Attractive financial performance with strong momentum and visible growth***

Since the launch of its Second Century Plan in 2015, Aston Martin Lagonda has demonstrated a record of accelerating volume and revenue growth, underpinned by a cadence of new product launches that, combined with significant increases in the average selling price of new models alongside controlled growth of the fixed cost base, has improved the profitability and profit margins of the business. From 2015 to 2017, Aston Martin Lagonda achieved a CAGR in unit volumes, revenue and Adjusted EBITDA of 19 per cent., 31 per cent. and 70 per cent., respectively. Future growth is underpinned by the continued cadence of new product launches expected over the next few years under the Second Century Plan, as outlined in

the strategies below. The Directors believe that this strong financial performance positions Aston Martin Lagonda as not only a leading luxury automaker, but also among the world's leading absolute luxury brands.

***Industry-leading, passionate team with strategic vision and execution track record***

Aston Martin Lagonda has a highly experienced and respected senior management team, led by President and Group Chief Executive Officer, Dr. Andrew Palmer. Dr. Andrew Palmer has extensive experience of bringing new technologies to market, having led the team developing the Nissan Leaf during his tenure there as Chief Planning Officer. He also personally inspected, and signed off, the first 1,000 DB11s produced, demonstrating a top-down commitment to quality and Aston Martin Lagonda's brand.

The executive management team comprises senior executives with extensive experience in the automotive industry. The Directors believe that the experience, industry knowledge and leadership of its executive management team, together with a shared culture of passion, teamwork and meritocracy, have contributed to Aston Martin Lagonda's success to date in stabilising the business and strengthening its core GT and sports product range, and will help Aston Martin Lagonda to implement the next stage of the Group's strategy to continue to achieve profitable growth, deliver significant value creation and create a sustainable luxury business over the long term. The management team is closely involved with the delivery of the Second Century Plan at every level and meets on a weekly basis to monitor issues for the Group and to ensure that the progression of initiatives and risks are continuously tracked. Each Director and Senior Manager within the business has responsibility for a number of strategies and tactics that link directly to the key KPIs of the Second Century Plan, to enable effective delivery of the plan.

#### **4 Strategy**

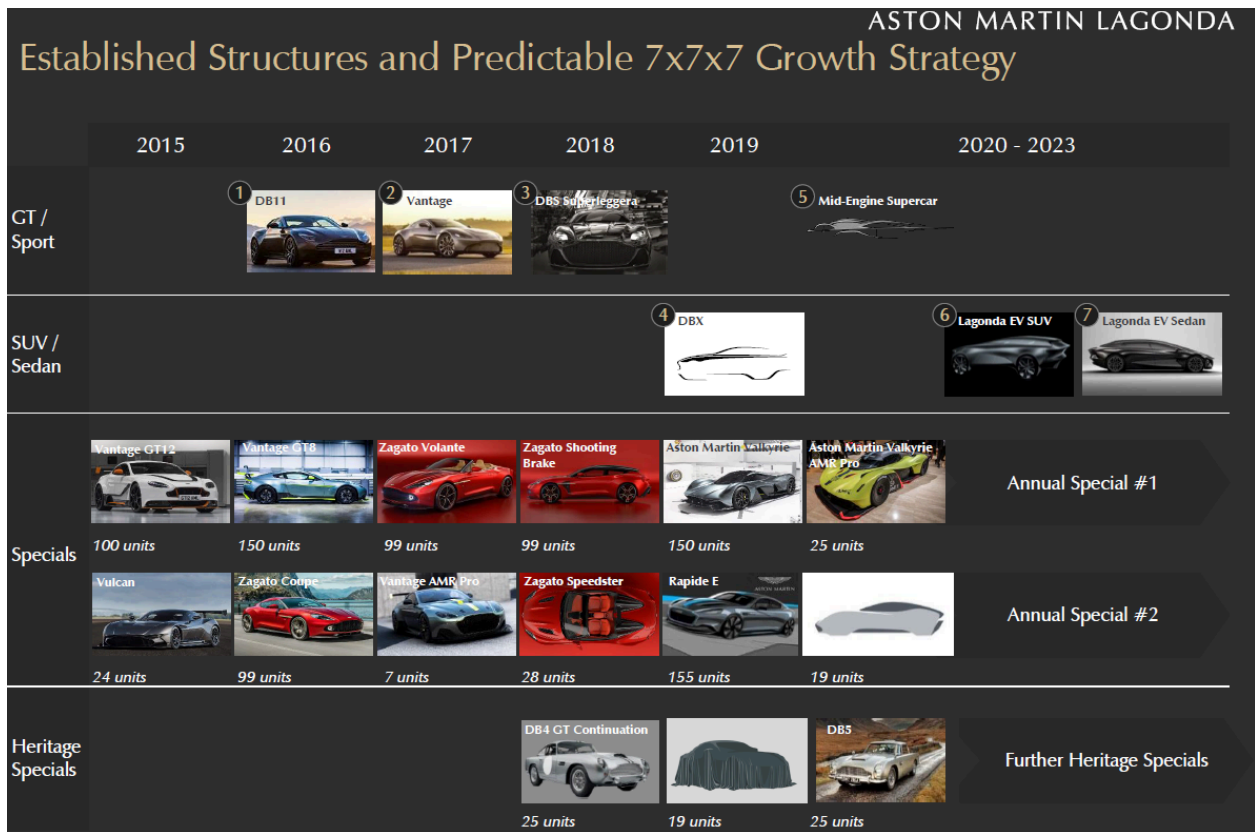
Aston Martin Lagonda is a leader in the performance and HLS car market because of its iconic brand, distinctive design and engineering capabilities, its business model (built around its Second Century Plan) and its experienced management team and supportive stakeholders. The Directors aim to achieve strong growth and enhance Aston Martin Lagonda's profitability and cash flow generation by pursuing a strategy focused on continually renewing and improving its product offerings and expansion in new and existing markets. To achieve these goals, Aston Martin Lagonda is pursuing the strategies set out below.

***Product offerings within three-pillar dual-brand strategy under the Second Century Plan***

Aston Martin Lagonda's current model line-up addresses the HLS car market and is currently primarily focused on sports and GT cars (with annualised market share for DB11, Vantage and DBS Superleggera expected to be 11 per cent., based on 2018 forecasts), but under the Second Century Plan is transitioning to a three-pillar product strategy: (i) GT, sports and mid-engine cars, (ii) SUVs and (iii) sedans. Alongside these core cars sit a range of special editions, enhancing brand exclusivity, profitability and profit margins. The Directors believe this strategy will deliver a product portfolio that no other manufacturer within the HLS market is able to offer.

The Second Century Plan, which commenced in 2015, expects to launch a new core car each year from 2016 to 2022. In addition to this, Aston Martin Lagonda expects to deliver new derivatives and in-cycle improvements of each model, helping to maintain the demand for each product through its product lifecycle. The Directors expect that future launches under the Second Century Plan will be a key driver of growth. In response to consumer demand and in line with Aston Martin Lagonda's strategy to diversify its customer offering and introduce fresh products each year, it intends to launch models targeting the SUV, sedan and mid-engine supercar markets. In 2015, Aston Martin Lagonda announced DBX, its first SUV, which will be produced at Aston Martin Lagonda's new facility at St. Athan and is expected to address the fastest growing part of the HLS car market with a stylish and luxurious vehicle that is also versatile. The Directors believe that products such as DBX will allow Aston Martin Lagonda to address new markets and diversify and, as a result, increase its revenue stream.

Aston Martin Lagonda's product range launch schedule<sup>1 2</sup>:



<sup>1</sup> Number of units beyond 2018 are considered as expected.

<sup>2</sup> Dates are expected reveal dates not necessarily start of production.

In addition, targeting a rapidly growing segment of HNWI consumers who are seeking more environmentally friendly luxury cars, Aston Martin Lagonda intends to re-introduce the historic Lagonda marque, which the Directors believe will be the first all-electric luxury automotive brand. The Lagonda product range will target the SUV and sedan markets (focusing on the ultra-luxury segment), leveraging the design, technology and engineering strengths of Aston Martin, with the exclusivity and desirability of Lagonda.

In determining the optimal number of cars to produce each year, the Directors will aim to achieve a balance between the volume of cars Aston Martin Lagonda produces against the principal requirement to maintain brand exclusivity. This balance is central to the Aston Martin Lagonda's production philosophy, as the Directors believe that increasing production beyond a certain level could lead to brand dilution, and therefore result in an erosion of consumer demand for its cars relative to supply. The Directors believe that the optimal balance is up to around 7,000 sports cars per year, with additional volumes from SUVs and sedans, driving target volumes of around 14,000 cars per year in the medium term, which is consistent with the optimised delivery capacity of Aston Martin Lagonda's manufacturing facilities in Gaydon and, once completed, St. Athan.

The Directors believe that this targeted increase versus 2017 volumes (4,828, excluding specials) has limited risk of affecting the desirability, scarcity and exclusivity of the Group's models, given the multi-segment strategy with clearly defined target customer segments for each of the models and for both the Aston Martin and the Lagonda brands. The targeted 7,000 GT, sports and mid-engine cars per year (combined volume) is lower than Aston Martin Lagonda's immediate peers and consistent with a level Aston Martin Lagonda delivered between 2006 and 2008, despite significant growth in the size of Aston Martin Lagonda's accessible market since then, due to a number of factors. These factors include: an increase globally in the number of HNWIs from 8.6 million in 2008 to 16.5 million in 2016 (Capgemini World Wealth

Report), an expansion of Aston Martin Lagonda's geographic network to access the Far East and China, and the introduction of more products, including the proposed mid-engine supercar. Combined, sales of GT, sports and mid-engine cars within the HLS and performance premium segment are expected to grow by 18 per cent. between 2018 and 2023 (IHS Markit), further reinforcing the Directors' confidence in achieving the 7,000 unit target across the Group's GT, sports and mid-engine offering. The remainder of the volumes are expected to be delivered from, primarily, DBX and, to a lesser extent, the Lagonda SUV and sedan, which sit within new segments for Aston Martin Lagonda. DBX seeks to harness the established structural trends driving greater ownership of SUVs, as well as the high proportion of ownership of SUVs within Aston Martin Lagonda's existing customer base, and follows successful launches from other luxury automotive companies.

While the Lagonda marque shares many similar characteristics with Aston Martin, including beauty, high performance and luxury, the brands are also differentiated with the Aston Martin brand encompassing the Group's luxury high performance cars while the Lagonda brand looks to address a niche market of customers seeking an absolute luxury car with an all-electric powertrain. The Directors believe that the Lagonda brand is uniquely positioned to combine luxury and leading technology, competing with existing luxury brands, such as Rolls-Royce and Bentley, combined with strong environmental credentials through zero-emission powertrain technology for all models under the marque.

Once the strategy under the Second Century Plan has matured and all seven core models are in the market, Aston Martin Lagonda expects to sequentially refresh each model through the production of several derivatives.

### ***Developing specials pipeline***

The Directors expect Aston Martin Lagonda's core range of sports cars, SUVs and sedans to be enhanced by the addition of approximately two special edition models per year. The Directors believe these special edition models will showcase Aston Martin Lagonda's technical excellence and perpetuate brand uniqueness, exclusivity and desirability (through limited supply, distinctive design and high performance). In particular, the collaboration with Red Bull Advanced Technologies to deliver the Aston Martin Valkyrie represents innovative design and performance for a road car, drawing upon Red Bull's technical knowledge as an F1™ team.

In addition to the modern special edition models, Aston Martin Lagonda expects to launch a range of heritage vehicles, recognising Aston Martin Lagonda's proud history. The DB4GT Continuation was the first of these heritage products to launch and further heritage specials are planned with a cadence of approximately one heritage special per year.

Not only do the Directors believe that special editions enhance Aston Martin Lagonda's brand, but they also boast strong financial characteristics. Given their desirability, models are typically fully allocated prior to any significant capital commitment and are higher margin than the core range. The deposits are required on allocation and typically allow special editions to be cash flow positive from design to the end of the product life cycle.

### ***Deepen penetration in existing geographic markets and expand into new markets***

Aston Martin Lagonda is well positioned within the HLS car segment of the automotive market, which has experienced significant global growth due to the proliferation of HNWI's and the increasing ownership of certain HLS cars among such individuals. Under its current strategy, Aston Martin Lagonda is actively seeking to gain a stronger presence in emerging markets, such as in the Asia Pacific region, that have experienced HNWI growth and in which Aston Martin Lagonda is currently under-represented. This could provide further growth potential. The Directors intend to increase sales in emerging and other markets by expanding the dealer network in those regions and by investing in strengthening the brand power in these markets. Aston Martin Lagonda also intends to capitalise on the growth of HNWI's by increasing its penetration in established markets, such as the U.S., through management of existing dealers, the appointment of additional dealers and increasing brand awareness.

Core to the Second Century Plan is Aston Martin Lagonda's enhanced ability to successfully enter new markets and achieve higher penetration in existing markets through considered and deliberate targeting



of a broader range of customers. Aston Martin Lagonda plans to continue to support growth through a balanced geographical mix of sales to minimise the dependence on any given region, while expanding into new regions to attract a growing customer base.

In addition to the expansion of its dealer network, Aston Martin Lagonda intends to build its presence across the world through its brand activities, including those through partnerships. These activities, which involve the licensing of the Aston Martin brand to carefully selected partners, typically have very limited capital expenditure associated with them and are carefully curated to be consistent with Aston Martin Lagonda's philosophy and to build, rather than dilute, Aston Martin's brand (see section 13 (*AM Partnerships*) of this Part VIII (*The Business*)).

In addition, Aston Martin Lagonda has increased its brand awareness through its partnership with Red Bull Racing. The current F1™ team competes as Aston Martin Red Bull Racing, which gives Aston Martin Lagonda exposure to a unique marketing platform with a large global digital audience, which in 2017 was in excess of 1.4 billion.

### ***Enhance strategic partnerships with key partners***

The Directors believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. Aston Martin Lagonda has a significant strategic partnership with Daimler to develop and supply high-powered bespoke V8 powertrains for future models, and to enable access to cutting-edge technology, including engines and navigation and entertainment systems. In addition, the widely anticipated Aston Martin-Red Bull co-designed hypercar, the Aston Martin Valkyrie, is the product of the strategic partnership with Red Bull Advanced Technologies. The Aston Martin Valkyrie's official unveiling at the 2017 Geneva Motor Show piqued interest in Aston Martin Lagonda. All 150 road car versions of the Aston Martin Valkyrie due for production have already been allocated, with substantial deposits received from all customers. The track version, the Aston Martin Valkyrie AMR Pro (with an expected price of c.£4 million, including options) has also sold out. The investment in, and development of, technology through the design of the Aston Martin Valkyrie will inspire other future models in the range, in particular Aston Martin Lagonda's mid-engine hypercars and supercars.

The partnership with Red Bull Advanced Technologies (including Aston Martin's position as title partner of Aston Martin Red Bull Racing F1™ team from 2018) has given Aston Martin Lagonda global brand exposure, particularly in key growth markets, as well as a platform to learn about the extremes of design and engineering and has created the opportunity to share technology and processes with the most advanced form of racing.

### ***Group objectives***

Aston Martin Lagonda has the following objectives for the year ending 31 December 2018, which it aims to achieve by executing its strategy as described in section 4 of this Part VIII (*The Business*):

- ***Units:*** Aston Martin Lagonda expects to produce approximately between 6,200 units and 6,400 units in the year ending 31 December 2018. Aston Martin Lagonda expects to produce approximately 63 per cent. to 64 per cent. of the above stated volumes for the six months ending 31 December 2018 as compared with 36 per cent. to 37 per cent. for the six months ended 30 June 2018. The additional units expected to be produced for the second half of 2018 are attributed to a strong order book of approximately 3,900 units, resulting from an uplift in demand following the recent launches of Vantage and DBS Superleggera. To support this increase in demand, during the second half of 2018, Aston Martin Lagonda expects that the Gaydon facility will operate above its typical optimised production capacity, through the implementation of an additional manufacturing shift.
- ***Adjusted EBITDA margin:*** Aston Martin Lagonda expects to achieve an Adjusted EBITDA margin of approximately 23 per cent. in the year ending 31 December 2018, compared with an Adjusted EBITDA margin of 23.6 per cent. in the year ended 31 December 2017. This modest margin reduction is principally a result of the launch of the Vantage, which is positioned at a lower manufacturer's suggested retail price than DB11 and is expected to make up a significant proportion of the 2018 volumes, compared with 2017 (when a greater proportion of DB11 V12 were sold).

- *Adjusted EBIT margin:* Aston Martin Lagonda expects to achieve an Adjusted EBIT margin of approximately 13 per cent. in the year ending 31 December 2018, compared with an Adjusted EBIT margin of 14.2 per cent. in the full year ended 31 December 2017. The reduction in margin is attributed to the decrease in EBITDA margin and proportionately greater depreciation and amortisation spend during 2018, reflecting the planned cadence of new model introductions over recent years.
- *Interest cost:* Aston Martin Lagonda expects an interest cost of approximately £35 million based on current facilities and secured notes (excluding the non-cash interest cost of the Preference Shares) in the year ending 31 December 2018.
- *Tax rate:* Aston Martin Lagonda expects to incur a tax rate of between 20 per cent. and 22 per cent. in the year ending 31 December 2018, excluding the Preference Shares. Aston Martin Lagonda further expects to incur a cash tax rate of between 7 per cent. and 9 per cent. for the year ending 31 December 2018. Aston Martin Lagonda's low cash tax burden is largely the result of the utilisation of deferred tax assets from net operating losses incurred.
- *Capital expenditure:* Aston Martin Lagonda expects capital expenditure, including capital expenditure on special editions, to be approximately £380 million for the year ending 31 December 2018. The level of capital expenditure during 2018 is a result of the cadence of development activities to support the new model pipeline associated with the 7 x 7 x 7 strategy under the Second Century Plan. Aston Martin Lagonda expects core capital expenditure to be broadly evenly split between sports cars and large cars. Aston Martin Lagonda expects to fund special editions capital expenditure through deposits received in respect of such special editions.
- *Net debt / Adjusted EBITDA:* Aston Martin Lagonda expects a net debt to Adjusted EBITDA ratio at or below 2.0x in the year ending 31 December 2018.

Revenues, profitability and cash flows in the six months ending 31 December 2018 are expected to be affected by factors including seasonality and the introduction of new models in the fourth quarter. In the three months ended 30 September 2017 Adjusted EBITDA was £28.1 million and Adjusted EBITDA margin was 18.0 per cent. This compares to the three months ended 31 December 2017 when Adjusted EBITDA was £85.4 million and Adjusted EBITDA margin was 27.6 per cent. In line with 2017, Adjusted EBITDA and Adjusted EBITDA margin in the three months ending 30 September 2018 are expected to be lower than the three months ending 31 December 2018. Most markets tend to be impacted by the summer holiday period, which results in lower demand in the third quarter. This tends to reduce Adjusted EBITDA and Adjusted EBITDA margin since several elements of costs and expenses do not reduce in line with sales. In addition, all markets are generally driven by the introduction of new models or derivatives. In the fourth quarter of 2018, the Group is planning to commence deliveries of DBS Superleggera and Vanquish Zagato Shooting Brake, which is expected to drive an increase in sales and revenues.

In the medium term, Aston Martin Lagonda's objectives are as follows:

- *Units:* Aston Martin Lagonda expects to produce approximately between 7,100 units and 7,300 units in the year ending 31 December 2019, and to produce approximately between 9,600 units and 9,800 units in the year ending 31 December 2020. Aston Martin Lagonda's medium term objective is to increase production to approximately 14,000 units annually, with production supported by maturity of Aston Martin Lagonda's 7 x 7 x 7 strategy under the Second Century Plan and optimisation of its manufacturing footprint.
- *Fixed costs:* Aston Martin Lagonda expects its fixed costs to grow at a broadly similar rate between 2017 and 2022 as they did between 2015 and 2017.
- *Adjusted EBITDA margin:* Aston Martin Lagonda expects to achieve an Adjusted EBITDA margin greater than 30 per cent. in the medium term.
- *Adjusted EBIT margin:* Aston Martin Lagonda expects to achieve an Adjusted EBIT margin greater than 20 per cent. in the medium term.

- *Interest cost:* Aston Martin Lagonda has an option to refinance the secured notes, which are trading above par as at the Latest Practicable Date from April 2019. Management will therefore assess the benefit of refinancing in the context of reducing cash interest costs for Aston Martin Lagonda.
- *Tax rate:* Aston Martin Lagonda expects to maintain a stable tax rate of between 20 per cent. and 22 per cent. in the medium term.
- *Capital expenditure:* Aston Martin Lagonda expects that capital expenditure levels will reduce to less than 15 per cent. of sales in the medium term, with the split of total capital expenditure between sports cars and large cars to be defined according to Aston Martin Lagonda's launch schedule. Aston Martin Lagonda expects to largely fund special editions capital expenditure through deposits received in respect of such special editions.

## 5 **Dividend Policy**

The Company's primary objective is to seek to achieve capital growth for its Shareholders. It is the Directors' intention during the current phase of Aston Martin Lagonda's development to retain the Group's cash flow to finance growth and to focus on delivery of the Second Century Plan.

The Directors intend to review, on an ongoing basis, the Company's dividend policy and will consider the payment of dividends as the Group's strategy matures, depending upon Aston Martin Lagonda's free cash flow, financial condition, future prospects and any other factors deemed by the Directors to be relevant at the time.

## 6 **Aston Martin cars**

Aston Martin Lagonda's products include a range of core models, in addition to special edition models. The current model line-up comprises three core models from the new range, including one sports car (the new Vantage), one GT (the new DB11) and one super GT (DBS Superleggera). Aston Martin Lagonda also produces one four-door, four-seat sports coupe (Rapide S). DBS Superleggera was launched in June 2018 and first deliveries to customers are expected in October 2018. This model replaced the Aston Martin Vanquish S Ultimate. Some of these cars are available in different core models, including coupe and convertible models (which are branded as "Volante" for models with two front seats and a small backseat and a "Roadster" for models with only two front seats). In addition to the core range, Aston Martin Lagonda regularly produces special edition models in very limited quantities, like the Aston Martin Valkyrie, which is limited to 150 units for the road car version. As part of the Second Century Plan, Aston Martin Lagonda has adopted a programme of product refreshment and enhancement and intends to introduce one to two new core models or derivatives each year to 2022. Aston Martin Lagonda's model line-up addresses the HLS car market, with the focus currently on sports cars. However, in response to consumer demand and in line with its strategy, as part of its Second Century Plan to diversify and introduce fresh products each year, whether new models or derivatives of existing models, Aston Martin Lagonda is transitioning to a three-pillar product strategy: (i) GT, sports and mid-engine cars, (ii) SUVs such as DBX and (iii) sedans. For year ended 31 December 2017, Aston Martin Lagonda sold 5,098 cars (including 270 special editions), which produced sale of vehicles revenues of £810.1 million.

## DB11



The DB11 model range sits within the GT segment and is built at the Gaydon plant. First produced in 2016, DB11 debuted at the Geneva Motor Show in March 2016 and was the first new core product launched under the Second Century Plan. DB11 is available with a V12 engine as a two-door coupe and is powered by an all-new twin-turbo V12 engine, making it the first turbocharged series production Aston Martin. In June 2017, Aston Martin Lagonda announced the introduction of the new DB11 coupe with a 4.0 litre twin-turbo V8 engine, which has a top speed of 187 miles per hour and is the Group's most fuel efficient powertrain currently on offer. This additional derivative, which has the lowest CO<sub>2</sub> emissions of the current DB11 range, brings benefits in markets where car taxation policy is structured around engine capacity and environmental cost.

DB11 V8's manufacturer's suggested retail price is £147,900. DB11 V8 is also now available as a convertible, DB11 Volante, with first deliveries having taken place in the first quarter of 2018. DB11 Volante's manufacturer's suggested retail price is £159,900. The most recent addition to the DB11 range was DB11 AMR, which replaced DB11 V12. DB11 AMR is the flagship of the DB11 range, boasting greater power, increased performance, enhanced driving dynamics and a more characterful exhaust note. DB11 AMR has a manufacturer's suggested retail price of £174,995. The DB11 range introduced an updated advanced modular architecture, which Aston Martin Lagonda is using as the base for further cycles of core models, and its new electrical architecture and entertainment system, a product of Aston Martin Lagonda's partnership with Daimler. Each customer can work with Aston Martin Lagonda's award-winning design team to completely customise their DB11, by adding personalised, distinctive touches, such as paint and interior finishes. Average volumes of DB11 are expected to be around 2,300 units per year.

## **Vantage**



The new Vantage, which started production in the second quarter of 2018, replaces the successful V8 Vantage S and V12 Vantage S and is the second core product launched under the Second Century Plan. The new Vantage is currently available as a two-door coupe and is powered by a 4.0 litre twin-turbo charged V8 AMG engine, provided through the Daimler partnership, delivering a combination of high performance, efficiency and character. The new Vantage is the first Aston Martin to feature an electronic rear differential, providing superior stability and cornering. The new Vantage has a formidable power-to-weight ratio and torque-to-weight ratio with a resulting 0-60mph time of 3.5 seconds and a maximum speed of 195mph. The new Vantage's manufacturer's suggested retail price is £120,900. Average volumes of Vantage are expected to be around 3,250 units per year.

## **Rapide S**



Aston Martin Lagonda introduced Rapide S, its four-door high performance sports car, into its product range in 2013 as a follow-up to Rapide. Rapide S is intended to be a functional yet luxurious sports car that provides comfortable seating for up to four adults, but which retains the driving experience synonymous with all Aston Martin cars. Rapide S was designed as a sporting coupe and was updated in 2015. Rapide S aims to offer both high speed and long distance cruising ability. The manufacturer's suggested retail price for Rapide S is between £149,500 and £152,000.

At the Geneva Motorshow in 2017, Aston Martin Lagonda revealed Rapide AMR. Limited to 210 units,

Rapide AMR is planned to go into production in the fourth quarter of 2018 with a manufacturer's suggested retail price of £194,950.

### ***DBS Superleggera***



The new DBS Superleggera, a super grand tourer, is the third core car launched under the Second Century Plan and is the final model in the core strengthening phase, resulting in the total renewal of the sports car portfolio. Launched in June 2018, DBS Superleggera replaces Vanquish S Ultimate. DBS Superleggera is based on the same modular platform as DB11. Production commenced in September 2018 at Gaydon.

DBS Superleggera is currently available as a two-door coupe and is powered by a 5.2 litre twin-turbocharged V12 engine developing 715HP and 900Nm of torque. The body is made from a combination of aluminium and light carbon composites, enabling a 0-60mph in less than 3.4 seconds and a maximum speed of 211mph. The new DBS Superleggera's manufacturer's suggested retail price is £225,000. Limited to just 50 cars worldwide, there is the Tag Heuer Edition, with the manufacturer's suggested retail price starting from £295,000. First deliveries of DBS Superleggera are expected to commence in October 2018. Average volumes of DBS Superleggera are expected to be around 850 units per year.

### ***Special Edition Models***

Aston Martin Lagonda also regularly produces special edition models that are typically sold at a higher price than its standard models. Aston Martin Lagonda produced 113, 133 and 270 special edition units for the years ended 31 December 2015, 2016 and 2017, respectively. The special edition models have recently included Vantage GT12, Vantage GT8, Vanquish Zagato Coupe, Vanquish Zagato Volante, Vanquish Zagato Speedster, DB4GT Continuation and Aston Martin Vulcan, and forthcoming models include Vanquish Zagato Shooting Brake, the Aston Martin Valkyrie and the Aston Martin Valkyrie AMR Pro. Special edition models are typically oversubscribed and require a substantial deposit to reserve a car.



### ***Vantage GT12 and GT8***



Based on the old Vantage platform, Vantage GT12 and Vantage GT8 bridge the gap between road and race track driving. Production of Vantage GT12 was limited to 100 cars, which were produced between October 2015 and May 2016. Production of Vantage GT8 was limited to 150 cars. Production of Vantage GT8 began in October 2016 and ran through to June 2017. The manufacturer's suggested retail price for Vantage GT12 was £250,000, and the manufacturer's suggested retail price for Vantage GT8 was £165,000. All of these models were pre-sold and significant deposits were received, covering the capital expenditure requirements of Aston Martin Lagonda in connection with the production of the vehicles.

### ***Aston Martin Vulcan***



Aston Martin Vulcan is an all carbon fibre V12 track-only supercar, with production limited to 24 cars. Aston Martin Vulcan had a manufacturer's suggested retail price of £1.8 million and all 24 cars have been delivered.

## ***Vanquish Zagato***



Vanquish is also available in a Zagato specification, from Aston Martin Lagonda's collaboration with the Italian design house (limited to a total production run of 325 cars across four derivatives, Vanquish Zagato Coupe, Vanquish Zagato Volante, Vanquish Zagato Speedster and Vanquish Zagato Shooting Brake). The manufacturer's suggested retail price is £525,000 (for Vanquish Zagato Coupe), £577,500 (for Vanquish Zagato Volante), £960,000 (for Vanquish Zagato Speedster) and £625,000 (for Vanquish Zagato Shooting Brake). Customer deliveries of Vanquish Zagato Coupe began in December 2016. Customer deliveries of the Vanquish Zagato Volante began in the fourth quarter of 2017, and for the Vanquish Zagato Speedster, in the first quarter of 2018.

Vanquish Zagato Shooting Brake was launched in August 2017 and was oversubscribed within one month, with significant deposits received. Customer deliveries for this model are expected to commence in the fourth quarter of 2018.

## ***DB4GT Continuation***



Aston Martin Lagonda has also released a special edition DB4GT Continuation, constructed to the original 1963 lightweight specification. The production run is limited to 25 cars and is being sold to customers as a package consisting of access to a racetrack where the customer can use their DB4GT Continuation, and a two-year driver experience programme. All these cars have been fully allocated with significant deposits received and first deliveries were made in the fourth quarter of 2017. This run of DB4GT Continuations has



a manufacturer's suggested retail price of £1.8 million.

### ***Aston Martin Valkyrie***



The Aston Martin Valkyrie is being developed in conjunction with Red Bull Advanced Technologies and is intended to transfer F1™ technology to the road and is planned to start a lineage of Aston Martin mid-engine cars. The Directors expect that first deliveries of this hypercar will take place in the fourth quarter of 2019. The Group announced Aston Martin Valkyrie's official name at the March 2017 Geneva Motor Show, in addition to select specification information, including Aston Martin Valkyrie's 6.5-litre naturally-aspirated V12 engine and its Michelin Pilot Sport Cup two tyres. The Aston Martin Valkyrie is Aston Martin Lagonda's latest hypercar, of which there will be a road car version and a track-only version. All 150 road car versions have been sold at a manufacturer's suggested retail price of £2,399,940 and significant customer deposits received. The road going version was four times oversubscribed. In addition to the road-going Aston Martin Valkyrie, Aston Martin Lagonda announced that it intends to produce 25 Aston Martin Valkyrie AMR Pro derivatives. These are expected to be track-only products with a manufacturer's suggested retail price of around £4 million (including tax and options). By May 2018, all 25 track versions had been fully allocated with significant deposits received.

### ***Optionality for cars***

#### *Customisation*

Customers enjoy a degree of customisation within the base car, including colour options for the exterior and the interior. Customers can choose from a wide variety of options, including different wheel designs, technology upgrades, interior trim and paint colour upgrades. This large range of customisation options means that Aston Martin Lagonda offers an enhanced service to all its customers (almost all Aston Martin cars sold include some customisation) and also contributes to an improved profit margin. The new options strategy under the Second Century Plan has contributed to the Group's increasing gross profit. Between 2015 and 2017, total gross profit for the Group increased by a CAGR of 47 per cent. with options gross profit increasing by a CAGR of 67 per cent. over the same period. In 2017 the gross profit margin on options was 79.7 per cent., comprising £68 million of the total gross profit of £356 million.

#### *Q by Aston Martin*

Q by Aston Martin is a unique personalisation service that takes the standard customisation offering a step further and is used by customers to create a unique car that truly reflects its driver. Working closely with Aston Martin Lagonda's award-winning design team, every Q customer has the ability to create a completely customised car. Q by Aston Martin was relaunched at the 2017 Geneva Motor Show, showcasing an enhanced offering in two defined categories:

- (A) **Q by Aston Martin—Collection** brings an array of distinctive design touches and exclusive trim and enhancements that can be added to any car at the point of specification and installed and hand-finished at Gaydon headquarters. Going above and beyond the standard options list, Collection includes exclusive paint and upholstery colours, material finishes and craft elements. These range from a unique leather quilt upholstery pattern to tinted wheel finishes that incorporate body-coloured blades to diamond turned spokes, as well as the use of wood and leather interior elements. Around 5 per cent. of customers utilise the Collection service.
- (B) **Q by Aston Martin—Commission** is a process that involves a personal collaboration with Aston Martin Lagonda's design team. Customers can select a model and then work with Aston Martin Lagonda's design team to customise the interior and exteriors down to the finest details, leading ultimately to production of a car to the customer's exact specifications. Commission results in a unique car. Aston Martin Lagonda has a long history of building individual cars, working alongside true enthusiasts who wish to see their vision translated into something unique. Examples of previous commissions include the CC-100 Speedster Concept, created for Aston Martin Lagonda's centenary in 2013 and the Vantage GT12 Roadster, a one-off open-top version of the extreme 600PS race-bred Vantage GT12 Coupe. More recently, the Vantage V600 was launched as both Coupe and Volante derivatives, delivered through Q Commission. Aston Martin Lagonda's global dealership network is also working closely with Commission to create ultra-limited run series with features and design elements that are distinct to their regions and customers. Around 14 per cent. of customers utilise the Commission service.

### ***Planned new models and derivatives***

As part of Aston Martin Lagonda's seven-year Second Century Plan, the Group has a programme of product refreshment and enhancement and it intends to introduce one new core model each year to 2022. In addition, it plans to release, on average per year for the next three years, two special edition models and one heritage edition. The Directors intend to develop most of the Group's future sports car models based on the new modular architecture used for DB11, which employs a 'Carry Over-Carry Across' principle for key systems and components. The use of shared systems and common components across a number of models reduces engineering complexities and leads to model synergies. The effect of this is to de-risk new models, by reducing supply chain complexities and increasing common manufacturing processes, and reducing the time to market for new products. This principle also leads to cost savings through, for example, reduced development and engineering costs and lower product investment. The Group intends to continue to collaborate with other key technology partners (as it has done in the past), to produce new cars under its Second Century Plan.

In addition, Aston Martin Lagonda maintains the attractiveness of the core models and improves their longevity by sequentially introducing derivatives of each core model, for example the Volante and AMR editions. Aston Martin Lagonda preserves the exclusivity of the model through low volumes of each derivative thereby allowing the Group to drive average sale price growth with each derivative launch. Each variant can be launched with limited incremental capital investment.

In 2015, Aston Martin Lagonda announced the high luxury DBX, its first SUV, which will be produced at its new St. Athan facility. The HLS SUV segment is the newest of the HLS car market and a significant portion of Aston Martin owners also own an SUV. The Directors believe that DBX will widen the appeal of its Aston Martin brand and is intended to capture a more diverse global audience. The Group expects to launch DBX in 2019 with production commencing in the first half of 2020. Whilst Aston Martin Lagonda does not report on volumes generally, average volumes of DBX are expected to be around 3,850 units per year.

The Group's first mid-engine car (post-Aston Martin Valkyrie) is expected to be revealed in 2020, with a special edition codenamed Project 003, to compete with, for example, Ferrari La Ferrari and McLaren Senna planned to enter production in 2021 and production of the core model commencing in 2022. Average volumes of this mid-engine car are expected to be around 1,400 units.

In June 2017, Aston Martin Lagonda announced that production of its first all-electric car, Rapide E, will commence in the second half of 2019 (with first deliveries expected to take place in 2020). Rapide E is set for a limited production run of 155 cars and is a continuation of the collaboration with Williams Advanced Engineering, who worked on the Rapide E concept when it was originally unveiled in October 2015. Rapide

E is expected to deliver four-door sports car looks and dynamics of Rapide S, powered by an all-electric powertrain, replacing the six-litre V12 engine.

In March 2018, Aston Martin Lagonda announced the relaunch of the Lagonda brand, which will see a fully-electric SUV and fully-electric sedan enter production as the sixth and seventh models of the Second Century Plan.

In August 2018, Aston Martin Lagonda announced the planned production of 25 DB5 recreations to be built at Aston Martin Works and production is expected to commence in 2020. The Group also has plans for the recreation of another historic model, the DB4GT Zagato which is expected to begin production in the second half of 2019. A total of 19 cars are expected to be produced. This model will be sold in conjunction with a modern special edition, and combined they are planned to be the most expensive special edition models ever sold by Aston Martin Lagonda.

## **7 Production**

Aston Martin Lagonda has made significant investments in its manufacturing facilities, which enable it to expand its production capacity to meet its expected unit growth with limited additional investment. In addition, Aston Martin Lagonda's core cars are based on an advanced aluminium body structure, which utilises lightweight aerospace technologies and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models, with limited additional investment. This architecture has been significantly improved with DB11 and forms the basis of the new Vantage and DBS Superleggera. It also utilises a number of common structures, reducing tooling investment and improving quality for new model production.

Aston Martin Lagonda also has a flexible employee base, each of whom is trained on most of Aston Martin Lagonda's production stations and models, which allows Aston Martin Lagonda to add or reduce personnel as needed to accommodate its production needs, as well as shift employees across different areas of production, to maximise its production capacity. As at 30 June 2018, Aston Martin Lagonda's manufacturing and quality team comprised 1,298 employees, who ensure that its production processes meet the highest standards of quality and engineering sophistication.

The Directors believe that Gaydon is one of Europe's most modern and advanced automotive manufacturing facilities in the HLS car market, where efficiency, versatility and quality control are central. This requires highly skilled employees, as well as suitable training and controls and procedures. Aston Martin Lagonda has an exceptional health and safety record and was this year awarded its sixth consecutive 'Sword of Honour' from the British Safety Council in recognition of the commitment to achieving the highest standards of health and safety management throughout the business, as well as an audit score of over 99 per cent. for 2015, 2016 and 2017 from the 'Excellent British Safety Council Five Star Health and Safety Management Systems', the 'International Safety Award' for the ninth consecutive year and the 'Award for Innovation to Improve Occupational Health and Safety from the British Safety Council'.

### ***Manufacturing facilities and partnerships***

#### *Gaydon*

Aston Martin Lagonda's primary production facility is located in Gaydon, U.K. The Gaydon facility, which houses its manufacturing facility, design team and senior management, was tailor-built for Aston Martin Lagonda. Opened in 2003, Gaydon is a modern and highly advanced manufacturing facility and, as at 30 June 2018, 1,251 Aston Martin Lagonda production employees are currently based at this site. Aston Martin Lagonda currently manufactures all core models in Gaydon.

Aston Martin Lagonda adjusts production capacity to accommodate its expected production with an optimised capacity of 7,000 units per year. If required, it can increase production by adding shifts at the Gaydon facility with low additional capital expenditure to meet its expected needs for the foreseeable future. It has a stand up/stand down agreement that enables it to accommodate seasonality requirements without the need for additional headcount. The Gaydon facility also has the potential for expansion if required. In 2016, Aston Martin Lagonda quickly increased its headcount due to a production ramp-up associated with orders for DB11, and it can quickly reduce its headcount if demand for Aston Martin Lagonda's products

declines.

Aston Martin Lagonda's engineers and technicians are skilled in a number of areas, which provides it with flexibility in production lines. This flexibility enables Aston Martin Lagonda to shift all of its employees across its product range and in different areas of production, enabling it to maximise its production rate and capacity as dictated by demand. Aston Martin Lagonda also maintains flexibility of its employees around shifts, to maximise its production capacity. Aston Martin Lagonda operates a well-established production system, derived from the Beyond Lean™ methodology. Through a mixture of challenging targets and employee engagement, the operations team has delivered year-on-year improvements in productivity and quality.

#### *Special Vehicle Operations, Gaydon and Wellesbourne*

Aston Martin Lagonda dedicates facilities at Gaydon and Wellesbourne for the production of special editions. These are flexible, low volume facilities tailored to build special editions in an efficient manner. Special editions, which are based on the platform of core cars, will utilise the efficiency of the main production line to build the tub and chassis and will then have the bespoke parts fitted in one of the special projects facilities.

#### *St. Athan*

In 2016, Aston Martin Lagonda began construction of a new manufacturing facility in St. Athan, Wales. Construction of the front of house elements is now complete and phase 2 of facilitisation was completed in July 2018. Aston Martin Lagonda is currently customising the plant in preparation for the production of DBX. Aston Martin Lagonda expects vehicle pre-production at this site to commence in the first half of 2019, with full production planned to commence in the first half of 2020.

The St. Athan manufacturing facility will use similar processes to the main plant in Gaydon; however, these will be enhanced to improve quality and to reduce the hours of production per car. St. Athan will also be optimised for the production and manufacture of electric vehicles, building on the established processes applied to the production of Rapide E, Aston Martin Lagonda's first all-electric car. In preparation for the operational launch of St. Athan, Aston Martin Lagonda has on-boarded 35 per cent. of the production staff who will be involved in the ramp up phase of DBX at St Athan. These employees are being trained at Gaydon to ensure that knowledge that has been built up through development of processes at Gaydon is transferred to the new manufacturing site. The Director of Manufacturing at St Athan was previously a Director of Manufacturing at the Gaydon plant. It is currently anticipated that around 600 Aston Martin Lagonda employees will be based at St. Athan by 2020. A detailed production plan is in place to trial the new facility and to ensure the gradual scaling up of productions at St. Athan, with the optimised capacity also expected to be 7,000 units per year.

St. Athan is also expected to be the production location for Lagonda. To prepare for Lagonda, the Group will produce Rapide E, its first electric vehicle, in St. Athan. The facility within which this is built is then planned to be used for early pre-production builds of the first Lagonda.

#### *Aston Martin Works, Newport Pagnell*

Newport Pagnell is the historic home of Aston Martin with a heritage stretching back to the early 1960s, before the Gaydon site became operational in 2003. The factory still remains the home of the heritage and restoration business, Aston Martin Works, and continues to be a manufacturing site for heritage specials, such as the DB4GT Continuation.

Aston Martin Works provides a full car servicing offering to customers, including servicing, restoration, assured provenance, sales, body shop repairs, accident repairs, track day works and upgrades. These services are provided on a global basis, with cars shipped back to Newport Pagnell for repair. Experienced mechanics are also sent to conduct works at facilities local to car owners.

#### *Ford*

The V12 engines for the advanced modular architecture-based cars are built by Ford at an Aston Martin Engine Plant in Germany under a long-term supply agreement with Ford. This agreement expires on

31 December 2021. All pre-existing intellectual property rights associated with the engines and their production are licensed to Aston Martin Lagonda under a separate agreement with Ford. Any new intellectual property rights generated under the agreement belong to the party responsible for their creation. Although it is not required to make a minimum volume of engine purchases, Aston Martin Lagonda has agreed purchase prices for the engines on the basis of forecasted volumes of orders, and if the actual volume of orders exceeds specified thresholds, it is required to renegotiate the price per unit in good faith.

#### *Daimler*

Aston Martin Lagonda has a technical partnership with Daimler for the provision of electrical architecture and entertainment systems. Daimler also provides Aston Martin Lagonda with the modified M177 engine, a bespoke V8 powertrain engine for the DB11 V8 variants and the new Vantage. This engine is also expected to be used in DBX. Aston Martin Lagonda's technical and commercial partnership with Daimler began in 2013, when Daimler became one of Aston Martin Holdings (UK) Limited's shareholders. On Admission, Daimler's existing D Shares in the capital of the Company will be redesignated as Shares. These Shares will be subject to a 12 month lock-up following Admission. In 2017, the Group started production of the first model incorporating the Daimler 4.0 litre V8 engine for the V8 variant of DB11. The primary supply agreements for this technical partnership and engine supply arrangements are long-term agreements, under which Daimler has agreed to provide bespoke V8 engines and all electrical architecture for Aston Martin vehicles until 2026 (in the case of GTs and sports cars) and 2028 (in the case of SUVs).

#### *Red Bull*

Aston Martin Lagonda has a technical innovation partnership with Red Bull Advanced Technologies. The partnership was responsible for the design of the Aston Martin Valkyrie and other future models are also expected to involve further collaborations. The partnership allows Aston Martin Lagonda and Red Bull Advanced Technologies to share design and technology expertise, drawing on the experiences of both companies.

In 2016, Aston Martin Lagonda became a sponsor of Red Bull's F1™ team and, since the start of 2018, the F1™ team has competed as 'Aston Martin Red Bull Racing'. This sponsorship is relatively low cost for Aston Martin Lagonda but allows the Group to promote the Aston Martin brand and access a very wide audience of car enthusiasts across the world.

#### ***Aston Martin Lagonda's manufacturing process***

The manufacturing process at the Gaydon facility comprises chassis production, body assembly, painting, trimming, assembly and quality processes. These manufacturing operations are underpinned by a high level of real-time visibility and engagement by those running the manufacturing process to ensure that any quality issues are identified, contained and resolved quickly. The St. Athan plant will also be based on a similar manufacturing process.

Most of Aston Martin Lagonda's cars are based on the modular architecture that is the backbone of Aston Martin Lagonda's product portfolio. It was significantly updated for DB11 and forms the basis of the new Vantage and will form the basis of the next generation DBS Superleggera. The architecture is a highly flexible integrated modular structure that employs a 'Carry Over-Carry Across' principle for key systems and components and allows for a high degree of product differentiation and includes the car body structure as well as common systems and components. The application of this flexible architecture enables Aston Martin Lagonda to produce low volumes of cars and easily adapt to new models, thereby reducing its production and development costs for incremental models, based on the architecture. The aluminium body structure of Aston Martin Lagonda's cars comprises a number of common structures, which provide flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimising Aston Martin Lagonda's engineering and tooling investment and time to market.

#### *Chassis construction*

The body structure of Aston Martin Lagonda's cars comprises anodised aluminium components from a wide variety of manufacturing processes including various casting processes, extrusions, hot and cold sheet forming processes. These are joined together with a state of the art bonding process using a heat-cured

epoxy adhesive and rivets to create a rigid and light-weight chassis, known as the “bonded monocoque”. The Gaydon facility consists of a two stage conveyor-based system where components for manufacturing the bonded monocoques have adhesive applied to them by robotic application cells. The first main build-line transports this assembly through a series of geometry stations and sub-assemblies, and finally through a curing oven. The now cured body is measured on an automated measuring machine and then through the second Main Build Line (Body-in-White) for the exterior body panels to be bonded or bolted on.

### *Body assembly*

All bodies are assembled on an assembly line by hand with mechanical assistance. Sound-reducing materials are fitted to the chassis and the adhesive paths are cleaned and primed. Sub-assemblies are assembled by hand beside the assembly line before a robot cell applies adhesive to the roof, body-sides and boot-lid surround and the sub-assemblies and main body panels are fitted to the chassis tub at framing stations by hand. Framing is a fully automated process for DB11 and future core products. Further down the assembly line, closures are fitted before final inspection and hand finishing. The bodies then proceed to the paint preparation area.

There is one further body assembly line, where the same process is carried out but this is optimised for a low volume of cars. The main differences on this line are a longer cycle time and manual application of the adhesive.

### *Painting*

Car bodies are first sealed and then cleaned and transferred to the primer line. An automatic pressure blower cleans off any dirt particles before the body is sprayed and cured in gas-fired ovens. For most colours, the spraying is primarily carried out by robots, although some elements, such as the application of conductive primer and some localised areas, are carried out by hand. For special colours, the application of the basecoat, clearcoat and any graphics is carried out by hand. The whole car is painted at the same time to ensure colour harmony. Aston Martin Lagonda is able to offer a large range of colours, including colour matching to a customer-specific requirement and the robots are capable of painting in any colour sequence. Following painting and curing, the bodies are transferred to the polish line to be polished before final inspection. There are a number of paint rectification booths, where the painted body will be checked and retouched as required before the finished painted body is taken away by an automated guided vehicle for storage in a painted body store. The Directors believe that Aston Martin Lagonda’s comprehensive painting process gives Aston Martin Lagonda cars a superior finish compared with its competitors’ cars.

### *Trim shop*

Aston Martin Lagonda uses leather and other luxury materials such as Alcantara to handcraft each interior trim panel. Its trained sewing and trimming technicians use their skills to handcraft each piece of trim. The Trimshop uses innovative and patented technology processes including the finest detail, such as perforating, quilting, broguing, embroidery and embossing. The detailed quilting options are very substantial; some of Aston Martin Lagonda’s cars have over one million stitches on each interior. Instrument panels are assembled as part of the trim shop on a carousel conveyor with eight stations. After assembly, the instrument panel is electrically tested before finally being transferred to the main assembly line. Front seats are hand built on special ergonomic fixtures, then fully tested for functionality before being despatched to the main assembly line.

### *Assembly line*

The Gaydon facility has two assembly lines, each divided into three sections, each with an indexing conveyor, which are then further divided into a number of stations. The assembly lines are equipped with manipulators to load the engine, instrument panel, seats, doors, fuel tank, roadster hoods, batteries, wheels and tyres. Aston Martin Lagonda’s employees are able to work on multiple models and, as such, have a high level of process expertise.

### *Quality processes*

Following assembly, cars proceed to an area equipped with a laser to set car geometry on both front and rear wheels and the headlights alignment process is also carried out in this area. Following this, cars

proceed to a mechanical rolling road test, which checks the ABS braking system and powertrain operation. Cars are then fitted with their undertrays before undergoing specific, dynamic testing at the on-site facilities, including squeak and rattle testing and waterproof testing, then proceeding to finishing stations for panels, electrical or trim items before undergoing a paint mark-up and repair process. Lastly, cars go through final inspection, which involves an inspector making rigorous multi-point checks on each car to ensure the quality of the final product and concludes with the inspector's name being stamped in the engine bay as a mark of quality. The Aston Martin wings are subsequently affixed to the car.

In addition to all the rigorous inspections and testing that forms part of Aston Martin Lagonda's manufacturing process, Aston Martin Lagonda also undertakes regular consumer product audits to help maintain its high standards. Aston Martin Lagonda's focus on quality and its inspection, checking and testing processes have helped drive a reduction in the average amount it has been required to spend on warranty claims over the last two and a half years, as well as increased customer satisfaction.

In addition to the quality controls in place at the production level, Aston Martin Lagonda is also focused on delivering a high-quality service as part of its post-sale customer offering. Customer satisfaction is a priority for the Directors and Aston Martin Lagonda has increased its client services team by 17 people over the last 12 months to improve global customer support across different time zones as the Group's operations grow. The facility in Gaydon has a control room dedicated to managing field issues by providing advice in connection with technical requests, coordinating vehicle recoveries and physical support deployments. This team is also responsible for ensuring that any customer complaint is appropriately tracked and resolved. All customer cases are reviewed on a daily basis by management and are also considered twice weekly at the vice president level. The Directors also intend to launch a new symptom-based diagnostic tool in November of this year, which is expected to enable any issues to be identified and resolved quickly at the dealer level, thereby reducing demand on the post-sale team and supporting Aston Martin Lagonda to deliver the Second Century Plan.

## **8 Procurement**

Aston Martin Lagonda's production purchasing function strategically controls the whole of its supplier base for the sourcing of raw materials such as aluminium and leather, components and facilities, managing a supply base of approximately 302 direct suppliers and a further 126 indirect production (or Tier 2) suppliers for whom the Group has commercial responsibility for managing. Aston Martin Lagonda places purchase orders to ensure ownership of all unique tools and fixtures used by its suppliers for the manufacture of its components.

Aston Martin Lagonda's global supply base is being continually optimised to support delivery of the Second Century Plan and the Group's overall growth strategy. Aston Martin Lagonda selects suppliers for its core models based on a partner strategy and seeks to ensure a high level of continuity of suppliers across its models. For example, of the 164 suppliers engaged in respect of the new Vantage, only 20 are new and the remaining 144 have been carried over from DB11. Suppliers are sourced early in the product development process to ensure cost, quality and delivery targets are met. For example, 93 per cent. of the suppliers required on DBX had been sourced as at 30 June 2018. Sourcing suppliers across multiple platforms helps to de-risk future models and enables the strategic development of components. By virtue of the Group's in house leather trimming and assembly capabilities, Aston Martin Lagonda is able to elect to 'make or buy' a number of interior trimmed components, giving the Group more leverage when negotiating with potential suppliers

In 2017, Aston Martin Lagonda's largest supplier was the Aston Martin Engine Plant, owned and operated by Ford for the production of all of its V12 engines. For the year ended 31 December 2017, the Aston Martin Engine Plant represented approximately 17 per cent. of Aston Martin Lagonda's expenditure for raw materials and components based on invoices posted to the purchase ledger during the year. Starting in 2017, Aston Martin Lagonda began purchasing the modified M177 engine, a bespoke V8 powertrain, from Daimler. Further Tier 1 supplier partnerships with Pirelli, Bosch, Graziano and Multimatic ensure superior quality and substitute expensive in-house development.

From 2017, Aston Martin Lagonda's formerly separate purchasing and logistics departments began to operate as one overall function under the heading of "Supply Chain Management". This is to ensure that overall supplier performance is taken into consideration when sourcing. Suppliers are then measured

based on their overall performance against quality, delivery, cost optimisation and sustainability. To reduce investment, Aston Martin Lagonda normally sources each component from a single supplier, although the Group typically has a number of suppliers for each commodity group so that a competitive tender process can take place. Inbound transportation logistics are handled by a third-party supplier who is contracted to handle transportation from the suppliers' plants to Aston Martin Lagonda's production location. Suppliers experiencing difficulties with quality or delivery performance are able to obtain on-site support from Aston Martin Lagonda's current vehicle engineering and supplier development teams. Supply Chain Management also provides assistance during the launch of new products and carries out approval activities.

Aston Martin Lagonda has a risk management process in place that seeks to ensure there is no disruption to its supply of materials and components. This includes an initial risk assessment and ongoing risk monitoring of its suppliers, with mitigation plans for what it judges to be its highest risk suppliers in each supply area. These include a member of senior management being nominated as the "supplier champion" for each supplier considered to pose a greater performance or delivery risk to the Group and a development programme through which the Group works closely with those strategic suppliers that Aston Martin Lagonda considers to be underperforming. The Group also seeks to balance sourcing decisions across its model range, to limit its risk and reliance on one supplier. Aston Martin Lagonda also carries out structured supplier visits at key preparation milestones in connection with new models, to ensure that suppliers are ready to commence production and to ensure quality and on time execution and delivery. As part of Aston Martin Lagonda's growth strategy, the Group will need to: (i) engage additional suppliers; and (ii) increase the demand from existing suppliers, in order to deliver its increased volume targets. Each supplier is assessed on their ability to 'run at rate' during the pre-production process, focusing both on the quality of the parts produced and the ability to produce them at the rate required when the car goes into production. The success of this methodology has been demonstrated through the launch of DB11 and Vantage.

## **9 Customer sales and marketing**

Aston Martin Lagonda maintains a franchised dealer network, which is the primary means through which it sells its cars to customers. Since 2015, this dealership network has been strengthened through new appointments and upgraded dealerships as part of Aston Martin Lagonda's focus on continually enhancing and developing the network's viability, profitability and sustainability. In total, almost one third of dealerships have been refurbished or are new since the introduction of the Second Century Plan. Aston Martin Lagonda's dealer strategy is premised on its belief that the integrity and success of its brand is dependent on the responsible and careful selection of dealers. Aston Martin Lagonda develops strategic and stable partnerships with highly professional, carefully selected and customer centric retail partners.

Under Aston Martin Lagonda's franchise agreements, franchisee dealers purchase Aston Martin Lagonda cars and make certain other contractual commitments and in return are permitted to sell Aston Martin Lagonda cars and merchandise. The policy is to sell to dealers who provide an in-store experience and who promote the cars in a manner consistent with the Aston Martin Lagonda brand. Non-authorised dealers are not able to sell new or certified pre-owned Aston Martin Lagonda cars. Aston Martin Lagonda's dealer strategy is designed to ensure no capital investment by it in its dealer network, while maintaining a level of control over it.

Aston Martin Lagonda aims to ensure the sales and service experience at its dealers is fully reflective of its brand by delivering a world-class luxury customer experience and consistent brand presentation. Aston Martin Lagonda has a dealership design consultancy team that works directly with individual dealers to ensure consistency. This team has developed a focused Aston Martin design to be reflected in the interior and exterior appearance of a dealership. Any design for a new dealership must be approved by the Group. The financing of necessary investment in dealership facilities is provided by the dealers themselves. A specific programme and set of design guidelines have also been put in place for the development of after-sales areas, such as workshops and service areas. In developing its sales outlets in this way, Aston Martin Lagonda aims to transform the buying process into an exclusive, boutique experience so that the customer is assured a high luxury experience at every touch-point with Aston Martin Lagonda. This dealership network is also underpinned by flagship brand centres in key locations, such as London and Tokyo.

To maintain the quality of the dealer network, Aston Martin Lagonda has a rigorous programme in place to educate, develop and monitor dealer owners and managers as to the new model range, brand positioning



and required service standards. It is also focused on training, in particular for the repair technicians in the dealer network, to guarantee a satisfactory aftermarket experience for Aston Martin owners. Dealer margins are variable but have historically been in the low to medium double digits.

Dealers range from fully independent, brand-dedicated outlets for sales and service, to shared sites (with complementary brands), to a separate department within a larger collection of brands. All dealers provide aftermarket and repair services for the cars and within the U.K. there are a further two authorised service centres.

Over the past 18 years, the dealer network has undergone significant expansion, growing from 61 dealerships in 19 countries in 2000, to 160 dealerships in 53 countries as at 30 June 2018. In particular, over the last few years Aston Martin Lagonda has developed its Asia Pacific dealer network (and, in particular, its Chinese dealer network) with the intention to further increase its dealership network in China from 17 to 20 dealers by the end of 2018, to build on recent success and the further growth opportunities associated with the increasing number of HNWIs in these regions. All new dealers were chosen based on historical performance, financial strength, commitment to customer service and an understanding of luxury goods marketing and brand development. Both incumbent and new dealers are required to demonstrate a willingness and ability to invest in showroom models as well as hiring and training good employees. Aston Martin Lagonda inspects dealers for financial stability, brand management and selling capability and is able to terminate a dealer's contract if these criteria are not met to its standards. All dealers in the dealer network are independent dealers, with the exception of Aston Martin Works and Aston Martin Milan. Aston Martin Works, the historic home of Aston Martin and the site where Aston Martin heritage models are still made, was acquired by Aston Martin Lagonda in April 2010.

The worldwide distribution of dealerships as at 30 June 2018 was as follows:

	Number of dealerships	
	As at 30 June 2018	Planned under Second Century Plan
U.K. and South Africa	21	23
EMEA	55	65
<i>Europe</i>	41	46
<i>Middle East and North Africa</i>	14	19
Americas	44	50
Asia Pacific	40	62
<i>Asia Pacific excluding China</i>	23	34
<i>China</i>	17	28
<b>Total</b>	<b>160</b>	<b>200</b>

The number of Aston Martin dealerships is expected to grow in the medium term to around 200 globally under the Second Century Plan, to support the launch of DBX and increasing demand for the Group's sports cars. The Directors believe that this will enable Aston Martin to sell to HNWIs in territories where there are currently no Aston Martin dealers, further supporting the planned increased production volumes of 14,000 units. When assessing where to locate new dealerships, Aston Martin uses a multi-dimensional analysis of region and individual markets across all postal areas and data sets. Extensive data analysis is conducted to assess competitor networks, drive times, geographic locations, wealth distribution, purchasing power and current dealer coverage against HLS registration activity. This enables the Group to identify optimum positions for new dealerships. Due to the projected growth of HNWIs within Asia Pacific, much of the planned dealer network expansion is focused on this region (and, in particular, China).

As part of its strategic plans for the Lagonda brand, the Group plans to develop a network of 50 Lagonda dealers globally. The Group expects to select the best of Aston Martin's existing dealers to form the core of the Lagonda dealer network.

As at 30 June 2018, Aston Martin Lagonda employed 98 employees and engaged 14 contractors in locally based teams to support its dealer networks in Asia, continental Europe and North America. Aston Martin Lagonda's team in North America is employed by its wholly owned subsidiary, Aston Martin Lagonda

of North America, Inc., which acts as an independent, fully operational trading company. Aston Martin Lagonda's team in China is employed by its wholly owned subsidiary, Aston Martin Lagonda (China) Automobile Distribution Co., Ltd, which also acts as an independent, fully operational trading company.

The proportion of revenues represented by Aston Martin Lagonda's top five dealer groups has stayed relatively constant over the last five years (with the exception of a reduction in dealers and volume from one such dealership group) and, for the year ended 31 December 2017, represented approximately 23 per cent. of its total sales volume. The Pendragon group of dealers, an international multi-franchise dealer group, represented 6.6 per cent. of Aston Martin Lagonda's sales volume for the year ended 31 December 2017. No other dealer or group of dealers represented 6.4 per cent. or more of Aston Martin Lagonda's sales volume for the year ended 31 December 2017.

Aston Martin Lagonda's sales are globally diversified. However, the Second Century Plan is underpinned by one global sales team, which comprises six regional teams who work collaboratively to operate under a single global budget. Each regional team must together achieve the global budget for any region to receive a bonus. This incentivises the regional sales teams to work together to deliver year on year and this collaborative approach enhances flexibility across the regions to make necessary adjustments to optimise budget setting and the allocation of production, based on local customer demand and conditions.

The following table sets out the geographical distribution of Aston Martin Lagonda's total car sales to dealers for the years ended 31 December 2015, 2016 and 2017.

<b>Location</b>	<b>Year ended 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
U.K. and South Africa	999	1,108	1,538
EMEA	880	1,044	1,316
<i>Europe</i>	744	847	1,162
<i>Middle East and North Africa</i>	136	197	154
Americas	1,055	829	1,277
Asia Pacific	681	706	967
<i>Asia Pacific excluding China</i>	489	530	643
<i>China</i>	192	176	324
<b>Total</b>	<b>3,615</b>	<b>3,687</b>	<b>5,098</b>

Aston Martin Lagonda conducts distribution in the U.S. through its wholly owned subsidiary, Aston Martin Lagonda of North America, Inc., which sells cars directly to its U.S. dealer network. In contrast to U.K. and European dealers, North American dealers tend to place orders via the distributor to build up a stock pool that is then sold to customers. Aston Martin Lagonda also has a wholly owned subsidiary distributor in China. Distribution in the Middle East and North Africa is arranged via Aston Martin MENA Limited, a company affiliated with certain of the Company's Shareholders. Aston Martin MENA Limited acquired Aston Martin distribution rights in the Middle East and North Africa from Aston Martin Lagonda in 2009. Under a long term distribution agreement, Aston Martin MENA Limited has been appointed as Aston Martin Lagonda's exclusive distributor in certain countries in the Middle East.

Although Aston Martin Lagonda provides a manufacturer's suggested retail price for all its cars, individual dealers are permitted to negotiate different prices with customers (within set parameters) and to provide financing to those customers. The majority of customers purchase the cars from dealers in cash, although Aston Martin Lagonda has relationships with certain banks and financial services companies that its dealers can engage with to provide finance and leasing services to customers, if requested. As the Group provides these financial services through third parties, there is no impact to the Group's balance sheet. Aston Martin Lagonda is now able to offer competitive financial services in most of the Group's significant markets, through contracts with Alphera, Ally and FCA Bank. Aston Martin Lagonda does not provide financing services relating to the purchasing of its cars to retail customers, nor does it provide financial support for such financing.

Aston Martin Lagonda does, however, have a wholesale finance facility in place, which may be utilised in connection with sales of Aston Martin Lagonda's cars, and that is backed by credit insurance in the event

of dealer default. Where this facility is used, Aston Martin Lagonda receives the purchase price of a car less a discount rate (calculated in accordance with a wholesale finance facility agreement) upon invoicing the dealer (and subject to satisfaction of certain other requirements). Where it cannot utilise this facility in connection with the sale of a car to a dealer, the dealer is required to pay for the car before delivery, other than in North America where dealers typically have 10 days to pay Aston Martin Lagonda.

### ***Production allocation***

Aston Martin Lagonda closely monitors production relative to demand for its products. While this primarily involves controlling production volumes, it also manages allocations to specific markets and to individual dealers. Production levels are initially calculated on a regional basis among the U.K. and South Africa, Europe, the Americas, Asia Pacific and Middle Eastern and North African markets. These calculations take into account factors such as local market size, order books and historical performance. From the allocation to a specific region, individual dealers are each given an annual maximum allocation, designed to ensure market demand remains ahead of available supply.

Wholesale volumes reached 2,299 units at 30 June 2018, compared with 2,439 in the first half of 2017, as Aston Martin Lagonda executed multiple production line model changeovers and began production of DB11 Volante, DB11 AMR and Vantage. The Group saw a strong sequential increase in the quarter and delivered wholesale volumes of 1,336 units in the second quarter of 2018, compared to 963 units in the first quarter of 2018.

First-half wholesale volumes increased in Asia Pacific, as Aston Martin Lagonda fulfilled regional demand within these key growth markets. In the second half, the Group expects to see strong growth, especially in the Americas, driven by demand for new Vantage and first deliveries of DBS Superleggera.

### ***Secondary market***

Although Aston Martin Lagonda does not derive any revenue through sales of used cars, it places a high importance on the secondary market, as a car's residual value after a period of ownership is a key determinant of the overall cost of car ownership. To this end, it seeks to manage production volumes to maintain new car supply below market demand, with the aim of providing support to secondary market prices by ensuring a degree of scarcity.

In 2016, Aston Martin Lagonda launched the Aston Martin global certified pre-owned sports car programme "Timeless". This programme, which is available worldwide, offers customers pre-owned Aston Martin sports cars with high levels of quality, assurance and confidence. The programme covers all Aston Martin models from the last decade, including special edition models such as the V12 Vantage Zagato and the One-77.

Aston Martin Lagonda is in the process of moving to "Timeless" from the Aston Martin-approved used car programme that currently assures the quality of used cars sold via approved dealers in the U.K., EMEA, U.S. and Asia Pacific (excluding China). Specifically, this involves the provision of a comprehensive extended warranty and a mandatory multi-point check on all cars sold under the scheme. These efforts, together with the general desirability of the cars, have contributed to supporting the secondary market prices of Aston Martin's cars.

### ***Marketing***

Aston Martin Lagonda's marketing expenditure is mainly attributable to F1™ sponsorship, frequent new product launches, key HNWI motoring events, such as Le Mans 24 hour Race, Goodwood Festival of Speed and Goodwood Revival, Pebble Beach and the Geneva, Shanghai and Beijing Motor Shows. It also actively uses product placements (including in the James Bond films), one-on-one regional and dealer marketing events, factory tours and sponsorship arrangements, such as luxury lifestyle/sports events.

Away from core automotive activities, the brand has also attracted HNWI customers and prospects via its "Art of Living" experiential events platform, capitalising on a trend that the target market spends significantly on experiences such as driving breaks and access to exceptional lifestyle experiences that may not always involve driving. In particular, these experiences are an effective way to attract a stronger female following and, in general, bring clients closer to the brand and Aston Martin Lagonda's partners.

In addition, recent investments in digital marketing and tools (web, client relationship management, social, asset management, content, configurators) has led to internal efficiencies and a tripling of online leads in 2016, along with a social media audience that exceeds 11 million people as at 30 June 2018. This supports overall brand awareness and consideration, while also helping convert prospects into sales in a world where even HNWI customers research online before engaging with retailers.

As part of the Second Century Plan, Aston Martin Lagonda's marketing has been boosted by frequent new product launches, which attract new customers and include several limited edition special projects that are revealed privately to an exclusive VIP audience, ahead of public announcement. A club exists for the top customers, which forms the group of those who are typically asked to attend VIP events and launches of limited run models. This strategy has resulted in collectable new products being pre-sold ahead of announcement - leading to desirable invitation-only demand for the brand.

### ***Aston Martin Red Bull Racing Team***

Since 2016, Aston Martin Lagonda has sponsored the Red Bull Racing F1™ team. This has given the Aston Martin brand international exposure through F1™, and is supported by the technical innovation partnership with Red Bull Advanced Technologies to create the Aston Martin Valkyrie and Aston Martin Valkyrie Pro hypercars. Aston Martin Lagonda has further strengthened its relationship with Red Bull Racing and, since the start of 2018, the F1™ team competes as 'Aston Martin Red Bull Racing'. Aston Martin Lagonda's involvement in motorsports through this partnership is regarded by the Directors to be a highly effective brand building tool, as there are high levels of interest in F1™ among premium and luxury car owners globally. Over 80 per cent. of premium and luxury car buyers in the U.K., U.S., Germany and Japan have an interest in F1™.

Aston Martin Lagonda also markets indirectly through the Aston Martin Racing Programme, which promotes the Aston Martin brand through participating in endurance GT racing events such as Le Mans and Nürburgring 24 hour races. The Aston Martin Racing Programme is operated by Prodrive, to whom Aston Martin Lagonda makes a small annual payment. The Aston Martin Racing Programme brings in sponsorship, which contributes to the programme's funding. In 2016 Aston Martin Racing team won two world championship titles and in 2017 took victory in the GTE Pro Class at the Le Mans 24 hour race. The Directors believe Aston Martin Racing also provides credibility to the AMR sub-brand.

### ***Brand ambassadors***

In addition to other marketing initiatives, Aston Martin Lagonda engages several of the most successful and visible sporting professionals in the world as its brand ambassadors. For example, Tom Brady, one of the most recognised athletes in the U.S. helps promote Aston Martin Lagonda's brand through his role as a brand ambassador.

## **10 Design and product development**

Aston Martin Lagonda's product development team comprises over 960 designers and engineers, covering almost all aspects of new car planning, design and development. The modular architecture, which employs a 'Carry Over-Carry Across' principle for key systems and components is the backbone of Aston Martin Lagonda's current product portfolio and is planned to form the basis for a further cycle of new model introductions. Aston Martin Lagonda has a standardised new product introduction process ("**MISSION**"), which is a system of project gateways with clear deliverables to ensure adherence to all programme targets, such as quality, cost and delivery. As a result of Aston Martin Lagonda's in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, it can ensure a rapid time to market from design conception to launch, at what the Directors believe to be a lower cost than typically required in the industry, while maintaining adherence to the designers' concepts. Aston Martin Lagonda believes that following its investment in its aluminium architecture, engines and shared systems for DB11, the new Vantage and new DBS Superleggera are expected to require approximately 53 per cent. and 84 per cent. less product development expenditure than DB11, respectively. Aston Martin Lagonda expects to hit its peak of both product development expenditure and capital expenditure in the near term for this generation of vehicles and aims to fund product development expenditure and capital expenditure through working capital and cash flows from operations in the future.

Most of Aston Martin Lagonda's design activities are carried out by its design team at its state-of-the-art design facility in Gaydon and a new facility in Milton Keynes due to open later this year. This team consists of designers, engineers and technicians, including clay modellers, electronic modellers and other skilled craftsmen. Their processes include sketching and physical and electronic modelling. The design team are also responsible for trim and attention to detail in design, for which Aston Martin Lagonda has become recognised. Aston Martin Lagonda has received numerous awards, including recently: Car Design of the Year 2016 (Salone dell'Auto), Sports Car of the Year 2016 (Autonis) and T3 Design of the Year 2016, each for DB11 and What Car 'Car of the year (Coupe more than £50,000)' for DB11 V8 Coupe. In addition, Aston Martin Lagonda was the winner of "Cool Brands" award in the U.K. several times in the last few years and has continuously been elected in the top 10 since 2008.

## 11 **Parts business**

Aston Martin Lagonda runs a parts and distribution service from its facility at Wolverton Mill, Milton Keynes. This division supplies parts for classic and current models with stocks dating back to 1958. With its annual car sale volumes having increased from the low hundreds during the 1980s and 1990s to 5,098 in 2017, this division is expected to benefit from the increasing number of customer cars currently on the road requiring regular parts and maintenance. Aston Martin Lagonda sells parts to its authorised dealer network, as well as to approved third-party service centres that are not part of the authorised dealer network. For the year ended 31 December 2017, Aston Martin Lagonda's revenues from the parts business was £56.0 million.

## 12 **Servicing business**

Aston Martin Lagonda provides a maintenance and accident repair service, as well as the restoration of older Aston Martin models, through its servicing business, Aston Martin Works, based in Newport Pagnell. Aston Martin Works represents every facet of the Aston Martin and Lagonda brands through its activities. Aston Martin Lagonda employs highly skilled craftsmen, who can hand manufacture almost all car components.

In 2012, Aston Martin Works became an authorised dealer and gained the ability to sell new vehicles and used vehicles under Aston Martin Lagonda's "Timeless" used car programme and an enhanced aftersales offering. Previously, the business only offered aftersales support to owners. In addition the sale of heritage vehicles has broadened Aston Martin Lagonda's offering and gained global recognition of work carried out at Newport Pagnell. This engagement with heritage cars has a positive effect over the entire brand.

Aston Martin Lagonda's Heritage Operations, a division of Aston Martin Works, not only offer service and repairs to owners, but also extend overseas, working to support customers with multiple Aston Martins. It is recognised as the leader in restoration of Aston Martin Lagonda's cars, of which around five are completed per year.

The Aston Martin Works business is further enhanced by its ability to build small volume continuation cars. These vehicles are built in sub-30 unit production numbers and usually take 18 months to complete a full product cycle. They are the most profitable vehicles to be produced at Newport Pagnell and some of the highest margin vehicles produced by Aston Martin Lagonda.

In addition to generating revenue, these activities help protect Aston Martin Lagonda's heritage, which the Directors believe underpins much of the Aston Martin brand's appeal and its continued development. For the year ended 31 December 2017, Aston Martin Lagonda's revenue from the servicing business was £9.9 million.

Servicing and repair services are also available from authorised service centres in franchised Aston Martin Lagonda dealers although, as described above, these are almost entirely independent businesses and therefore do not generate revenue for Aston Martin Lagonda, except indirectly through its parts business.

## 13 **AM Partnerships**

Through the recent acquisition of AM Brands Limited, Aston Martin Lagonda intends to leverage its iconic global luxury brand and its design expertise to create opportunities for it to diversify its business into other luxury goods. AM Partnerships licenses the Aston Martin brand on a highly selective basis to partners that

are also at the top of their respective markets in terms of price, performance and design and that share Aston Martin Lagonda's focus on exclusivity and high luxury. These activities allow Aston Martin Lagonda to enhance its relationships with existing customers through cross-selling opportunities and increased touch points, as well as to appeal to a new audience of customers with similar characteristics to its existing customer base.

Brand extension activities typically have very limited capital expenditure associated with them and are highly margin accretive to the Group. For example, while AM Partnerships contributed design expertise, the AM37 Powerboat was manufactured by Quintessence Yachts, an independent Dutch company. AM Partnerships is also contributing design expertise to a new Aston Martin-branded condominium complex in Miami, Florida, which is due to complete in 2021. AM Partnerships is also involved in a number of other brand extension activities, including: "Art of Living" Experiences, the Project Neptune Submersible with Triton Submarines and an exclusive apparel range in collaboration with Hackett. The Directors believe that AM Partnerships will enable Aston Martin Lagonda to continue to grow as an aspirational brand, which will enable the further penetration of the HNWI customer base within the high luxury markets.

## **14 Intellectual property**

Aston Martin Lagonda's success depends in part on its ability to protect and promote its IP rights as well as its freedom to manufacture, import, export, advertise and sell its products and services globally on a daily basis without risk of infringing or misappropriating the IP of a third party. Protecting Aston Martin Lagonda's IP and the freedom to use it helps protect, preserve and enhance the uniqueness and identity of Aston Martin Lagonda's products and brands. Aston Martin Lagonda therefore assigns a high priority to protecting such IP and attempts to safeguard all important new developments and enhancements of its IP appropriately.

### ***Patents***

Aston Martin Lagonda owns a number of patent applications and granted patents, and a significant amount of confidential information and know-how, in relation to technologies used in Aston Martin Lagonda's products and the manufacturing processes used to create them. Aston Martin Lagonda also benefits from licences from third-party licensors and suppliers to use technologies deployed in its products and in creating and developing them. As part of the sale of Aston Martin by Ford in 2007, Ford granted Aston Martin Lagonda a non-exclusive, worldwide, fully paid licence to use, sell and import products falling under certain patent applications and granted patents as well as non-patented IP owned by Ford that was, at the time of the sale, used or planned for use by the business. More recently, and pursuant to the arrangements with Daimler, Aston Martin Lagonda benefits from various licences to use certain technology and confidential know-how arising in respect of agreed applications of Daimler technologies in its products. Similar licences are sought from suppliers of services and components that Aston Martin Lagonda uses in the creation of its products. Aston Martin Lagonda has business processes and contractual and security arrangements (including for both its premises and its information technology systems) aimed at ensuring it protects its confidential information, including in respect of technologies, but also product and business plans and other sensitive confidential information.

### ***Designs and copyrights***

Aston Martin Lagonda has won numerous awards and has achieved widespread recognition in the territories in which it operates for its designs. The design of Aston Martin Lagonda's products is often identified as an important feature underpinning the success of its brand and is often a "why buy" factor for consumers. Aston Martin Lagonda invests resources in securing design registration in various key global regions and markets including for both entire new products and various iconic individual design features of those products. The imagery surrounding the products is also often important from a sales perspective, and Aston Martin Lagonda invests in securing rights to make use of superior digital content (including moving and still images) to represent its products.

### ***Trademarks***

Aston Martin Lagonda owns a significant portfolio of registered and unregistered trademark rights around the world. These rights include, among others and without limitation, a significant portfolio of registered

trademark rights in respect of the words “Aston Martin” and “Lagonda”, in its famous “Aston Martin” and “Lagonda” wings logos, and in a wide range of sub-brands and model names, for example the “DB”, “Vantage” and “Vanquish” model names. The Aston Martin front grill design and the configuration of the side vent on its cars are also registered trademarks in certain countries.

In addition to being registered for use in the automotive sector, several of Aston Martin Lagonda’s key trademarks are registered in other sectors, including jewellery, sunglasses, mobile phones, clothing, watches, boats and luxury condominiums.

In respect of automotive applications of its trademarks, Aston Martin Lagonda, like other OEMs, licenses its brand for use in connection with a franchise network of dealerships spanning many countries across the world.

## **15 Information technology**

Aston Martin Lagonda relies on a number of IT systems to support its business. Information technology is managed by in-house teams of IT personnel and through its key support partners who together are responsible for the development and support of IT services. To ensure business continuity, the IT function is spread across various sites. All factory systems are on premises, while customer, dealer and email systems are typically hosted in the cloud. Aston Martin Lagonda is compliant with ISO27001 certification and has a dedicated cyber security team in place to support development of IT systems and autonomous technology development within the automotive sector.

## **16 Insurance**

Aston Martin Lagonda maintains insurance to cover risks associated with the ordinary operation of its business, including general liability, property coverage, product liability (although this does not include claims under warranties) terrorism and workers’ compensation insurance. Aston Martin Lagonda insures its manufacturing facilities and stock against such hazards as fire, explosion, theft, flood, mischief and accidents. It has also taken out credit insurance in respect of dealer default under a wholesale finance facility that Aston Martin Lagonda operates. All of Aston Martin Lagonda’s policies are underwritten with reputable insurance providers, and it conducts periodic reviews of its insurance coverage, in terms of both coverage limits and deductibles. The Directors believe that Aston Martin Lagonda’s insurance coverage is reasonably adequate for the risks associated with its operations.

## **17 Regulatory**

Aston Martin Lagonda manufactures and sells cars around the world and therefore its operations are subject to laws and governmental regulation in many jurisdictions concerning, among other things, vehicle emissions, environmental damage, original spare parts, technical safety, road safety, export and import quotas and other customs regulations; consumer and data protection; the advertisement, promotion and sale of merchandise; the health, safety and working conditions of its employees; and its competitive and marketplace conduct. These laws regulate Aston Martin Lagonda’s cars, including their emissions, fuel consumption and safety, as well as its manufacturing facilities and operations. Certain of these regulations are expected to become more stringent over the coming years and compliance costs may increase significantly.

### *Greenhouse gas, CO<sub>2</sub> and fuel economy legislation*

Legislation is in place to regulate the environmental effect of passenger vehicles in a number of jurisdictions in which Aston Martin Lagonda operates including, but not limited to, the E.U., the U.S., China, Brazil, India, Japan, Saudi Arabia, South Korea and Mexico.

Several jurisdictions, such as the E.U. and India, place a limit on manufacturer fleet average GHG emissions for passenger cars. Different targets apply to each manufacturer based on their respective fleets of vehicles and average weight.

In the E.U., derogations are available for manufacturers of light duty vehicles (being passenger cars and vehicles) that sell fewer than 300,000 vehicles within the E.U. per year. Manufacturers that sell between 10,000 and 300,000 light duty vehicles within the E.U. per year can apply for a “niche derogation”, which

(if granted) allows the manufacturer to benefit from a fixed alternative target of 25 per cent. lower than their average specified emissions in 2007 for model years 2012 to 2019, and a 45 per cent. reduction from the 2007 level as of 2020.

Aston Martin Lagonda has been granted a “small-volume” derogation, available only to light duty vehicle manufacturers that sell fewer than 10,000 new vehicle registrations within the E.U. per year (“**SVMS**”), wherein the Group has agreed bespoke GHG emissions targets with the E.U..

Jurisdictions other than the E.U. and India use different metrics such as fuel consumption, energy consumption, fuel economy and GHG output to measure and regulate the economic effect of passenger vehicles. The U.S., Japan, Mexico, Saudi Arabia and South Korea all regulate the fuel economy and/or GHG emissions of passenger vehicles.

In the U.S., the NHTSA and the U.S. Environmental Protection Agency (the “**EPA**”) jointly established the “National Program”, which regulates the fuel economy and aggregate GHG output of passenger vehicles. National Program GHG and fuel economy limits are expected to become more stringent in the future.

The EPA allows manufacturers that sell fewer than 5,000 cars in the U.S. per model per year to apply for the applicable GHG standards for model years 2012-2016 to be deferred. However, to be eligible for deferment in each model year, the manufacturer must demonstrate a good faith effort to secure GHG credits from other manufacturers, to the extent such credits are reasonably available. Aston Martin Lagonda’s fleet-wide GHG emissions exceeded the level permitted by the EPA’s GHG standard for model years 2012 to 2016. The EPA has deemed Aston Martin to be conditionally exempt from the requirement for 2012 and Aston Martin Lagonda has negotiated to purchase GHG credits to cover its exceedances for model years 2013 and 2014.

Since the 2017 model year, manufacturers are no longer eligible for conditional exemptions from the GHG standard, and must either comply with the standard or request an alternative fleet average GHG standard for each model year based on capability to reduce their emissions (while also adhering to a notional year-on-year improvement). Aston Martin Lagonda has petitioned the EPA for an alternative GHG standard in respect of model years commencing from 2017; however, the EPA has not yet granted its requests. Aston Martin Lagonda can also request that this alternative standard (if granted) be carried back to 2015 and 2016 model years. The Group’s fleet average GHG emissions for the 2017 model year exceeded the GHG standard that would apply if the EPA were to deny the request (and the same is expected to be the case for the 2018 model year), meaning that, unless the petition is granted, Aston Martin Lagonda will need to purchase GHG credits in respect of model years 2015 to 2018 or be subject to penalties. The Group is confident that any such penalties can be accommodated within the business plan.

Under the National Program, the NHTSA regulates fuel economy by setting corporate average fuel economy (“**CAFE**”) standards for passenger automobiles, but retains the authority to exempt manufacturers that produce fewer than 10,000 passenger cars worldwide from those generally applicable CAFE standards. Aston Martin Lagonda has petitioned NHTSA for alternative CAFE standards for each model year from 2012 to 2019. The NHTSA has not acted on any of these petitions. Although the NHTSA has not taken the position that the Group failed to meet CAFE standards applicable to past model years, a manufacturer is subject to substantial civil penalties if it fails to meet these standards. Aston Martin Lagonda anticipates that it will exceed the 10,000-car volume limit by 2021 and has accounted for any related costs.

California’s Air Resources Board has adopted more stringent California-specific vehicle emission control standards. Other U.S. states are permitted to adopt these more stringent Californian standards. The District of Columbia and 13 additional states in the U.S. have adopted elements of the Californian standards, nine of those 13 states have adopted the most stringent Californian standards in full.

In contrast to other jurisdictions, China regulates the environmental effect of passenger vehicles by placing limits upon fuel consumption. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government intends to adopt more stringent emissions standards beginning in 2020, with implementation in Beijing potentially to take place earlier.

In addition, many other markets in which Aston Martin Lagonda operates either have or will shortly define



similar climate change related standards (including Canada, Switzerland, Australia and South Africa).

### **Vehicle exhaust emissions legislation**

As well as regulating emissions relating to climate change, a number of jurisdictions in which Aston Martin Lagonda operates also regulate other air pollutants such as oxides of nitrogen, carbon monoxide, hydrocarbons and particulates. The E.U., the U.S. and more recently China lead the implementation of exhaust emissions programmes, with other nations and states typically follow on by adopting similar regulations.

The E.U. has adopted stringent standards for light-duty vehicles that significantly limit the allowable emissions for several pollutants. Light-duty vehicles are tested in a laboratory environment using the World Harmonized Light Vehicles Test Cycle Procedure, which became mandatory within the E.U. in September 2016. Real-world Driving Emissions (“**RDE**”) tests, intended to complement laboratory testing to measure compliance in a real-world setting, have applied since September 2017 for all new car types and will apply to all vehicle types (whether new or existing) from September 2019. Thereafter, from January 2020, more onerous RDE tests will apply for new car types.

In the U.S., the EPA has responsibility for establishing and enforcing emission control standards regulating passenger cars and light trucks. The EPA has adopted increasingly stringent vehicle emission control standards over time. These standards govern: vehicle exhaust emissions, vehicle evaporative emissions, on-board diagnostic systems for monitoring emissions, and emissions during cold temperature operation, among other matters. In 2014, the EPA finalised Tier 3 standards, beginning with model year 2017 and increasing in stringency through to 2025, which will further reduce the allowed levels of exhaust and evaporative emissions and petrol sulphur content.

### **Car safety**

All Aston Martin Lagonda’s products are compliant in all markets in which they are sold and applicable certification is achieved in each respective country or market. Regulations affecting passive safety systems (systems that protect the occupant in the event of a crash or the systems that protect a pedestrian in the event of being struck by a vehicle), have stabilised and become globally established in recent times. Many countries use the regulations and technical requirements provided through the United Nations Economic Commission for Europe (“**UNECE**”) series of vehicle regulations.

Vehicles sold within the E.U. are subject to vehicle safety regulations established by both the E.U. and, if the member states wish to supplement those regulations, by the member states in which the vehicles are sold. In 2009, the E.U. enacted a new regulation to establish a simplified framework for vehicle safety, repealing more than 50 existing directives and replacing them with a single regulation aimed at incorporating the UNECE standards. Several other countries, with the notable exception of the U.S., recognise the UNECE regulations and have either implemented regulations that mirror the UNECE regulations or permit passenger vehicles that are compliant with the UNECE regulations.

In the U.S., the National Traffic and Motor Vehicle Safety Act of 1966 (the “**Safety Act**”) requires vehicle manufacturers to meet certain safety standards for vehicles sold in the U.S., and NHTSA has the authority to investigate complaints into vehicle safety and issue recalls for vehicles that do not comply with applicable standards. The Safety Act prohibits the sale in the U.S. of any new vehicles or equipment that does not conform to applicable vehicle safety standards established by NHTSA. NHTSA standards are updated frequently to incorporate new technologies and requirements. Aston Martin Lagonda and other manufacturers are required to notify owners of any defects in vehicle safety and remedy such defects through vehicle recalls. Depending upon the nature of the repair and the number of vehicles affected, the cost of any such recalls could be substantial.

To comply with the U.S. Transportation Recall Enhancement, Accountability and Documentation Act, Aston Martin Lagonda is required to report claims involving fatalities, whether occurring within or outside the U.S., to the NHTSA.

The focus of regulators has now shifted to active safety crash avoidance measures that reduce driver distraction and provide autonomous functionality through the introduction of advanced vehicle-to-vehicle

and vehicle-to-infrastructure communication technologies. Recent regulatory activity has also introduced new rules for emergency communications systems that operate in a vehicle crash. For example, in May 2018 the E.U. adopted a proposal for a regulation mandating that manufacturers install the eCall automatic emergency call system, advanced emergency braking and emergency lane keeping systems on all motor vehicles to be sold within the E.U. Regulators are also enhancing requirements for defect management and reporting and consumer awareness of car defects. These various types of requirements have a significant influence on the vehicle's electrical architecture and the cost and complexity of designing and producing cars and associated equipment.

## PART IX - DIRECTORS, SENIOR MANAGERS, CORPORATE GOVERNANCE AND REMUNERATION

### 1 DIRECTORS

The Directors and their principal functions within the Company, together with a brief description of their business experience and principal business activities outside the Company, are set out below. The business address of each of the Directors (in such capacity) is Aston Martin, Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

Name	Date of birth	Position
Penny Hughes*	31 July 1959	Independent Non-Executive Chair
Dr. Andrew Palmer	30 June 1963	President and Group Chief Executive Officer
Mark Wilson	11 March 1974	Chief Financial Officer
Richard Solomons*	9 October 1961	Senior Independent Non-Executive Director
Amr Ali Abdallah AbouelSeoud	6 November 1968	Non-Executive Director
Najeeb Al Humaidhi	18 September 1952	Non-Executive Director
Saoud Al Humaidhi	6 September 1988	Non-Executive Director
Lord Matthew Carrington*	19 October 1947	Independent Non-Executive Director
Mahmoud Samy Mohamed Ali El Sayed	20 September 1971	Non-Executive Director
Peter Ian Espenhahn*	14 March 1944	Independent Non-Executive Director
Dante Razzano	10 October 1948	Non-Executive Director
Peter Rogers*	29 December 1947	Non-Executive Director
Imelda Walsh*	21 February 1964	Independent Non-Executive Director
Professor Tensie Whelan*	20 May 1960	Independent Non-Executive Director
Roberto Maestroni**	29 April 1975	Non-Executive Director

\*indicates those persons who will become directors on Admission.

\*\*Mr. Maestroni will be resigning from the board on Admission.

#### **Penny Hughes, CBE**

Ms. Hughes has served on the boards of directors of firms across consumer, media, technology and finance sectors. She presently serves as chair of The Gym Group PLC and is a non-executive director of Superdry PLC. She is also the chair of iQSA - a private venture between Goldman Sachs and the Wellcome Trust. From January 2010 to June 2018 she was a non-executive director of The Royal Bank of Scotland PLC where she was chair of the remuneration committee and the sustainable banking committee. Ms. Hughes was also a non-executive director of Wm Morrison Supermarkets PLC (until 31 December 2015). Ms Hughes has experience as chairwoman of each board committee within former non-executive director roles which include The Body Shop PLC, Home Retail Group PLC, Gap Inc., Vodafone PLC, Reuters PLC, Skandinaviska Enskilda Banken AB and Cable & Wireless Worldwide PLC. Ms. Hughes spent the majority of her executive career at Coca-Cola and was appointed President Coca-Cola Great Britain & Ireland in 1992. Having been President of the Advertising Association for 6 years, Ms. Hughes received a CBE for services to the media in the Queen's Birthday Honours list in June 2011. Ms. Hughes holds a BSc (Hons) and an honorary LLD from the University of Sheffield.

### **Dr. Andrew Palmer, CMG**

Dr. Palmer has been an executive Director of the Group (as President and Group Chief Executive Officer) since October 2014 and is the architect of the "Second Century" mid-term growth plan currently being executed by the Company. He is a British-born chartered engineer, chartered manager and businessman with 40 years of experience in the automotive industry, after starting his professional career as a 16-year-old apprentice at Automotive Products Limited (UK). Prior to joining Aston Martin Lagonda, Dr. Palmer held the position of Co-Chief Operating Officer & Chief Planning Officer at Nissan Motor Co. (Japan) and was a member of the Nissan Executive Committee. Dr. Palmer graduated from Warwick University (where he is now an Industrial Professor) with a Master's Degree (MSc) in Product Engineering in 1990, an ADP from London Business School in 2002 and acquired a Doctorate (PhD) in Engineering Management from Cranfield University in 2004. He also holds an Honorary Doctorate (& Professorship) from Coventry University. Between Nissan and Automotive Products, Dr. Palmer was Chief Engineer for Transmissions at Austin Rover Group. Dr. Palmer was named a Companion of the Order of St. Michael and St. George (CMG) in the 2014 New Year's Honours List, in recognition of services to the British automotive industry. He was also named a Fellow of the Royal Academy of Engineering in 2017. He serves as an Honorary Group Captain with the RAF and holds various academic positions at universities. He is a non-executive director of Ashok Leyland. In 2012, Dr. Palmer was recognised by Auto Express as the most senior Briton in the global automotive industry and again in 2018 as the most influential person in the automotive industry over the past 30 years.

### **Mark Wilson**

Mr. Wilson joined Aston Martin Lagonda in June 2015 and is the executive Vice President and Chief Financial Officer. With a strong track record of senior automotive experience already accrued with McLaren Automotive and Lotus Car Ltd, Mr. Wilson joined Aston Martin Lagonda from the renewable energy insurer, G-Cube Underwriting, where he held the position of Chief Financial and Operating Officer. Mr. Wilson holds a B.A. (Hons) in Combined Studies (Law and Management Science) from the University of Northampton and is a Chartered Management Accountant. Mr. Wilson reports directly to Dr. Palmer and is on the Executive Board.

### **Richard Solomons**

Mr. Solomons was Chief Executive of InterContinental Hotels Group plc from 2011 to 2017, and prior to that was Chief Financial Officer from IHG's inception as a standalone public company from 2003 to 2011. During his time at IHG Richard also held various finance roles as well as Chief Operating Officer and Interim President of IHG's Americas region. Richard was heavily involved in promoting the hospitality industry, including as a member of the Industry Real Estate Financing Advisory Council, a Governor of the Aviation and Travel Industry Group of the World Economic Forum and an executive committee member of the World Travel and Tourism Council. Prior to joining IHG, Richard worked in investment banking for seven years based in New York and London and is a member of the Institute of Chartered Accountants in England and Wales. Richard has recently been appointed as a member of the Board of Governors of the University of Manchester and was a non-executive director of Marks & Spencer plc until July 2018. Richard holds a BA (Econ) from the University of Manchester.

### **Amr Ali Abdallah AbouelSeoud**

Mr. AbouelSeoud has been a director within the Group since March 2007. With over 20 years of experience in the investment industry, Mr. AbouelSeoud also currently holds board positions at Tejara Capital Limited, Tejara Capital Investment Bank, Manazel Real Estate Developments Company, Credit Rating & Collection Company and Grosvenor House Apartments Limited (UK). Mr. AbouelSeoud has worked at Coopers & Lybrand and Ernst & Young and has a Bachelor of Commerce and Accounting from Cairo University. He is a Certified Public Accountant.

### **Najeeb Al Humaidhi**

Mr. Najeeb Al Humaidhi has been a director within the Group since 2010. He currently holds board and management positions in Efad Egypt Holding Co., Cairo; Efad Holding Company, Kuwait City; Sawaf Real Estate Co., Kuwait City; Proman Egypt Project Management, Cairo; Najeeb AlHumaidhi Engineering

Consultancy, Kuwait City; and AlHumaidhi General Trading and Contracting Co., Kuwait City. Mr. Al Humaidhi has a Bachelor of Science in Civil Engineering from Alexandria University.

### **Saoud Al Humaidhi**

Mr. Saoud Al Humaidhi became a Director of the Company in September 2018. He was until earlier this year a director at Aston Martin MENA Limited and remains chief executive officer at Era Media W.L.L and Circuit Plus Fitness W.L.L. Mr. Saoud Al Humaidhi has a degree in Business Administration; Finance / Economics from the University of Southern California.

### **Lord Matthew Carrington**

Lord Carrington is a member of the House of Lords and non-executive director of the Arab British Chamber of Commerce and CarringtonCrisp Ltd. He has been a non-executive board member of various businesses and associations, including Gatehouse Bank plc, where he was also chairman of the board from 2015 to 2017. He has served as Chief Executive of the Retail Motor Industry Federation and executive Chairman of the Outdoor Advertising Association. From 1993 to 1996, Lord Carrington was a member of the Treasury Select Committee, becoming Chairman in 1996, and served as Government Whip. Lord Carrington was also a manager at the Saudi International Bank in London, where he set up and ran the bank's Islamic financing department. Lord Carrington holds a BSc in Physics from Imperial College London and a MSc in Economics from the London Business School.

### **Mahmoud Samy Mohamed Ali El Sayed**

Mr. Ali El Sayed has been a director within the Group since March 2007. He is the current Chief Executive Officer and Vice Chair of Adeem Investment and Wealth Management Company and serves as the Chair of the board at Manazel Development Company (K.S.C.C – Kuwait) and Grosvenor House Apartments Limited (UK) and is a director of Wethaq Takaful Insurance Egypt (S.A.E). Prior to this, Mr. Ali El Sayed was an executive Vice-President of Investment and Risk Management at EFAD Holding (K.S.C.C) and had also worked in assurance services for PricewaterhouseCoopers in Kuwait and KPMG in Egypt. He holds a BS (Commerce) in accountancy from Cairo University and is a Certified Risk Analyst and a Certified Public Accountant.

### **Peter Ian Espenhahn**

Mr. Espenhahn has long financial experience, having worked on audit, tax and investigations with Deloitte, Plender, Griffiths & Co and, from 1972 to 1998, in corporate finance with Morgan Grenfell & Co. Ltd and Deutsche Bank. He was subsequently a non-executive director and later chair of Telspec plc, a telecoms manufacturer, and chair of Bibendum Wine (Holdings) Ltd and Old Broad Street Research Ltd. Mr. Espenhahn has an MA in Economics and Law from the University of Cambridge.

### **Dante Razzano**

Mr. Razzano has been director within the Group since April 2013. Mr. Razzano joined Investindustrial private equity in January 2004 following a 33-year investment banking career. From 1992 to 2003 he was a group director of Morgan Grenfell (later Deutsche Morgan Grenfell) and established both the investment banking business and private equity business in Italy. From 1986 to 1992 he was managing director and senior investment officer of Citibank NA in New York and CEO of Citicorp's Italian merchant bank and at the same time responsible for their continental merger and acquisitions activity. From 1970 to 1986, he was vice president and group executive at Manufacturers Hanover Trust in New York (today JP Morgan).

### **Peter Rogers, CBE**

Mr. Rogers was Chief Executive of Babcock International plc between 2001 and 2015 where he led the business from a small capitalisation company to being a constituent of the FTSE 100 index. He was previously a director of and Chief Operating Officer of Acordis Ltd, a manufacturer of artificial fibres. He had previously been a director of Courtaulds plc the chemical and textile manufacturer. From 1972 to 1984 he was an employee of Ford Motor Company, holding various management and senior management positions. He holds a degree in Law from the University of Manchester and is a Chartered Accountant. Mr. Rogers was appointed CBE for services to the Defence Industry.

## **Imelda Walsh**

Ms. Walsh is a non-executive director and chair of the Remuneration Committee at Mitchells and Butlers Plc and First Group Plc. She was also a member of the Board of William Hill until May 2018 and Mothercare Plc until October 2016, again as Chair of the Remuneration Committee. Previously Imelda was Group HR Director at J Sainsbury Plc and a member of the Operating Board until July 2010. She was also a non-executive director of Sainsbury's Bank and a Trustee Director of the charity Comic Relief. In 2008, Ms. Walsh led an independent review of the proposed extension of the right to request flexible working to parents of older children, on behalf of the Government. She was also one of five commissioners on The Workplace Retirement Income Commission, which published its recommendations on how to revitalise workplace retirement savings in August 2011.

Ms. Walsh has held a number of senior HR roles, in Barclays, Coca Cola and Schweppes Beverages and Diageo. She has a degree in Modern History and Politics from the University of Manchester and a master's degree in Industrial Relations from the London School of Economics.

## **Professor Tensie Whelan**

Professor Whelan is Clinical Professor of Business and Society and executive director of NYU Stern School of Business's Center for Sustainable Business, where she brings 25 years of experience working to engage businesses in proactive and innovative mainstreaming of sustainability. As President of the Rainforest Alliance, she led the organisation's substantial growth and established the Rainforest Alliance into an internationally recognised brand. Her previous work includes serving as executive director of the New York League of Conservation Voters, Vice President of the National Audubon Society, Managing Editor of *Ambio*, a journal of the Swedish Academy of Sciences, and as a journalist in Latin America. Ms. Whelan has been recognised by *Ethisphere* as one of the 100 Most Influential People in Business Ethics and has served on non-profit boards and corporate advisory boards such as the Unilever Sustainable Sourcing Advisory Board and currently sits on the Globescan board, Inherent Group and Arabesque Advisory Boards and the Odebrecht Global Advisory Council. Ms. Whelan holds a B.A. from New York University, an M.A from American University, and is a graduate of the Harvard Business School Owner President Management Program.

## **Roberto Maestroni**

Mr. Maestroni has been a Director of the Company since April 2013. He is a non-executive director of Artsana S.p.A. and Morris Profumi S.p.A. Mr. Maestroni has been a non-executive board member of a number of luxury and branded consumer goods companies, including B&B Italia S.p.A. and Flos S.p.A.; retail and leisure businesses such as Stroili Oro S.p.A. and Gardaland S.p.A.; and industrial companies including Polynt S.p.A. and AEB Sp.A. In addition, Mr. Maestroni served on the board of Italian listed companies Ducati Motor Holding S.p.A. and SNAltech S.p.A., recently acquired by U.K.-listed company Playtech Plc. Mr Maestroni holds a M.Sc. in Business Administration specialising in financial institutions management from Bocconi University in Milan, Italy.

## **SENIOR MANAGERS**

In addition to the Directors, the current members of the senior executive team with responsibility for day-to-day management of Aston Martin Lagonda are set out below. The business address of each of the Senior Managers (in such capacity) is Aston Martin, Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom.

<b>Name</b>	<b>Date of birth</b>	<b>Position</b>
Peter Freedman	12 July 1984	Director of Corporate Strategy
Richard Humbert	5 October 1963	Vice President and Chief Quality Officer
Michael Kerr	1 February 1955	Vice President and Chief HR Officer
David Jeremy King	18 May 1964	Vice President and Chief Special Operations Officer

Nick Lines	26 October 1971	Vice President and Chief Planning Officer
Michael Francis Marecki	15 April 1960	Vice President and General Counsel
Christian Marti	27 May 1966	Vice President and Chief Sales Officer
Marek Paul Reichman	27 March 1966	Executive Vice President and Chief Creative Officer
Nikki Rimmington	9 June 1976	Director of Corporate Finance and Planning
Simon David Andrew Sproule	10 November 1968	Vice President and Chief Marketing Officer
Keith Victor Charles Stanton	30 July 1960	Vice President and Chief Manufacturing Operations Officer
Maximilian Sz waj	19 March 1965	Vice President and Chief Technical Officer

#### **Mr. Peter Freedman – Director of Corporate Strategy**

Mr. Freedman joined Aston Martin Lagonda in September 2010 as part of the Aston Martin Graduate Training Scheme. After joining the purchasing department, Mr. Freedman became a Senior Programme Manager in Design. In January 2017, Mr. Freedman started working directly for Dr. Palmer as his Technical Assistant, and now works as Director of Corporate Strategy, reporting to the President and Group Chief Executive Officer. Mr. Freedman graduated from Bath University, with a BSc (Hons) degree in Business Administration.

#### **Mr. Richard Humbert – Vice President and Chief Quality Officer**

Mr. Humbert joined Aston Martin Lagonda in November 2007 and holds the position of Vice President and Chief Quality Officer. Before joining Aston Martin Lagonda, Mr. Humbert worked as the General Manager of Quality Assurance for Toyota Motor Manufacturing U.K. Mr. Humbert holds a bachelor's degree in Mechanical Engineering from the University of Surrey.

#### **Mr. Michael Kerr – Vice President and Chief HR Officer**

Mr. Kerr joined Aston Martin Lagonda as Vice President and Chief of Human Resources in June 2014, after having held the same position at West Ham United FC since 2007. Mr. Kerr has previously held other human resources positions, including 12 years as Director at Aviva/Norwich. He graduated from the University of Hull with a BA (Hons) in Special Social Studies.

#### **Mr. David Jeremy King – Vice President and Chief Special Operations Officer**

Mr. King joined Aston Martin Lagonda in May 1995 and currently serves as Vice President and Chief Special Operations Officer. Between 1986 and 1995, he worked for Jaguar Cars Ltd. Mr. King holds a B. Tech. in Automotive Engineering and Design from Loughborough University.

#### **Mr. Nick Lines – Vice President and Chief Planning Officer**

Mr. Lines joined Aston Martin Lagonda in 2001 and currently works as Vice President and Chief Planning Officer. Prior to working for Aston Martin Lagonda, Mr. Lines worked for BMW (U.K.) Manufacturing Limited. He holds a Masters degree in Engineering from the University of Manchester and a Master of Business Administration degree from Warwick Business School. Mr. Lines is also a Chartered Mechanical Engineer.

#### **Mr. Michael Francis Marecki – Vice President and General Counsel**

Mr. Marecki joined Aston Martin Lagonda in July 2007 and is Vice President, General Counsel and

Company Secretary. Prior to his current position, Mr. Marecki worked from 1988 until June 2007 for Ford Motor Company, latterly as the Assistant General Counsel, Environment and Safety. Mr. Marecki holds a Juris Doctor from Georgetown University Law Center and a Bachelor of Arts from Fordham University.

**Mr. Christian Marti – Vice President and Chief Sales Officer**

Mr. Marti joined Aston Martin Lagonda in June 2013 as the Global Sales Director and now serves as Vice President and Chief Sales Officer. Mr. Marti previously held the position of European Sales Director at McLaren Automotive as well as numerous titles at BMW Group, Renault Deutschland AG and Jaguar Land Rover. He is well established within the automotive industry, accruing 20 years' experience. Mr. Marti studied at the Technical University of Berlin for two years, followed by a further three years at ESCP Europe, resulting in a European Master in Management.

**Mr. Marek Paul Reichman – Executive Vice President and Chief Creative Officer**

Mr. Reichman joined Aston Martin Lagonda in 2005 and is the Executive Vice President — Chief Creative Officer responsible for design developments. During his professional career he has held design roles at Ford, BMW, Land Rover, Rover Cars and Nissan. Prior to joining Aston Martin Lagonda, he was Design Director at Ford North America. Mr. Reichman holds a B.A. in Industrial Design from Teesside University and an MDes in Vehicle Design from the Royal College of Art, London. In 2011, Mr. Reichman received an honorary doctorate from Teesside University.

**Ms. Nikki Rimmington – Director of Corporate Finance and Planning**

Ms. Rimmington joined Aston Martin Lagonda in November 2007 and holds the position of Director of Corporate Finance and Planning. Prior to this role, Ms. Rimmington was Technical Assistant to Dr. Palmer, and worked as a senior manager in Product Planning. Before joining Aston Martin Lagonda, Ms. Rimmington worked in management consulting and began her career as an engineer at Rover Group and Jaguar Land Rover. Ms. Rimmington holds a master's degree in Mechanical Engineering from the University of Bristol and a Masters in Business Administration from Warwick Business School.

**Mr. Simon David Andrew Sproule – Vice President and Chief Marketing Officer**

Mr. Sproule has been Vice President and Chief Marketing Officer since November 2014. He is responsible for global marketing and global communications for Aston Martin Lagonda worldwide. Prior to joining Aston Martin Lagonda, he served in senior executive positions for Tesla Motors and for Nissan Motor Company. He first joined Nissan in their North America operations in June 2003 from Jaguar Land Rover, where he served as Chief Communications Officer in North America. Between 2009 and 2011, Mr. Sproule served as head of Global Communications for the Renault-Nissan Alliance, based in Paris.

With more than 22 years of auto industry experience, Mr. Sproule's first position was with Ford Motor Company in the U.K. In 1998, Mr. Sproule moved to Ford's global operations in Dearborn, Michigan followed by an appointment in 2000 leading communications in North America for Jaguar, and from 2001 also for Aston Martin and Land Rover. Mr. Sproule holds a BSc from King's College, University of London.

**Mr. Keith Victor Charles Stanton – Vice President and Chief Manufacturing Operations Officer**

Mr. Stanton joined Aston Martin Lagonda in 2007 and currently works as the Vice President and Chief Manufacturing Operations Officer. Mr. Stanton has over 35 years' experience in the automotive sector and previously held positions as Global Purchasing and Business Improvement Director for LDV and as Plant Operations Director for Ford Motor Company. Mr. Stanton studied at London City University Business School and holds a Master of Business Administration degree.

**Mr. Maximilian Szwaj – Vice President and Chief Technical Officer**

Mr. Szwaj is Vice President and Chief Technical Officer. He joined Aston Martin Lagonda in December 2016. Mr. Szwaj is responsible for Aston Martin Lagonda's global engineering operations and reports directly to Dr. Palmer.

Mr. Szwaj joined Aston Martin Lagonda from Maserati and Ferrari, where he served as Head of Innovation



and Body Engineering. He has spent more than 25 years in the automotive industry and held management positions at BMW and Porsche as well as at Maserati and Ferrari. Mr. Szwaj holds a bachelor's degree in Mechanical Engineering and Design from Trinity College, Dublin.

## **2 THE BOARD AND CORPORATE GOVERNANCE**

The Company is firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of Aston Martin Lagonda. In anticipation of Admission, the Board has adopted a number of measures with regard to its governance arrangements, and the Company expects to continue to develop its corporate governance framework as it transitions towards full compliance. The Company intends to be in a position to comply with the principles and provisions of the U.K. Corporate Governance Code within 12 months of Admission, as detailed further in the following section and in Part XV (*Additional Information*).

### **2.1 The Board**

The Board is responsible for leading and controlling Aston Martin Lagonda and has overall authority for the management and conduct of Aston Martin Lagonda and Aston Martin Lagonda's strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place) and for the approval of any changes to the capital, corporate and/or management structure of Aston Martin Lagonda. From Admission, the Board will comprise fourteen members, including the Chair, two executive Directors and eleven non-executive Directors. The Board regards Penny Hughes, Richard Solomons, Imelda Walsh, Peter Espenhahn, Matthew Carrington and Tensie Whelan to be independent for the purposes of the U.K. Corporate Governance Code. Richard Solomons will be the Company's senior independent director. Amr Ali Abdallah AbouelSeoud, Saoud Al Humaidhi, Najeeb Al Humaidhi, Mahmoud Samy Mohamed Ali El Sayed, Dante Razzano and Peter Rogers, as representative directors nominated by major shareholders, are not regarded as independent for the purposes of the U.K. Corporate Governance Code.

### **2.2 Compliance with corporate governance requirements**

#### ***Compliance with U.K. Corporate Governance Code***

From Admission, the U.K. Corporate Governance Code will apply to the Company. Save as disclosed in the paragraph below, the Company will comply with the provisions of the U.K. Corporate Governance Code at Admission and the Company intends to comply in full with the U.K. Corporate Governance Code within 12 months of Admission. Thereafter the Company intends to continue to comply with the relevant principles and provisions of the U.K. Corporate Governance Code on an ongoing basis, including at the relevant time the principles and provisions of the revised U.K. Corporate Governance Code which will apply to accounting periods beginning on or after 1 January 2019.

#### ***Board and Committee independence***

The U.K. Corporate Governance Code recommends that at least half the board of Directors of a U.K. listed company (excluding the chair) should comprise 'independent' non-executive directors, being individuals determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Director's judgement.

On Admission, the Company will not comply with this provision because only six of the fourteen directors (excluding for these purposes the Chair) are regarded by the Company to be independent for the purposes of the U.K. Corporate Governance Code. In addition, the U.K. Corporate Governance Code recommends that the Audit and Remuneration Committees are made up solely of independent directors. For the first 12 months after Admission, as long as they hold more than 7 per cent. of the Company's share capital, each of the Adeem/PW Controlling Shareholder Group and the Investindustrial Controlling Shareholder Group may appoint one member to these Committees. These rights arise from the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement and are explained more fully below.

Under the Adeem/PW Relationship Agreement, in the first 12 months after Admission, for so long as the Adeem/PW Controlling Shareholder Group holds a direct or indirect interest in 20 per cent. or more of the

voting rights in the Company, the Adeem/PW Controlling Shareholder Group will be able to nominate four directors to the Board and for so long as the Adeem/PW Controlling Shareholder Group holds a direct or indirect interest in 7 per cent. or more but less than 20 per cent. of the voting rights in the Company, the Adeem/PW Controlling Shareholder Group will be able to nominate two directors to the Board. Following 12 months after Admission, for so long as the Adeem/PW Controlling Shareholder Group holds a direct or indirect interest in 20 per cent. or more of the voting rights in the Company, the Adeem/PW Controlling Shareholder Group will be able to nominate two directors to the Board and for so long as the Adeem/PW Controlling Shareholder Group holds a direct or indirect interest in 7 per cent. or more but less than 20 per cent. of the voting rights in the Company, the Adeem/PW Controlling Shareholder Group will be able to nominate one director to the Board.

Under the Investindustrial Relationship Agreement, in the first 12 months after Admission, for so long as the Investindustrial Controlling Shareholder Group holds a direct or indirect interest in 7 per cent. or more of the voting rights in the Company, the Investindustrial Controlling Shareholder Group will be able to nominate two directors to the Board. Following 12 months after Admission, for so long as the Investindustrial Controlling Shareholder Group holds a direct or indirect interest in 20 per cent. or more of the voting rights in the Company, the Investindustrial Controlling Shareholder Group will be able to nominate two directors to the Board and for so long as the Investindustrial Controlling Shareholder Group holds a direct or indirect interest in 7 per cent. or more but less than 20 per cent. of the voting rights in the Company, the Investindustrial Controlling Shareholder Group will be able to nominate one director to the Board.

Under the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement, in the first 12 months after Admission, for so long as either of the Adeem/PW Controlling Shareholder Group or the Investindustrial Controlling Shareholder Group holds 7 per cent. or more of the voting rights in the Company, that group is entitled to nominate a representative director to be a member of each of the Company's Audit and Risk, Remuneration Committee and Nomination Committees. Following 12 months after Admission, for so long as either of the Adeem/PW Controlling Shareholder Group or the Investindustrial Controlling Shareholder Group holds 7 per cent. or more of the voting rights in the Company, that group is entitled to nominate a representative director to the Nomination Committee and a representative director as an observer to each of the Company's Audit and Risk and Remuneration Committees.

The Directors recognise that there are some principles of the U.K. Corporate Governance Code with which the Company has yet to comply fully and are mindful of the need to consider the interests of the Company's new investors. However, the Directors believe that the Board and Committees will provide the appropriate corporate governance balance in light of the interests of both the existing shareholders and new shareholders. The Board believes that the initial non-compliance with the provisions of the U.K. Corporate Governance Code will not have a detrimental effect on the Group's governance in practice. Further, the Company intends to achieve full compliance in terms of the ratio of independent directors on the Board and in respect of the make up of Committees envisaged by the U.K. Corporate Governance Code over the 12 months following Admission.

### ***Re-election***

The U.K. Corporate Governance Code recommends that all directors of FTSE 350 companies should be subject to election by shareholders at the first annual general meeting after their appointment, and to annual re-election thereafter. The Directors therefore intend to put themselves up for election at the Company's next annual general meeting (expected to be held in the second quarter of 2019). It is also intended that the Directors will continue to put themselves up for annual re-election voluntarily at each further annual general meeting of the Company. In addition, prior to recommending their re-election to Shareholders, the Board intends to carry out an annual re-assessment of the ongoing independence of each of the non-executive Directors and to make an appropriate statement disclosing their status in the Company's annual report.

### ***Diversity***

As at Admission, the Board will comprise three women and future appointments will have regard to diversity, including gender. In accordance with the U.K. Corporate Governance Code, the Company will

report on the Board's policy on diversity, including gender, in its next annual report.

### **2.3 Board Committees**

The Board has established a number of committees, whose terms of reference are documented formally and updated as necessary. If the need should arise, the Board may set up additional committees as appropriate.

#### ***Audit and Risk Committee***

The Audit and Risk Committee will be chaired by Richard Solomons and its other members on Admission will be Peter Espenhahn, Imelda Walsh, Peter Rogers and Mahmoud Samy Mohamed Ali El Sayed. The Audit and Risk Committee will meet at least three times a year, or more frequently if required.

The Audit and Risk Committee's terms of reference state that the Audit and Risk Committee must comprise a minimum of three members all of which must be independent non-executive directors, of whom at least one must have significant, recent and relevant financial experience. The Board considers Richard Solomons to have recent and relevant financial experience. In line with the Relationship Agreements, for the first 12 months after Admission, a maximum of two non-independent non-executive directors are eligible to be members of the Audit and Risk Committee (subject to the relevant minimum shareholding requirements being maintained). Thereafter they will be invited as observers (subject to maintaining the minimum shareholding requirement). From one year after Admission the Audit and Risk Committee will therefore be comprised solely of independent non-executive directors.

Appointments to the Audit and Risk Committee are made by the Board, on recommendation by the Nomination Committee in consultation with the chair of the Audit and Risk Committee. Appointments to the Audit and Risk Committee are made for a period of three years (subject to the director remaining a member of the Board) which may be extended for up to two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The responsibilities of the Audit and Risk Committee include: (i) receiving and reviewing reports from the Company's external auditors, monitoring their effectiveness and independence and making recommendations to the Board in respect of their remuneration, appointment and dismissal; (ii) monitoring and reviewing internal audit activities, reports and findings; (iii) reviewing the financial statements of the Company; (iv) overseeing the Company's procedures for detecting fraud, preventing bribery and non-compliance; (v) reviewing, on behalf of the Board, the effectiveness of Aston Martin Lagonda's system of internal financial controls and internal control systems; (vi) advising the Board on the Company's risk strategy, risk policies and current risk exposures, including any prudential risks; (vii) overseeing the implementation and maintenance of the overall risk management framework and systems; and (viii) reviewing the Company's risk assessment processes and capability to identify and manage new risks.

When appropriate, the Audit and Risk Committee will meet with Aston Martin Lagonda's senior managers and/or internal or external auditors in attendance. The chair of the Audit and Risk Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the Audit and Risk Committee's activities.

#### ***Remuneration Committee***

The Remuneration Committee will be chaired by Imelda Walsh, and on Admission its other members will be Richard Solomons, Lord Matthew Carrington, Dante Razzano and Amr Ali Abdallah AbouelSeoud. The Remuneration Committee will meet at least three times a year, or more frequently if required.

The Remuneration Committee's terms of reference state that the Remuneration Committee must comprise a chair and a minimum of three independent non-executive directors. In line with the relationship agreement, for the first 12 months after Admission (subject to the relevant minimum shareholding requirements being maintained), a maximum of two non-independent non-executive directors may be members of the Committee. Thereafter they will be invited as observers (subject to maintaining the minimum shareholding requirement). From one year after Admission the Remuneration Committee will therefore be comprised solely of independent non-executive directors.

In line with the provision in the updated U.K. Corporate Governance Code (to apply to accounting periods beginning on or after 1 January 2019), the chair should have served on a remuneration committee for at least 12 months and this provision will be satisfied on Admission by Imelda Walsh. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chair.

Only members of the Remuneration Committee, as well as such directors that are appointed as observers under the relationship agreements between the Company and its major shareholders, have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, Chief Financial Officer, HR director and any relevant Board Director, senior management and/or external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the chair of the Remuneration Committee.

Appointments to the Remuneration Committee are made by the Board, on recommendation by the Nomination Committee. Appointments to the Remuneration Committee are made for a period of three years (subject to the director remaining a member of the Board) which may be extended for up to two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The responsibilities of the Remuneration Committee include but are not limited to: (i) determining and agreeing with the Board the remuneration policy and total individual remuneration packages of the Chair, the executive Directors and other senior management, including, where relevant, benefits and pension arrangements; (ii) determining and agreeing with the Board any performance-related pay schemes for senior management; (iii) overseeing the workforce remuneration policies and practices throughout Aston Martin Lagonda; and (iv) engagement with the wider workforce and consideration of wider employee views in line with the new U.K. Corporate Governance Code.

No Director may be involved in any decisions about his or her own remuneration. The chair of the Remuneration Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the Remuneration Committee's activities.

### ***Nomination Committee***

The Nomination Committee will be chaired by Penny Hughes, and on Admission its other members will be Richard Solomons, Imelda Walsh, Dante Razzano and Saoud Al Humaidhi. The Nomination Committee, which was established recently in anticipation of Admission, will meet at least two times a year, or more frequently if required.

The Nomination Committee's terms of reference state that the Nomination Committee must comprise at least three members and that a majority of its members must be independent non-executive directors. In line with the Relationship Agreements, a maximum of two non-independent non-executive directors are eligible to be members of the Nomination Committee (subject to the relevant minimum shareholding requirements being maintained).

Appointments to the Nomination Committee are made for a period of three years (subject to the director remaining a member of the Board) which may be extended for up to two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The responsibilities of the Nomination Committee include: (i) reviewing the size, structure and composition of the Board and ensuring that the Board comprises the right balance of skills, knowledge, diversity and experience; (ii) identifying and nominating for approval candidates to fill any vacancies on the Board; (iii) giving full consideration to succession planning for Aston Martin Lagonda; and (iv) making recommendations to the Board concerning membership of the Audit and Risk Committee and the Remuneration Committee.

The Nomination Committee will also prepare a report to be included in the Company's annual report. This will describe the activities of the Nomination Committee including the process used to make appointments. The chair of the Nomination Committee will be available at annual general meetings of the Company to respond to questions from shareholders on the Nomination Committee's activities.

### **Controlling Shareholders**

The Adeem/PW Controlling Shareholder Group and the Investindustrial Controlling Shareholder Group will each, separately, retain a significant interest in the Company following Admission.

Immediately following Admission (assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option):

- the Adeem/PW Controlling Shareholder Group is expected to be the beneficial owner of approximately 36.2 per cent. of the Company's share capital; and
- the Investindustrial Controlling Shareholder Group is expected to be the beneficial owner of approximately 30.9 per cent. of the Company's share capital,

of the issued Shares.

The Company has entered into a relationship agreement with each of: (i) the Adeem/PW Controlling Shareholder Group (the "**Adeem/PW Relationship Agreement**"); and (ii) the Investindustrial Controlling Shareholder Group (the "**Investindustrial Relationship Agreement**"), in each case, effective on Admission.

The principal purpose of each of the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Controlling Shareholders and any of their Associates (as defined in Appendix I to the Listing Rules). A description of the terms of the Adeem/PW Relationship Agreement is at paragraph 17.2 of Part XV (*Additional Information*) and the Investindustrial Relationship Agreement is at paragraph 17.3 of Part XV (*Additional Information*).

### **3 REMUNERATION**

Details regarding remuneration of Directors are set out in section 11 of Part XV (*Additional Information*).

## PART X - CAPITALISATION AND INDEBTEDNESS

The following tables show the Group's consolidated capitalisation and indebtedness as at 30 June 2018. The following tables do not reflect the impact of the introduction to the premium listing segment of the Official List and admission to trading on the main market of the London Stock Exchange on the Group's capitalisation and indebtedness.

### 1 Capitalisation and indebtedness of the Group

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2018 and has been extracted without material adjustment from the Group's financial information included in Part XIII (*Historical Financial Information*).

	<b>30 June 2018</b> <b>(millions of £)</b>
<b>Shareholders' equity</b>	
Share capital	-
Share premium	353.7
Share warrants	18.5
Capital reserve	94.1
Other reserves <sup>(1)</sup>	(320.6)
<b>Total parent equity</b>	<b>145.7</b>
Non-controlling interest	7.4
<b>Total equity</b>	<b>153.1</b>

(1) *Other reserves includes translation reserve, hedge reserve and retained earnings.*

There has been no material change to the above figures since 30 June 2018.

#### **Current debt**

Secured <sup>(1)</sup>	(29.7)
Unguaranteed/ Unsecured <sup>(2)</sup>	(15.5)
<b>Total current debt</b>	<b>(45.2)</b>

#### **Non-current debt (excluding current portion of long term debt)**

Secured <sup>(1)</sup>	(589.0)
Unguaranteed/ Unsecured <sup>(2)</sup>	(278.0)
<b>Total non-current debt (excluding current portion of long term debt)</b>	<b>(867.0)</b>
<b>Total debt</b>	<b>(912.2)</b>

(1) *Secured debt comprises bank loans and senior secured notes, including accrued interest, and the fair value of derivative financial instruments.*

(2) *Unguaranteed/ Unsecured debt comprises an amount due to shareholder and preference shares, including accrued interest.*

## 2 Net indebtedness

The following table sets out the net indebtedness of the Group as at 30 June 2018.

Cash and cash equivalents	71.5
Other financial assets <sup>(1)</sup>	18.3
<b>Liquidity</b>	<b>89.8</b>
Current bank debt	(29.7)
Other current financial debt <sup>(2)</sup>	(15.5)
<b>Current Financial Debt</b>	<b>(45.2)</b>
<b>Net Current Financial Indebtedness</b>	<b>44.6</b>
Bonds issued <sup>(3)</sup>	(586.7)
Other non-current loans <sup>(4)</sup>	(280.3)
<b>Non-Current Financial Indebtedness</b>	<b>(867.0)</b>
<b>Net Financial Indebtedness</b>	<b>(822.4)</b>

(1) Other financial assets comprise a structured deposit, a shareholder loan and the fair value of derivative financial instruments.

(2) Other current financial debt comprises an amount due to a shareholder and the fair value of derivative financial instruments.

(3) Comprises debt of £588.7 million, accrued interest of £7.5 million and a credit of £9.5 million for finance cost capitalised.

(4) Comprises preference shares of £276.6 million, an unsecured loan of £1.4 million and the fair value of derivative financial instruments of £2.3 million.

## PART XI - SELECTED FINANCIAL INFORMATION

The following tables set out the Group's historical consolidated financial information as at the dates and for the periods indicated. The selected financial information of the Group as at the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, has been extracted without material amendment from the historical financial information included in Part XIII (Historical Financial Information).

The following tables should be read in conjunction with Part III (Presentation of Information), Part XIII (Historical Financial Information), and Part XII (Operating and Financial Review).

### 1. Consolidated income statement

£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Revenue	510.2	593.5	876.0	410.3	444.9
Cost of Sales	(345.3)	(371.9)	(496.2)	(251.2)	(244.5)
<b>Gross Profit</b>	<b>164.9</b>	<b>221.6</b>	<b>379.8</b>	<b>159.1</b>	<b>200.4</b>
Selling and distribution expenses	(32.1)	(41.9)	(60.0)	(30.0)	(45.1)
Restructuring costs including related consultancy costs	(7.6)	-	-	-	-
Payment to a former director relating to the settlement of shares	(2.6)	-	-	-	-
Administrative and other expenses	(61.4)	(78.8)	(88.8)	(36.1)	(49.4)
Depreciation, amortisation and impairment	(119.5)	(133.2)	(82.2)	(38.0)	(41.5)
Total administrative expenses	(191.1)	(212.0)	(171.0)	(74.1)	(90.9)
<b>Operating profit/(loss)</b>	<b>(58.3)</b>	<b>(32.3)</b>	<b>148.8</b>	<b>55.0</b>	<b>64.4</b>
Finance income	2.1	2.5	35.6	23.1	2.3
Finance expense excluding exceptional items	(71.8)	(133.0)	(87.0)	(44.9)	(45.9)
Loan interest on the redemption of Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	(10.5)	(10.5)	-
Write-off of capitalised arrangement fees on Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	(2.4)	(2.4)	-
Total finance expense	(71.8)	(133.0)	(99.9)	(57.8)	(45.9)
<b>Net financing expense</b>	<b>(69.7)</b>	<b>(130.5)</b>	<b>(64.3)</b>	<b>(34.7)</b>	<b>(43.6)</b>
<b>Profit/(loss) before tax</b>	<b>(128.0)</b>	<b>(162.8)</b>	<b>84.5</b>	<b>20.3</b>	<b>20.8</b>
Income tax credit/(expense)	21.0	15.2	(7.7)	(4.2)	(9.3)
<b>Profit/(loss) for the period</b>	<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Group	(107.1)	(147.9)	74.2	15.6	8.7
Non-controlling interests	0.1	0.3	2.6	0.5	2.8
<b>Profit/(loss) for the period</b>	<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>



## 2. Consolidated Statement of Financial Position

£m	As at 31 December			As at 30 June
	2015	2016	2017	2018
<b>Non-current assets:</b>				
Intangible assets	677.3	707.0	930.7	993.6
Property, plant and equipment	166.3	196.3	243.9	291.9
Other receivables	2.1	2.3	2.1	1.8
Other financial assets	0.1	0.1	-	-
Deferred tax asset	48.3	32.1	37.1	29.9
	<b>894.1</b>	<b>937.8</b>	<b>1,213.8</b>	<b>1,317.2</b>
<b>Current assets:</b>				
Inventories	80.4	117.2	127.8	169.9
Trade and other receivables	69.1	112.8	115.7	177.7
Other financial assets	0.1	0.3	7.0	18.3
Cash and cash equivalents	65.5	101.7	167.8	71.5
	<b>215.1</b>	<b>332.0</b>	<b>418.3</b>	<b>437.4</b>
<b>Total assets</b>	<b>1,109.2</b>	<b>1,269.8</b>	<b>1,632.1</b>	<b>1,754.6</b>
<b>Current liabilities:</b>				
Borrowings	16.6	5.2	13.5	29.7
Trade and other payables	180.3	340.9	483.1	565.2
Income tax payable	0.9	0.7	2.7	2.6
Other financial liabilities	17.7	33.7	18.2	15.5
Provisions	6.3	7.6	12.0	9.6
	<b>221.8</b>	<b>388.1</b>	<b>529.5</b>	<b>622.6</b>
<b>Non-current liabilities:</b>				
Borrowings	532.1	696.0	827.5	857.2
Trade and other payables	-	-	17.6	17.7
Other financial liabilities	7.2	9.6	-	2.3
Employee benefits	4.9	69.8	46.9	25.0
Provisions	8.2	6.1	13.9	16.5
Deferred tax liabilities	86.0	42.6	60.6	60.2
	<b>638.4</b>	<b>824.1</b>	<b>966.5</b>	<b>978.9</b>
<b>Total liabilities</b>	<b>860.2</b>	<b>1,212.2</b>	<b>1,496.0</b>	<b>1,601.5</b>
<b>Net assets</b>	<b>249.0</b>	<b>57.6</b>	<b>136.1</b>	<b>153.1</b>
<b>Capital and reserves</b>				
Share capital	-	-	-	-
Share premium	353.7	353.7	353.7	353.7
Share warrants	9.0	18.5	18.5	18.5
Capital reserve	94.1	94.1	94.1	94.1
Translation reserve	0.8	2.3	1.7	2.0
Other reserve	-	-	-	(8.7)
Retained earnings	(213.3)	(416.0)	(339.5)	(313.9)
<b>Equity attributable to owners of the group</b>	<b>244.3</b>	<b>52.6</b>	<b>128.5</b>	<b>145.7</b>
Non-controlling interests	4.7	5.0	7.6	7.4
<b>Total shareholders' equity</b>	<b>249.0</b>	<b>57.6</b>	<b>136.1</b>	<b>153.1</b>

### 3. Consolidated statement of cash flows

£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
<b>Operating activities</b>					
Profit/(loss) for the period	(107.0)	(147.6)	76.8	16.1	11.5
Tax on continuing operations	(21.0)	(15.2)	7.7	4.2	9.3
Net finance costs	66.8	122.3	37.9	20.2	40.8
Other non-cash movements	1.1	1.0	(0.7)	(0.8)	0.4
Losses/(gains) on sale of property, plant and equipment	0.1	-	(0.1)	-	-
Depreciation and impairment of property, plant and equipment	46.3	38.3	27.4	12.6	12.9
Amortisation and impairment of intangible assets	73.2	94.9	54.8	25.4	28.6
Difference between pension contributions paid and amounts recognised in income statement	(0.4)	(1.1)	(20.0)	2.1	(1.5)
Decrease/(increase) in inventories	18.1	(36.8)	(10.6)	(17.8)	(42.1)
(Increase)/decrease in trade and other receivables	(19.8)	(39.1)	(7.8)	14.6	(73.5)
Increase in trade and other payables	21.6	150.3	166.6	14.4	80.3
Movement in provisions	(2.9)	(1.3)	12.5	4.1	-
<b>Cash generated from operations</b>	<b>76.1</b>	<b>165.7</b>	<b>344.5</b>	<b>95.1</b>	<b>66.7</b>
Income taxes paid	(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
<b>Net cash inflow from operating activities</b>	<b>75.2</b>	<b>164.6</b>	<b>343.8</b>	<b>94.5</b>	<b>62.0</b>
<b>Cash flows from investing activities</b>					
Interest received	2.1	2.2	3.1	1.8	2.3
Proceeds on the disposal of property, plant and equipment	0.1	0.5	0.2	-	-
Loan to shareholders	-	-	(5.6)	-	-
Payment to acquire subsidiary undertaking	-	-	(50.0)	-	-
Payments to acquire property, plant and equipment	(38.5)	(68.3)	(75.0)	(32.8)	(60.9)
Payments to acquire intangible assets	(124.7)	(124.6)	(219.1)	(74.5)	(91.5)
<b>Net cash used in investing activities</b>	<b>(161.0)</b>	<b>(190.2)</b>	<b>(346.4)</b>	<b>(105.5)</b>	<b>(150.1)</b>
<b>Cash flows from financing activities</b>					
Interest paid	(32.3)	(32.6)	(49.8)	(31.1)	(20.3)
Proceeds from equity share issue	2.4	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	(3.0)
Movement in existing borrowings	(3.8)	(13.8)	(474.3)	(472.4)	16.2
Proceeds from new borrowings	100.0	100.0	606.1	549.9	-
Transaction fees paid	(3.5)	-	(12.1)	(13.3)	(0.1)
<b>Net cash inflow from financing activities</b>	<b>62.8</b>	<b>53.6</b>	<b>69.9</b>	<b>33.1</b>	<b>(7.2)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23.0)</b>	<b>28.0</b>	<b>67.3</b>	<b>22.1</b>	<b>(95.3)</b>
Cash and cash equivalents at the beginning of the period	89.2	65.5	101.7	101.7	167.8
Effect of exchange rates on cash and cash equivalents	(0.7)	8.2	(1.2)	(0.8)	(1.0)
<b>Cash and cash equivalents at the end of the period</b>	<b>65.5</b>	<b>101.7</b>	<b>167.8</b>	<b>123.0</b>	<b>71.5</b>

#### 4. Other Financial Data

##### 1 Key Performance Indicators

£m, except percentages	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Revenue	510.2	593.5	876.0	410.3	444.9
Year on year revenue growth	-	16.3%	47.6%	-	8.4%
Adjusted EBITDA	71.4	100.9	206.5	93.0	105.9
Adjusted EBITDA margin	14.0%	17.0%	23.6%	22.7%	23.8%
Number of dealerships	162	167	161	-	160

##### 2 Adjusted EBITDA Reconciliation

£m	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Operating profit / (loss) for the period	(58.3)	(32.3)	148.8	55.0	64.4
Depreciation, amortisation and impairment	119.5	133.2	82.2	38.0	41.5
Profit on disposal of fixed assets	-	-	(0.2)	-	-
Restructuring costs including related consultancy costs	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares	2.6	-	-	-	-
Past service pension credit	-	-	(24.3)	-	-
<b>Adjusted EBITDA</b>	<b>71.4</b>	<b>100.9</b>	<b>206.5</b>	<b>93.0</b>	<b>105.9</b>

##### 3 Revenue by Category

£m, except percentages	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Sale of vehicles	457.4	529.0	810.1	377.8	384.9
Sale of vehicles year on year growth	-	15.7%	53.1%	-	1.9%
Sale of parts	44.7	53.6	56.0	27.7	30.3
Sale of parts year on year growth	-	19.9%	4.5%	-	9.4%
Servicing of vehicles	8.1	10.9	9.9	4.8	6.9
Servicing of vehicles year on year growth	-	34.6%	(9.2)%	-	43.8%
Partnerships including motorsport	-	-	-	-	22.8
<b>Revenue</b>	<b>510.2</b>	<b>593.5</b>	<b>876.0</b>	<b>410.3</b>	<b>444.9</b>

#### 4 Revenue by Geography

£m, except percentages	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
U.K.	135.4	165.4	227.9	110.0	133.3
U.K. year on year growth	-	22.2%	37.8%	-	21.2%
EMEA	114.5	150.6	201.2	107.7	102.9
EMEA year on year growth	-	31.5%	33.6%	-	(4.5)%
Americas	142.6	146.8	242.1	101.0	84.5
Americas year on year growth	-	2.9%	64.9%	-	(16.3)%
Asia Pacific	117.7	130.7	204.8	91.6	124.2
Asia Pacific year on year growth	-	11.0%	56.7%	-	35.6%
<b>Revenue</b>	<b>510.2</b>	<b>593.5</b>	<b>876.0</b>	<b>410.3</b>	<b>444.9</b>

#### 5 CAPEX Intensity

£m, except percentages	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Revenue	510.2	593.5	876.0	410.3	444.9
CAPEX	(163.2)	(192.9)	(294.1)	(107.3)	(152.4)
<b>CAPEX Intensity</b>	<b>32.0%</b>	<b>32.5%</b>	<b>33.6%</b>	<b>26.2%</b>	<b>34.3%</b>

#### 6 Average Core Model Prices

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Average core model sale price	£116,000	£137,000	£150,000	£149,000	£146,000

## PART XII - OPERATING AND FINANCIAL REVIEW

*The following information should be read together with the selected consolidated financial and operating data and the consolidated financial information and notes included elsewhere in this Prospectus. Unless otherwise indicated, the historical and other financial data presented in the following tables has been derived from the historical consolidated financial information of Aston Martin Lagonda included elsewhere in this Prospectus.*

### **Financial information of Aston Martin Lagonda**

The historical financial information of Aston Martin Lagonda for the six months ended 30 June 2018 and the years ended 31 December 2015, 2016 and 2017 is presented in accordance with IFRS as adopted by the E.U.

#### *Overview*

Aston Martin Lagonda is one of the world's most iconic and leading luxury companies focused on the design, engineering and manufacture of high luxury cars. Both the Aston Martin and the Lagonda brands have a history of over 100 years and symbolise luxury, exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. The Directors believe Aston Martin Lagonda's rich and prestigious heritage defines Aston Martin Lagonda as something unique within the automotive industry. Aston Martin Lagonda's cars sit solely within the HLS car market and are planned to span the whole spectrum of that market. The Group's vision is to be the Great British car company that creates the most beautiful and accomplished automotive art in the world.

### **Trends and Factors Affecting Aston Martin Lagonda's Results of Operations**

#### ***Introduction of new models and derivatives and associated capital expenditure***

In the Directors' experience, the introduction of new models or derivatives or the redesign of an existing model substantially increases sales in the year of introduction or redesign. The introduction of new models will also typically increase Aston Martin Lagonda's costs (including capital expenditure) and can affect profitability where the profit contribution from a new model differs significantly from existing models. For example, Aston Martin Lagonda had capital expenditure of £152.4 million for the six months ended 30 June 2018 compared with £107.3 million for the six months ended 30 June 2017 and £294.1 million for the year ended 31 December 2017 compared with £192.9 million for the year ended 31 December 2016, primarily relating to spend on both tangible and intangible assets as Aston Martin Lagonda continued to invest in new models as part of the Second Century Plan, including tooling costs associated with Aston Martin Lagonda's new modular architecture, which was an investment for DB11 and future models. Including the acquisition of AM Brands Limited and the loan to shareholders, capital expenditure of Aston Martin Lagonda amounted to £344.1 million for the year ended 31 December 2017. As part of the Second Century Plan, the Directors aim to introduce seven new core models every seven years with a lifecycle of seven years for each model. As a result, the results in prior periods may not be indicative of results in periods of new model introductions and redesigns. For example, following the release of DB11, Aston Martin Lagonda had 1,668 car sales in the fourth quarter of 2016, resulting in revenue of £285.0 million and Adjusted EBITDA of £68.9 million for the quarter ending 31 December 2016, as compared with 1,128 car sales in the fourth quarter of 2015, which resulted in revenue of £184.7 million and Adjusted EBITDA of £36.2 million for the quarter ending 31 December 2015.

Aston Martin Lagonda's announced special projects: the Vanquish Zagato Coupe, the Vanquish Zagato Volante, the Vanquish Zagato Speedster, the Vanquish Zagato Shooting Brake, the Aston Martin Valkyrie, the Aston Martin Valkyrie AMR Pro and the DB4GT Continuation, have been pre-sold and allocated to customers. The recently announced DB5 Continuation is also nearly three times oversubscribed.

#### ***Average Selling Prices - Core Models***

Aston Martin Lagonda has been able to increase average selling prices of its core models by 114 per cent. between 2007 (£70,000) and 2017 (£150,000), mainly due to the strategic introduction of new core models and enhanced versions of existing models at higher price points. Average selling prices for Aston Martin

Lagonda's core models, which do not include any special editions in the respective periods, are shown in the table below:

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
Average core model sale price	£116,000	£137,000	£150,000	£149,000	£146,000

Average selling prices are calculated based on retail sales price, taking into account options and then deducting taxes, variable marketing and dealer margins, all of which have variable elements and, in particular, these elements vary year to year and by region.

### ***Manufacturing capacity of Aston Martin Lagonda's facilities***

Aston Martin Lagonda's primary production facility is in Gaydon, United Kingdom. The Directors believe that the balance between the volume of cars Aston Martin Lagonda produces against the need to maintain brand exclusivity is central to Aston Martin Lagonda's production philosophy. The Directors believe that the optimal balance is up to around 7,000 sports cars per year, with additional volumes from SUVs, and sedans, driving target volumes of around 14,000 cars per year by the medium term, which is consistent with the optimised delivery capacity of Aston Martin Lagonda's manufacturing facilities in Gaydon and, once completed, St. Athan. For the years ended 31 December 2015, 2016 and 2017, Aston Martin Lagonda produced and sold 3,615, 3,687 and 5,098 cars, respectively.

### ***Increasing numbers of HNWI's***

The principal driver of the HLS car market is growth in ultra-luxury markets as well as in the number of HNWI's with the resources available to purchase HLS cars. The pool of HNWI's is expanding due, in part, to high economic growth in emerging markets such as the Asia Pacific region, which is a growing market for Aston Martin Lagonda and where it currently has low penetration. While global HNWI wealth is forecast to surpass \$100 trillion by 2025, the growth of HNWI's in China has been particularly significant and consistent in recent years. The global HNWI population has grown by a CAGR of approximately 7 per cent. between 2010 and 2016, to a total of approximately 16.5 million individuals globally, according to Capgemini's 2017 wealth report. For example, from 2015 to 2016, the number of HNWI's increased globally by 7.5 per cent., and by 7.4 per cent. in the Asia Pacific region, according to Capgemini's 2017 wealth report. The increasingly younger age at which individuals are obtaining high net worth status is an important factor, as the HLS car market attracts purchasers with more youthful spending habits. In addition, the increasing number of high net worth women and the higher average household income has also become a driver of the increase in demand in the HLS car market. The Directors expect the percentage of Aston Martin Lagonda cars sold to women to increase further in the future. Aston Martin Lagonda has strengthened its marketing and regional teams to ensure it is able to capitalise on the increased number of HNWI's in emerging markets.

### ***Increasing demand for luxury and customisation***

The sale of luxury cars is the single biggest segment in the luxury goods sector, and the Directors expect demand for luxury and customisation to increase as the greater proliferation of cars in the HLS car market and the increase in the number of HNWI's drives consumers to demand higher specifications and unique or personalised features, such as custom paint and interior trim colours, to distinguish their car from others in the HLS car market. Consequently, Aston Martin Lagonda launched an expansion of the Q by Aston Martin personalisation service in 2017, with a multi-tiered offering, including Collection and Commission options. As a result, the Q by Aston Martin service produced 204, 342, 910 and 430 customised or personalised cars for the years ended 31 December 2015, 2016 and 2017, and the six months ended 30 June 2018, respectively. In addition, a significant majority of cars sold include some aspect of customisation. This trend is expected to continue to have a positive effect on Aston Martin Lagonda's revenues and profitability as Aston Martin Lagonda is able to charge a premium for options and customisation, with a customised car selling for an average premium of approximately £11,000. Moreover, Aston Martin Lagonda endeavours to meet the increasing demand for luxury and customisation by highly exclusive special edition models such as the DB4GT Continuation, which is limited to 25 units worldwide. Another hypercar example is the Aston Martin Valkyrie, which has a base manufacturer's recommended sale price of approximately £2.4 million,

with the 150 units produced being sold out more than 30 months before the first delivery.

## **Key Factors Affecting Comparability**

### ***Diversification of revenues by geography***

Although Aston Martin Lagonda's domestic market of the U.K. accounts for the highest proportion of unit sales of any region, with 29.7 per cent. in 2017 and 29.0 per cent. (based on core wholesale volumes) for the six month period ended 30 June 2018, Aston Martin Lagonda has a balanced diversification of remaining revenues across the Americas region, Europe (excluding the U.K.), the Middle East and North Africa, and Asia Pacific, which represented 25.0 per cent., 22.8 per cent., 3.0 per cent. and 19.0 per cent., respectively (including special edition models), for the year ended 31 December 2017. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, Aston Martin Lagonda's unit sales to dealers across the Americas region, Europe (excluding the U.K.), the Middle East and North Africa, and Asia Pacific in the aggregate represented 73.5 per cent., 70.0 per cent., 69.8 per cent. and 70.3 per cent. of total worldwide unit sales, respectively. China represents one of the fastest growing markets. The growth in developing countries, and in China in particular, has increasingly started to impact Aston Martin Lagonda's results. For the six months ended 30 June 2017 and 2018, Aston Martin Lagonda's unit sales to dealers in China represented 4.7 per cent. and 7.9 per cent. of total worldwide unit sales respectively, a growth of 68 per cent.

### ***Fluctuations in exchange rates***

Aston Martin Lagonda operates internationally and, as a result, is exposed to changes in various currency exchange rates. Although its reporting currency is the pound sterling, 70 per cent., 67 per cent., 67 per cent. and 65 per cent. of Aston Martin Lagonda's sales were denominated in currencies other than the pound sterling for the years ended 31 December 2015, 2016 and 2017 and the interim period ended 30 June 2018, respectively. Aston Martin Lagonda has exchange rate exposure to the euro, the Chinese renminbi, the U.S. dollar and the Japanese yen, among others. 40 per cent., 49 per cent., 46 per cent. and 52 per cent. of Aston Martin Lagonda's operating costs were denominated in pound sterling over the same periods. As a consequence, Aston Martin Lagonda has considerable cash flow, revenue and assets in foreign currencies, primarily euro and U.S. dollar. Aston Martin Lagonda's exposure to changes in exchange rates has affected its results of operations but can mainly be described in terms of translation exposure and transaction exposure affecting the comparability of its results.

#### *Translation exposure*

Translation exposure is the risk that exchange rates impact the value of sales, costs, assets and liabilities reported in pound sterling on Aston Martin Lagonda's consolidated income statement and balance sheet. For instance, the weakening of the pound sterling against the U.S. dollar will result in an increase in net sales as reported in pound sterling and, conversely, the strengthening of the pound sterling against the U.S. dollar will result in a decrease in net sales as reported in pound sterling. As many of Aston Martin Lagonda's subsidiaries and affiliates operate in markets other than the U.K., these effects may be significant. Aston Martin Lagonda is primarily subject to translation effects with respect to its liabilities denominated in non-sterling currencies and its non-sterling revenues. For example, in 2016 Aston Martin Lagonda recognised a £27.6 million foreign exchange loss relating to the debt denominated in U.S. dollar, due to the weakening of the pound sterling. Aston Martin Lagonda has also benefited from translation effects. For example, favourable exchange rates also contributed to increases in revenue and Adjusted EBITDA. In 2017, the relatively strong U.S. dollar against the pound, in particular, supported the Adjusted EBITDA increasing by around £12 million, compared to constant exchange rates.

#### *Transaction exposure*

A large portion of fixed costs are denominated in pound sterling, as the majority of Aston Martin Lagonda's operations are in the U.K, whereas 30 per cent. of net sales were generated in pound sterling in the year ended 31 December 2017. For the same period, 6 per cent. of Aston Martin Lagonda's fixed costs and 30 per cent. of sales were denominated in U.S. dollar. This results in operating profit being exposed to fluctuations in exchange rates principally between the pound sterling and the U.S. dollar. In addition, Aston Martin Lagonda has debt service obligations in both U.S. dollar and pound sterling. The Directors estimate

that a 5 per cent. decrease in the U.S. dollar to pound sterling exchange rate, with all other variables held constant, would have increased Aston Martin Lagonda's profit after tax by £8.1 million for the six months ended 30 June 2018 and £7.4 million for the year ended 31 December 2017.

### ***Seasonality***

Aston Martin Lagonda's sales and cash flows tend to be lower in the first quarter in line with lower customer demand in winter in the Northern Hemisphere. Sales and cash flows are also affected by the bi-annual registration of vehicles in the U.K., when new vehicle registrations take place in March and September, as well as model year changes in the U.S. and the Middle East. Furthermore, most markets tend to be impacted by the summer holiday which results in lower demand and the Chinese market tends to be affected by the Lunar New Year holiday in either January or February and the PRC National Day holiday in October. While the aforementioned regional differences exist, all markets are generally driven by the introduction of new models or derivatives, resulting in the fourth quarter of Aston Martin Lagonda's financial year being typically the highest in terms of sales and cash flows compared to the remainder of the year. As a result, Aston Martin Lagonda's sales are typically lower in the first and third quarters. This tends to reduce profitability and Adjusted EBITDA margin in the first and third quarters of Aston Martin Lagonda's financial year since several elements of costs and expenses, including in particular the fixed element of cost of sales, do not reduce in line with sales. This factor was demonstrated in the quarter ended 31 March 2017, in which Aston Martin Lagonda's operating profit as a percentage of revenue was 12.8 per cent., compared to 17.0 per cent. for the year ended 31 December 2017 and Aston Martin Lagonda's cash from operating activities was £55.7 million and £193.5 million in the quarters ended 31 March 2017 and 31 December 2017, respectively.

### ***Bonus Accruals***

In line with practice in prior years, Aston Martin Lagonda does not accrue costs relating to the staff and senior management bonus scheme until the milestones required for payment of the bonuses under the scheme become probable, which has historically not occurred until the second half of the year. As a result, Aston Martin Lagonda did not accrue any costs relating to the staff and senior management bonus scheme during the six months ended 30 June 2018. For the twelve months ended 31 December 2017, the bonus provision was £8.2 million. Had bonus been accrued, Adjusted EBITDA and profit before tax for the six months ended 30 June 2017 would have been £88.9 million and £16.2 million, with Adjusted EBITDA and profit before tax for the six months ended 30 June 2018 at £101.9 million and £16.8 million respectively.

### ***Intellectual property sale***

During the six months ended 30 June 2018, Aston Martin Lagonda entered into a contract within its Aston Martin Consulting business to sell intellectual property and assets to a third party car manufacturer. The intellectual property that was sold relates to tooling and design drawings for the previous generation Vanquish, as well as ongoing consultancy support for the next 18 months. The consideration for the project was £20.0 million, £19.8 million of which was gross profit. Gross profit margins were high on this contract because the net book value of the intellectual property was approximately zero at the time of sale. As at the Latest Practicable Date, the first stage payment for the contract of £5.0 million, due 31 August 2018, had not been received. Further stage payments in the same amount are expected 31 December 2018, 30 June 2019 and 31 December 2019.

While Aston Martin Lagonda expects to develop and refine its Aston Martin Consulting business, leveraging its design services, intellectual property and know-how to deliver profitable revenue opportunities, the sale of this intellectual property and related assets was a one-off event in the six months ended 30 June 2018 and Aston Martin Lagonda does not expect significant incremental Aston Martin Consulting opportunities to impact its Adjusted EBITDA margin targets described elsewhere in this Prospectus.

### ***Change in methodology of capitalisation policy***

Aston Martin Lagonda has adopted a new way of working in research and product development, which is targeted at further improving efficiency. Accordingly, more investment is spent on concept and platform development to increase the longevity of components, systems and technologies by creating common archetypes that can be applied across vehicle programmes. As a result, and in accordance with IAS 38



Intangible Assets, from the start of 2018, all application programme spend will be capitalised, since the technical feasibility will have been completed as part of the concept and platform development. The impact of this change on the six months ended 30 June 2018 was that approximately £9 million more development costs were capitalised as an intangible asset on vehicle programmes than would have been under the previous methodology. While more vehicle application programme spend was capitalised under the new methodology in the six months ending 30 June 2018, capitalised engineering spend as a proportion of the total research and development spend was 92 per cent., down from 96 per cent. in the six months ended 30 June 2017. The impact of this change on the twelve months ending 31 December 2018 is expected to be that around £15 million more development costs on vehicle application programmes will be capitalised as an intangible asset than would have been capitalised under the previous methodology.

### ***Exceptional items***

The Directors have identified certain items which they do not consider to be representative of the underlying performance of the business. These are as follows.

#### ***Retirement of legacy models***

Management periodically reviews the carrying value of certain tangible and intangible assets relating to Aston Martin Lagonda's legacy car models, and may determine to impair the value of these tangible and intangible assets from time to time if it is determined that their carrying value is in excess of their value in use due to new model developments as well as market and consumer expectations in the future. A decision to impair these tangible and intangible assets generally takes place at the end of a model's lifecycle and such a decision will impact the comparability of Aston Martin Lagonda's results, as such impairment charges are exceptional.

Management conducted such a review in each of the years ended 31 December 2015, 2016 and 2017 in light of planned launch of new models. These reviews resulted in the decision to recognise an impairment of tangible and intangible assets related to the DB9, Vantage and Vanquish models of £30.2 million, £48.7 million and nil during the years ended 31 December 2015, 2016 and 2017, respectively.

#### ***Pension credit***

Aston Martin Lagonda provides retirement benefits to certain of its former and current employees through a defined benefit pension arrangement (the "**U.K. DB Plan**"). The U.K. DB Plan ceased final salary accrual from 31 December 2017 and adopted a CARE benefit structure from 1 January 2018, breaking the link to final salary as at 31 December 2017. The change improves Aston Martin Lagonda's statement of financial position and risk outlook by reducing pension liabilities and future scheme volatility. Accordingly, a non-recurring credit of £24.3 million, representing the related lifecycle reduction in the pension scheme deficit, was credited to Aston Martin Lagonda's cost of sales in 2017.

#### ***Business rebalancing programme***

In October 2015, Aston Martin Lagonda announced a business rebalancing programme to deliver efficiency and stability to the business, mostly affecting administrative and managerial positions as opposed to manufacturing operations. The rebalancing programme also included a group-wide operations review. Aston Martin Lagonda incurred £7.6 million of exceptional costs in 2015, associated with the rebalancing programme, primarily associated with severance payments and consultancy costs.

#### ***Settlement of shares***

In 2015, Aston Margin Lagonda made a contractual payment to a former director relating to the settlement of partly paid shares. The payment amounted to £2.6 million and did not have any tax impact.

### **Explanation of key income statement line items**

#### ***Revenue***

Revenues are primarily derived from sales of Group cars to the dealer network and, to a lesser extent, from sales of spare parts and from Aston Martin Lagonda's servicing business. Revenue is measured at the fair

value of the consideration receivable, deducting wholesale and anticipated retail discounts, rebates, VAT and other sales taxes or duty. Revenue also includes revenue from partnerships including brand extension activities, Aston Martin Consulting and motorsport.

### **Cost of sales**

Aston Martin Lagonda has split its cost of sales into three categories:

- (1) materials costs – these include the raw materials and components (including engines) used to manufacture cars;
- (2) direct labour costs – these include the salary and other employment-related costs of employees and contractors engaged by Aston Martin Lagonda in manufacturing cars; and
- (3) overheads and other costs of sales – these include logistics costs, warranty costs, parts and service variable costs, custom duties and gains and losses due on conversion of accounts receivable and accounts payable denominated in currencies other than pound sterling.

### **Gross profit**

Gross profit is revenue less cost of sales, and gross margin is gross profit as a percentage of revenue.

### **Selling and distribution expense**

Selling and distribution expense consists primarily of marketing costs not related to the sale of a specific car, including salary and associated costs of marketing personnel and the costs of advertising, marketing events and promotions, selling costs (which include overheads associated with regional sales offices and sales personnel costs at such offices and at Gaydon) and costs of overseas operations (U.S., Asia Pacific, the Middle East and continental Europe) including other administrative areas, such as Aston Martin Lagonda's regional office in China. It also includes the fixed costs associated with the Parts function.

### **Administrative and other expense**

Administrative and other expense consists primarily of salary and associated costs for management, finance, human resources, information technology, procurement and indirect manufacturing costs and fixed manufacturing and quality costs. It also includes impairment of tangible and intangible assets primarily related to run-out models ahead of the release of new model introductions or derivatives as well as all depreciation and amortisation costs, research and development costs recognised as an expense (which consists primarily of non-model specific costs and includes personnel costs for engineers, third-party fees paid to consultants, prototype development expenses and tooling costs used in the engineering and design process). Outside professional fees are also included in administrative and other expenses and include insurance, legal, pension, healthcare and audit fees.

### **Operating profit / (loss)**

Operating profit is revenue, less cost of sales, selling and distribution expenses and administrative and other expenses.

### **Net finance income / (expense)**

Net finance income / (expense) comprises finance income less finance expense.

Finance income comprises interest receivable on funds invested calculated using the effective interest rate method, net interest income on the net defined benefit (liability) asset and gains on financial instruments that are recognised in the income statement.

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit (liability) asset, losses on financial instruments that are recognised in the income statement and net losses on financial liabilities measured at amortised cost. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that

takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

**Profit / (loss) before tax**

Profit / (loss) before tax is operating profit less net finance expense.

**Income tax (charge) / credit**

Income tax (charge) / credit primarily comprises payments made pursuant to Aston Martin Lagonda's U.K. corporation tax liabilities as well as similar tax liabilities in the U.S., China, Germany, Japan and Singapore. Aston Martin Lagonda has significant net deferred tax assets resulting from tax credit carry forwards and deductible temporary differences that reduce its taxable income. Aston Martin Lagonda's ability to realise its deferred tax assets depends on its ability to generate sufficient taxable income within the carry back or carry forward periods provided for in the tax law for each applicable tax jurisdiction.

**Alternative Performance Measures ("APMs")**

*Below is a discussion of certain non-IFRS financial information. Such financial information is not defined under IFRS, and other companies may calculate such financial information differently or may use such measures for different purposes than Aston Martin Lagonda does, limiting the usefulness of such measures as comparative measures. The APMs should not be considered in isolation and investors should not consider such information as an alternative to net income as an indicator of Aston Martin Lagonda's financial performance, an alternative to operating profit as an indicator of Aston Martin Lagonda's operating performance, or an alternative to cash flows from operating activities as a measure of Aston Martin Lagonda's liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this Prospectus. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the historical financial information of Aston Martin Lagonda for the six months ended 30 June 2018 and the years ended 31 December 2015, 2016 and 2017 included elsewhere in this Prospectus.*

*This Prospectus contains financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBIT and CAPEX Intensity. Aston Martin Lagonda presents these APMs because the Directors believe that the APMs contribute to a better understanding of Aston Martin Lagonda's results of operations by providing additional information on what the Directors consider to be the drivers of Aston Martin Lagonda's financial performance. Furthermore, the Directors believe that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.*

*The Directors believe that the description of these APMs in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated 5 October 2015.*

**Adjusted EBITDA**

Adjusted EBITDA, as used in this Prospectus, represents profit / (loss) for the period, before income tax (charge) / credit, net financing expense, profit and loss on the disposal of fixed assets and depreciation, amortisation and impairment adjusted to remove the effect of a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017. Adjusted EBITDA is not a measurement of performance under IFRS and investors should not consider Adjusted EBITDA as an alternative to operating profit, as an indicator of Aston Martin Lagonda's operating performance, or an alternative to cash flows from operating activities as a measure of Aston Martin Lagonda's liquidity.

The Directors believe that Adjusted EBITDA is meaningful for investors because it provides an analysis of Aston Martin Lagonda's operating results, profitability and ability to service debt without the effect of non-recurring gains.

The following table sets out a reconciliation of Adjusted EBITDA to Aston Martin Lagonda's profit / (loss) for the periods discussed herein.

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
				(unaudited)	
Profit / (loss) for the period	(107.0)	(147.6)	76.8	16.1	11.5
Income tax charge / credit	(21.0)	(15.2)	7.7	4.2	9.3
Net financing expense	69.7	130.5	64.3	34.7	43.6
Depreciation, amortisation and impairment	119.5	133.2	82.2	38.0	41.5
Profit from disposal of fixed assets	-	-	(0.2)	-	-
Restructuring costs including related consultancy costs	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares.	2.6	-	-	-	-
Past service pension credit	-	-	(24.3)	-	-
<b>Adjusted EBITDA</b>	<b>71.4</b>	<b>100.9</b>	<b>206.5</b>	<b>93.0</b>	<b>105.9</b>

Adjusted EBITDA was £105.9 million, or 23.8 per cent. of revenue, for the six months ended 30 June 2018 compared to Adjusted EBITDA of £93.0 million, or 22.7 per cent. of revenue, for the six months ended 30 June 2017, an increase of £12.9 million, or 13.9 per cent. The increase in Adjusted EBITDA for the six months ended 30 June 2018 is primarily attributable to the sale of intellectual property and related assets by Aston Martin Consulting as well as a higher contribution from an improved model and market mix with a £28 million increase compared to the six months ended 30 June 2017. The improved model mix contribution predominantly resulted from a reduced mix of the previous generation V8 Vantage at a lower unit contribution compared to the replacement model, and higher contribution per unit from special models (Vanquish Zagato Volante and Speedster, and DB4GT Continuation in lieu of Vantage GT8). The improved market mix predominantly resulted from a higher proportion of wholesales in Asia Pacific for the six months ended 30 June 2018 compared to the six months ended 30 June 2017. Wholesales in Asia Pacific typically generate higher revenue per unit than in the other regions in which Aston Martin Lagonda operates, which supports higher contribution. Compared with the six months ended 30 June 2017, the improved model and market mix offset a reduced wholesale volume in the six months ended 30 June 2018, resulting in a £13 million decrease in Adjusted EBITDA. In addition, exchange rate headwinds from US dollar and euro positions decreased Adjusted EBITDA by another £6 million for the six months ended 30 June 2018. The increase in Adjusted EBITDA was also supported by an increase in revenue from parts, servicing of vehicles and partnerships including motorsport, which offset increases in selling and distribution costs, predominantly as a result of fixed marketing investment including in F1™ title sponsorship, and administrative and other expenses, predominantly as a result of an increase in depreciation and amortisation from introduction of new models, St. Athan overheads, and up-scaling of the business to support the future model pipeline. The net impact of the increased revenue and expenses for the six months ended 30 June 2018 was £4 million, which included £19.8 million from the above-mentioned sale of a licensing contract for the use of certain intellectual property by Aston Martin Consulting. As at the Latest Practicable Date, the first stage payment for the licensing contract of £5.0 million, due 31 August 2018, had not been received. Further stage payments in the same amount are expected on 31 December 2018, 30 June 2019 and 31 December 2019.

### **Adjusted EBIT**

Adjusted EBIT, as used in this Prospectus, represents profit / (loss) for the period, before income tax (charge) / credit and net financing expense adjusted to remove the effect of profit and loss on the disposal of fixed assets, a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017 plus impairment charges of intangible and tangible assets of £30.2 million, £48.7 million and nil for the years ended 31 December 2015, 2016 and 2017, respectively. Adjusted EBIT is not a measurement of performance under IFRS and investors should not consider Adjusted EBIT as an alternative to operating profit, as an indicator of Aston Martin Lagonda's operating performance, or an alternative to cash flows from operating activities as a measure of Aston Martin Lagonda's liquidity.

The Directors believe that Adjusted EBIT is meaningful for investors because it provides an analysis of Aston Martin Lagonda's operating results, profitability and ability to service debt without the effect of non-recurring gains and impairment charges that do not have any cash effect.

The following table sets out a reconciliation of Adjusted EBITDA to Adjusted EBIT for the periods discussed herein.

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
				(unaudited)	
<b>Adjusted EBITDA</b>	<b>71.4</b>	<b>100.9</b>	<b>206.5</b>	<b>93.0</b>	<b>105.9</b>
Depreciation, amortisation and impairment.	(119.5)	(133.2)	(82.2)	(38.0)	(41.5)
Impairment charges in relation to tangible and intangible assets	30.2	48.7	–	–	–
<b>Adjusted EBIT</b>	<b>(17.9)</b>	<b>16.4</b>	<b>124.3</b>	<b>55.0</b>	<b>64.4</b>

## Results of operations

### Six months ended 30 June 2018 compared with six months ended 30 June 2017

The following table sets out Aston Martin Lagonda's main operating results, extracted from the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus, for the six months ended 30 June 2018 (with comparatives for the six months ended 30 June 2017), and shows these items as a percentage of revenue:

	For the six months ended 30 June 2017		For the six months ended 30 June 2018	
	(£ in millions)	(% of total revenue)	(£ in millions)	(% of total revenue)
<b>Consolidated statement of comprehensive income:</b>	<i>(unaudited)</i>			
Revenue	410.3	100.0	444.9	100.0
Cost of sales	(251.2)	(61.2)	(244.5)	(55.0)
<b>Gross profit</b>	<b>159.1</b>	<b>38.8</b>	<b>200.4</b>	<b>45.0</b>
Selling and distribution expenses	(30.0)	(7.3)	(45.1)	(10.1)
Administrative and other expenses	(74.1)	(18.1)	(90.9)	(20.4)
<b>Operating profit / (loss)</b>	<b>55.0</b>	<b>13.4</b>	<b>64.4</b>	<b>14.5</b>
Finance income	23.1	5.6	2.3	1.0
Finance expense <sup>(1)</sup>	(57.8)	(14.1)	(45.9)	(10.3)
<b>Net finance expense</b>	<b>(34.7)</b>	<b>(8.5)</b>	<b>(43.6)</b>	<b>(9.8)</b>
<b>Profit / (loss) before tax</b>	<b>20.3</b>	<b>4.9</b>	<b>20.8</b>	<b>4.7</b>
Income tax (charge) / credit	(4.2)	(1.0)	(9.3)	(2.1)
<b>Profit / (loss) for the period</b>	<b>16.1</b>	<b>3.9</b>	<b>11.5</b>	<b>2.6</b>
Other comprehensive income / (expense) for the period, net of income tax	(5.9)	(1.4)	8.6	1.9
<b>Total comprehensive income / (expense) for the period</b>	<b>10.2</b>	<b>2.5</b>	<b>20.1</b>	<b>4.5</b>

(1) Finance expense includes the coupon expense with respect to the Preference Shares, which are being converted into ordinary shares in connection with the Offer. Finance expense with respect to the Preference Shares was £18.2 million and £20.7 million for the six month period ended 30 June 2017 and 2018, respectively.

### Revenue

Revenue was £444.9 million for the six months ended 30 June 2018 compared to £410.3 million for the six months ended 30 June 2017, an increase of £34.6 million, or 8.4 per cent. Revenue with respect to the sale of vehicles was £384.9 million for the six months ended 30 June 2018 compared to £377.8 million for the six months ended 30 June 2017, revenue with respect to the sale of parts was £30.3 million for the six months ended 30 June 2018 compared to £27.7 million for the six months ended 30 June 2017 and revenue with respect to the servicing of vehicles was £6.9 million for the six months ended 30 June 2018 compared to £4.8 million for the six months ended 30 June 2017. Revenue relating to partnerships including motorsport was £22.8 million for the six months ended 30 June 2018. The increase in revenue for the six months ended 30 June 2018 is primarily attributable to increased revenue from the sale of special editions, in particular the Vanquish Zagato family and DB4GT Continuation models as well as the sale of intellectual property and related assets by Aston Martin Consulting. In particular, revenue increased as a result of the new revenue stream from partnerships including brand extension activities, Aston Martin Consulting and motorsport, following the sale of a licensing contract in the period for £20.0 million for the use of certain intellectual property. As at the Latest Practicable Date, the first stage payment for the licensing contract of £5.0 million, due 31 August 2018, had not been received. Further stage payments in the same amount are expected 31 December 2018, 30 June 2019 and 31 December 2019.

### *Cost of sales*

Cost of sales were £244.5 million, or 55.0 per cent. of revenue, for the six months ended 30 June 2018 compared to £251.2 million, or 61.2 per cent. of revenue, for the six months ended 30 June 2017, a decrease of £6.7 million, or 2.7 per cent. The decrease in cost of sales for the six months ended 30 June 2018 is primarily attributable to a decrease in material costs as a percentage of revenue and lower warranty costs, which were partially offset by higher labour costs.

Materials costs were £184.6 million, or 41.5 per cent. of revenue, for the six months ended 30 June 2018 compared to £182.9 million, or 44.6 per cent. of revenue, for the six months ended 30 June 2017, an increase of £1.7 million, or 0.9 per cent. The slight increase in material costs for the six months ended 30 June 2018 is primarily attributable to sales of higher value special models as compared to the value of special models sold in prior years.

Direct labour costs were £17.4 million, or 3.9 per cent. of revenue, for the six months ended 30 June 2018 compared to £14.5 million, or 3.5 per cent. of revenue, for the six months ended 30 June 2017, an increase of £2.9 million, or 20.3 per cent. The increase in direct labour costs for the six months ended 30 June 2018 is primarily attributable to the increased manning levels both for the launch of the new Vantage and in preparation for DBS Superleggera in the second half of 2018.

Overheads and other costs were £42.5 million, or 9.6 per cent. of revenue, for the six months ended 30 June 2018 compared to £53.9 million, or 13.1 per cent. of revenue, for the six months ended 30 June 2017, a decrease of £11.4 million, or 21.2 per cent. The decrease in overheads and other costs for the six months ended 30 June 2018 is primarily attributable to lower warranty costs following the launch of new models, reduced duty costs in overseas markets and favourable exchange rate movements as compared to the rates at which hedges had been placed. Additionally, during the six months ended 30 June 2018, the methodology applied to the capitalisation of development costs for new cars was refined to more appropriately reflect the point at which the development phase starts in the current development process. The impact of this change on the six months ended 30 June 2018 was that approximately £9 million more development costs were capitalised as an intangible asset than would have been under the previous methodology.

### *Gross profit*

Gross profit was £200.4 million, or 45.0 per cent. of revenue, for the six months ended 30 June 2018 compared to £159.1 million, or 38.8 per cent. of revenue, for the six months ended 30 June 2017, an increase of £41.3 million, or 26.0 per cent. £19.8 million of the increase in gross profit was attributable to the launch of new models at higher wholesale prices coupled with the new revenue from partnerships including brand extension activities, as well as the sale of intellectual property and related assets by Aston Martin Consulting. As at the Latest Practicable Date, the first stage payment for this sale, due 31 August 2018, had not been received.

### *Selling and distribution expenses*

Selling and distribution expenses were £45.1 million, or 10.1 per cent. of revenue, for the six months ended 30 June 2018 compared to £30.0 million, or 7.3 per cent. of revenue, for the six months ended 30 June 2017, an increase of £15.1 million, or 50.3 per cent. The increase in selling and distribution expenses for the six months ended 30 June 2018 is primarily attributable to additional fixed marketing costs in connection with the launch of the new Vantage, increased motorsport activity, including the relationship with Aston Martin Red Bull Racing plus investment in new brand centres and increased headcount to support the growth in the business.

### *Administrative and other expenses*

Administrative and other expenses were £90.9 million, or 20.4 per cent. of revenue for the six months ended 30 June 2018 compared to £74.1 million, or 18.1 per cent. of revenue, for the six months ended 30 June 2017, an increase of £16.8 million, or 22.7 per cent. The increase in administrative and other expenses for the six months ended 30 June 2018 is primarily attributable to increased fixed manufacturing costs arising from the launch of new models and preparation of the St. Athan site, as well as increased charges for engineering costs where the criteria for capitalisation has not yet been met.

#### *Operating profit / (loss)*

Operating profit was £64.4 million, or 14.5 per cent. of revenue, for the six months ended 30 June 2018 compared to an operating profit of £55.0 million, or 13.4 per cent. of revenue, for the six months ended 30 June 2017, an increase of £9.4 million, or 17.1 per cent. The increase in operating profit for the six months ended 30 June 2018 is primarily attributable to a higher proportion of the new generation models, compared to the models they have replaced, with higher base manufacturer's recommended sale price and unit contribution, special editions with higher unit contribution as well as the sale of intellectual property and related assets by Aston Martin Consulting and a new revenue stream from partnerships including brand extension activities, Aston Martin Consulting and motorsport. The sale of the intellectual property comprised of a licensing contract sold by Aston Martin Consulting for £20.0 million, which contributed £19.8 million in profit in this period. As at the Latest Practicable Date, the first stage payment for this sale, due 31 August 2018, had not been received.

#### *Net finance income / (expense)*

Net finance expense was £43.6 million for the six months ended 30 June 2018 compared to a net finance expense of £34.7 million for the six months ended 30 June 2017, an increase of £8.9 million, or 25.6 per cent. Excluding the impact of the Preference Shares, net finance expense was £16.5 million for the six months ended 30 June 2017 compared to a net finance expense, excluding the effect of the Preference Shares, of £22.9 million for the six months ended 30 June 2018, an increase of £6.4 million or 38.8 per cent. Aston Martin Lagonda's finance expenses were primarily related to bank loans and overdrafts, of which the majority is interest on the secured notes. The increase in net finance expense for the six months ended 30 June 2018 is primarily attributable to a net loss on fair value adjustments on foreign exchange hedges.

#### *Income tax (charge) / credit*

Aston Martin Lagonda recorded an income tax charge for the six months ended 30 June 2018 of £9.3 million compared to an income tax charge of £4.2 million for the six months ended 30 June 2017, an increase of £5.1 million, or 121.4 per cent. The increase in income tax charge is primarily due to permanently disallowable expenditure and profits in overseas markets which are at a higher rate. In the six months ended 30 June 2017, these effects were largely offset by credit being taken for tax losses that were incurred in prior periods for which credit had not previously been taken due to uncertainty over their utilisation.



## Year ended 31 December 2017 compared with year ended 31 December 2016

The following table sets out Aston Martin Lagonda's main operating results, extracted from the consolidated statement of comprehensive income, for each of the years ended 31 December 2016 and 2017 included in the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus, and shows these items as a percentage of revenue:

	For the year ended 31 December 2016		For the year ended 31 December 2017	
	(£ in millions)	(% of total revenue)	(£ in millions)	(% of total revenue)
<b>Consolidated statement of comprehensive income:</b>				
Revenue	593.5	100.0	876.0	100.0
Cost of sales	(371.9)	(62.7)	(496.2)	(56.6)
<b>Gross profit</b>	<b>221.6</b>	<b>37.3</b>	<b>379.8</b>	<b>43.4</b>
Selling and distribution expenses	(41.9)	(7.1)	(60.0)	(6.8)
Administrative and other expenses	(212.0)	(35.7)	(171.0)	(19.5)
<b>Operating profit / (loss)</b>	<b>(32.3)</b>	<b>(5.4)</b>	<b>148.8</b>	<b>17.0</b>
Finance income	2.5	0.4	35.6	4.1
Finance expense <sup>(1)</sup>	(133.0)	(22.4)	(99.9)	(11.4)
<b>Net finance expense</b>	<b>(130.5)</b>	<b>(22.0)</b>	<b>(64.3)</b>	<b>(7.3)</b>
<b>Profit / (loss) before tax</b>	<b>(162.8)</b>	<b>(27.4)</b>	<b>84.5</b>	<b>9.6</b>
Income tax (charge) / credit	15.2	2.6	(7.7)	(0.9)
<b>Profit / (loss) for the year</b>	<b>(147.6)</b>	<b>(24.9)</b>	<b>76.8</b>	<b>8.8</b>
Other comprehensive income / (expense) for the year, net of income tax	(53.3)	(9.0)	1.7	0.2
<b>Total comprehensive income / (expense) for the year</b>	<b>(200.9)</b>	<b>(33.9)</b>	<b>78.5</b>	<b>9.0</b>

(1) Finance expense includes the interest expense with respect to the Preference Shares, which are being converted into ordinary shares in connection with the Offer. Finance expense with respect to the Preference Shares was £29.1 million and £37.9 million for the years ended 31 December 2016 and 2017, respectively.

### Revenue

Revenue was £876.0 million for the year ended 31 December 2017 compared with £593.5 million for the year ended 31 December 2016, an increase of £282.5 million, or 47.6 per cent. The increase in revenue for the year ended 31 December 2017 is primarily attributable to the first full year of the V12-engined DB11 Coupe sales and the introduction of the V8-engined DB11 Coupe, and an increase in number of special edition models, including, among others, the Vantage GT8, the Vanquish Zagato Coupe and DB4GT Continuation model.

Revenue with respect to the sale of vehicles was £810.1 million for the year ended 31 December 2017 compared with £529.0 million for the year ended 31 December 2016. The DB11 V12 Coupe was launched in the first quarter of 2016, with first retail and wholesale sales in the fourth quarter of 2016, and therefore had its first full year of sales in 2017. In addition to the improved model mix, favourable exchange rates also contributed to the revenue increase; in particular, the relatively strong U.S. dollar against the pound sterling. Vantage S (V8 and V12) and Rapide S volumes saw modest declines due to the product lifecycle and run out of the production on Vantage S. In contrast, Vanquish saw an increase in sales due to the full year impact of the launch of Vanquish S in the fourth quarter of 2016. 2017 also saw strong growth in special edition revenues due to the higher volume of the GT8 (between the fourth quarter of 2016 and the second half of 2017), Vanquish Zagato Coupes (between the fourth quarter of 2016 and the first half of 2017) and Vanquish Zagato Volante (in the fourth quarter of 2017). The growth was partially offset by timing of final deliveries of the Vantage GT12 and the Aston Martin Vulcan. Special edition increases also supported by the first deliveries of the DB4GT Continuation and deliveries of the Vantage AMR Pro (in the

fourth quarter of 2017 only) also supported the growth in 2017. Aston Martin Lagonda's revenue was also driven by continued growth in the average selling price of Aston Martin Lagonda's core models and an improvement in model mix with the introduction of the DB11 V12. In addition to the improved model mix, favourable exchange rates also contributed to the revenue increase, in particular, the relatively strong U.S. dollar against the pound sterling.

Revenue with respect to the sale of parts was £56.0 million for the year ended 31 December 2017 compared with £53.6 million for the year ended 31 December 2016. The increase was driven by increased vehicle sales as well as the successful expansion of the accessories range through 2017, such as the AMR performance upgrades for Vantage.

Revenue with respect to the servicing of vehicles was £9.9 million for the year ended 31 December 2017 compared to £10.9 million for the year ended 31 December 2016. This decrease was due to a reduction in Aston Martin Works (heritage centre) service work primarily on heritage vehicles, as the business focused on DB4GT Continuation programme and the sale of special edition models.

#### *Cost of sales*

Cost of sales were £496.2 million, or 56.6 per cent. of revenue, for the year ended 31 December 2017 compared with £371.9 million, or 62.7 per cent. of revenue, for the year ended 31 December 2016, an increase of £124.3 million, or 33.4 per cent. The increase in cost of sales for the year ended 31 December 2017 is primarily attributable to increased material and labour costs related to the higher production volume and the launch of the 4.0 litre twin-turbo V8 variant of the DB11 Coupe. The increase in cost of sales for the year ended 31 December 2017 is also attributable to the increase in special models contributing to higher costs of sales. This increase was partially offset by the past service pension benefit adjustment of £24.3 million which improved the cost of sales as a percentage of revenue. The decline of the cost of sales as a percentage of revenue by 6.1 percentage points was primarily attributable to the efficiency arising from the increased volumes through the manufacturing process.

Materials costs were £375.6 million, or 42.9 per cent. of revenue, for the year ended 31 December 2017 compared with £273.8 million, or 46.1 per cent. of revenue, for the year ended 31 December 2016, an increase of £101.8 million, or 37.2 per cent. The increase in material costs for the year ended 31 December 2017 is primarily attributable to higher production volumes from the DB11 with the launch of the V8 variant in the fourth quarter of 2017.

Direct labour costs were £30.0 million, or 3.4 per cent. of revenue, for the year ended 31 December 2017 compared with £22.2 million, or 3.7 per cent. of revenue, for the year ended 31 December 2016, an increase of £7.8 million, or 35.3 per cent. The increase in direct labour costs for the year ended 31 December 2017 is primarily attributable to additional employees and additional hours of Aston Martin Lagonda's existing employees as a result of the increase in volumes arising from the DB11 V12 and the launch of the 4.0 litre twin-turbo V8 variant of the DB11 Coupe.

Overheads and other cost of sales were £90.6 million, or 10.3 per cent. of revenue, for the year ended 31 December 2017 compared with £76.0 million, or 12.8 per cent. of revenue, for the year ended 31 December 2016, an increase of £14.6 million, or 19.2 per cent. The increase in overheads and other cost of sales for the year ended 31 December 2017 is primarily attributable to higher Chinese duty costs resulting from increased sales in this market, the strengthening of the euro against the pound sterling, increasing the pound sterling value of costs and additional warranty costs following Aston Martin Lagonda's recall campaigns of around 5,500 cars in the U.S. due to problems with powertrains and battery cables. This increase was partially offset by the past service pension benefit adjustment of £24.3 million.

#### *Gross profit*

Gross profit was £379.8 million, or 43.4 per cent. of revenue, for the year ended 31 December 2017 compared with £221.6 million, or 37.3 per cent. of revenue, for the year ended 31 December 2016, an increase of £158.2 million, or 71.4 per cent. The increase in gross profit for the year ended 31 December 2017 is primarily attributable to improved model mix and favourable exchange rate movements, strong demand for the DB11, which has both a higher wholesale price and a higher profit contribution than its predecessor model, the DB9 GT, and strong demand for special edition models.

### *Selling and distribution expenses*

Selling and distribution expenses were £60.0 million, or 6.8 per cent. of revenue, for the year ended 31 December 2017 compared with £41.9 million, or 7.1 per cent. of revenue, for the year ended 31 December 2016, an increase of £18.1 million, or 43.2 per cent. The increase in selling and distribution expenses for the year ended 31 December 2017 is primarily attributable to the DB11 launch events for the V8 Volante and V8 Coupe derivatives, the relationship with Red Bull Racing and the appointment of Tom Brady, Max Verstappen and Daniel Ricciardo as brand ambassadors, in addition to improvements to the customer relationship database and website and set-up costs for new dealer showrooms, including the Chinese warehouse and the opening of the brand centre in Tokyo.

### *Administrative and other expenses*

Administrative and other expenses were £171.0 million, or 19.5 per cent. of revenue, for the year ended 31 December 2017 compared with £212.0 million, or 35.7 per cent. of revenue, for the year ended 31 December 2016, a decrease of £41 million, or 19.3 per cent. Within administrative and other expenses, exceptional costs amounted to £48.7 million and nil for the years ended 31 December 2016 and 2017, respectively. The exceptional costs for the year ended 31 December 2016 related to the impairment of tangible and intangible assets, which arose following a review of the carrying value of the intangible and tangible assets relating to legacy models in light of the launch of new models from 2016 onwards. Consequently, administrative and other expenses excluding depreciation, amortisation and impairment increased from £78.8 million in 2016 to £88.8 million in 2017, an increase of £10.0 million, or 12.7 per cent. This increase primarily arose from higher manufacturing costs relating to the launch of the DB11, preparation of the St. Athan site in Wales, increased headcount to support the development of new models and increased production volumes, as well as engineering costs charged to revenue relating to early stage costs for future new models that do not meet the capitalisation criteria. Depreciation, amortisation and impairment was £82.2 million, or 9.4 per cent. of revenue, for the year ended 31 December 2017 compared with £133.2 million, or 22.4 per cent. of revenue, for the year ended 31 December 2016, a decrease of £51.0 million, or 38.4 per cent. The decrease in depreciation, amortisation and impairment is primarily attributable to an impairment charge taken in 2016 following a review of tangible and intangible assets, while no impairments were recorded in 2017.

### *Operating profit / (loss)*

Operating profit was £148.8 million, or 17.0 per cent. of revenue, for the year ended 31 December 2017 compared with an operating loss of £32.3 million, or 5.4 per cent. of revenue, for the year ended 31 December 2016, an increase of £181.1 million. The improvement for the year ended 31 December 2017 is primarily attributable to higher volumes, improved model mix, exchange rate movements and the past service pension benefit adjustment of £24.3 million. This improved operating profit was partially offset by increases in selling and distribution expenses which increased by £18.1 million, and administrative and other expenses excluding depreciation and amortisation, which increased by £10.0 million. The increases arose from higher fixed marketing, selling and manufacturing costs from the launch of new models, preparation of the St. Athan site in Wales, higher headcount levels and increased engineering costs.

### *Net finance income / (expense)*

Net finance expense was £64.3 million, or 7.3 per cent. of revenue, for the year ended 31 December 2017 compared with a net finance expense of £130.5 million, or 22.0 per cent. of revenue for the year ended 31 December 2016, a decrease of £66.2 million, or 50.7 per cent. Excluding the effect of the Preference Shares, net finance expense was £26.4 million for the year ended 31 December 2017 compared with a net finance expense, excluding the effect of the Preference Shares, of £101.4 million for the year ended 31 December 2016, a decrease of £75.0 million, or 74.0 per cent. Aston Martin Lagonda's finance expenses were primarily related to interest on bank loans and overdrafts as well as the coupon on the Preference Shares. Aston Martin Lagonda's finance expenses also related to non-recurring finance expenses in connection with the £550 million equivalent issuance of secured notes in April 2017, interest payable upon redemption of various debt instruments and the cost of a wholesale finance facility. The decrease in net finance expense for the year ended 31 December 2017 is primarily attributable to the net gain on fair value adjustments on foreign exchange hedges, a gain on the translation of U.S. dollar-denominated debt and a reduction in other interest costs.

### Income tax (charge) / credit

Aston Martin Lagonda recorded an income tax charge for the year ended 31 December 2017 of £7.7 million, or 0.9 per cent. of revenue, compared with an income tax credit of £15.2 million for the year ended 31 December 2016. The credit in 2016 was below the applicable U.K. corporation tax rate for 2016 of 20 per cent. as a result of credit not being taken for losses, the utilisation of which is not certain. The charge for 2017 is more closely aligned to the applicable rate of 19.25 per cent.

### Year ended 31 December 2016 compared with year ended 31 December 2015

The following table sets out Aston Martin Lagonda's main operating results, extracted from the consolidated statement of comprehensive income, for each of the years ended 31 December 2015 and 2016 included in the Historical Financial Information set out in Part B of Part XIII (*Historical Financial Information*) of this Prospectus, and shows these items as a percentage of revenue:

	For the year ended 31 December 2015		For the year ended 31 December 2016	
	(£ in (% of total millions) revenue)	(£ in (% of total millions) revenue)	(£ in (% of total millions) revenue)	(£ in (% of total millions) revenue)
<b>Consolidated statement of comprehensive income data:</b>				
Revenue	510.2	100.0	593.5	100.0
Cost of sales	(345.3)	(67.7)	(371.9)	(62.7)
<b>Gross profit</b>	<b>164.9</b>	<b>32.3</b>	<b>221.6</b>	<b>37.3</b>
Selling and distribution expenses	(32.1)	(6.3)	(41.9)	(7.1)
Administrative and other expenses	(191.1)	(37.5)	(212.0)	(35.7)
<b>Operating profit / (loss)</b>	<b>(58.3)</b>	<b>(11.4)</b>	<b>(32.3)</b>	<b>(5.4)</b>
Finance income	2.1	0.4	2.5	0.4
Finance expense <sup>(1)</sup>	(71.8)	(14.1)	(133.0)	(22.4)
<b>Net finance expense</b>	<b>(69.7)</b>	<b>(13.7)</b>	<b>(130.5)</b>	<b>(22.0)</b>
<b>Profit / (loss) before tax</b>	<b>(128.0)</b>	<b>(25.1)</b>	<b>(162.8)</b>	<b>(27.4)</b>
Income tax (charge) / credit	21.0	4.1	15.2	2.6
<b>Profit / (loss) for the year</b>	<b>(107.0)</b>	<b>(21.0)</b>	<b>(147.6)</b>	<b>(24.9)</b>
Other comprehensive income / (expense) for the year, net of income tax	6.9	1.4	(53.3)	(9.0)
<b>Total comprehensive income / (expense) for the year</b>	<b>(100.1)</b>	<b>(19.6)</b>	<b>(200.9)</b>	<b>(33.9)</b>

(1) Finance expense includes interest expense with respect to the Preference Shares, which are being converted into ordinary shares in connection with the Offer. Finance expense with respect to the Preference Shares was £10.8 million and £29.1 million for the years ended 31 December 2015 and 2016, respectively.

### Revenue

Revenue was £593.5 million for the year ended 31 December 2016 compared with £510.2 million for the year ended 31 December 2015, an increase of £83.3 million, or 16.3 per cent. The increase in revenue for the year ended 31 December 2016 is primarily attributable to the launch of the DB11 V12 Coupe launch edition, which replaced the DB9GT which was on run out from 2015 to the second quarter of 2016.

Revenue with respect to the sale of vehicles was £529.0 million for the year ended 31 December 2016 compared with £457.4 million for the year ended 31 December 2015. Vehicle revenue increased due to the DB11 V12 Coupe launch edition deliveries in the fourth quarter of 2016. This is partially offset by the reduction in DB9 sales which was on run out after a 12 year product lifecycle. Revenues also increased due to the DB11 launch edition including premium personalisation content and 'designer choices' as standard which led to an increase in options revenue. The Vantage mix improved due to increased demand for the V12 Vantage S due to the launch of the manual derivative in the third quarter of 2016 and product upgrades alongside a reduction in sales of the V8 Vantage S due to the expected lifecycle. Vanquish revenue increased due to the positive mix impact resulting from the launch of the Vanquish S (increased price and performance) in the fourth quarter of 2016. Special edition revenue increased significantly due to

the final deliveries of the Aston Martin Vulcan, which started in the fourth quarter of 2015 and completed deliveries in the third quarter of 2016, and the initial deliveries of the Vanquish Zagato Coupe in the fourth quarter of 2016. This was partially offset by the reduction in Vantage GT12 sales due to the completion of the deliveries of the limited series in the second quarter of 2016, with the majority of deliveries coming in the third and fourth quarters of 2015.

Revenue with respect to the sale of parts was £53.6 million for the year ended 31 December 2016 compared with £44.7 million for the year ended 31 December 2015. Parts revenue growth was supported by the initial stock orders for DB11 V12 Coupe to support the customer quality and experience at the launch of the vehicle. DB11 V12 Coupe was also the first vehicle on the new electrical architecture and 'AM' platform and required dealer investments which supported the significant growth. Accessories and personalisation development department was also set up in 2016 to help support future growth in parts.

Revenue with respect to the servicing of vehicles was £10.9 million for the year ended 31 December 2016 compared with £8.1 million for the year ended 31 December 2015. The increase was driven by a large increase in service income at Aston Martin Works (heritage centre) driven by high demand for heritage restorations and classic Aston Martin cars.

#### *Cost of sales*

Cost of sales were £371.9 million, or 62.7 per cent. of revenue, for the year ended 31 December 2016 compared with £345.3 million, or 67.7 per cent. of revenue, for the year ended 31 December 2015, an increase of £26.6 million, or 7.7 per cent. The increase in cost of sales for the year ended 31 December 2016 is primarily attributable to additional material and labour costs associated with the launch of DB11 V12 Coupe. The decline of the cost of sales as a percentage of revenue by 5.0 percentage points is primarily attributable to increased revenue due to sales of the DB11 V12 Coupe, as well as cost savings initiatives associated with decreases of material costs, logistics costs and labour efficiencies.

Materials costs were £273.8 million, or 46.1 per cent. of revenue, for the year ended 31 December 2016 compared with £250.3 million, or 49.1 per cent. of revenue, for the year ended 31 December 2015, an increase of £23.5 million, or 9.4 per cent. The increase in materials costs for the year ended 31 December 2016 is primarily attributable to an increase in volumes, including a higher number of specials with higher material costs than core models alongside the launch of DB11 V12 Coupe with a higher material cost than the preceding DB9 due to the impact of the launch edition.

Direct labour costs were £22.2 million, or 3.8 per cent. of revenue, for the year ended 31 December 2016 compared with £19.4 million, or 3.7 per cent. of revenue, for the year ended 31 December 2015, an increase of £2.8 million, or 14.4 per cent. The increase in direct labour costs for the year ended 31 December 2016 is primarily attributable to an increase in total volumes and an increase in headcount and overtime to support the launch of DB11 V12 Coupe.

Overheads and other cost of sales were £76.0 million, or 14.8 per cent. of revenue, for the year ended 31 December 2016 compared with £75.7 million, or 12.8 per cent. of revenue, for the year ended 31 December 2015, an increase of £0.3 million, or 0.4 per cent. The increase in overheads and other cost of sales for the year ended 31 December 2016 is primarily attributable to the increased volumes of cars, through the introduction of DB11 V12 Coupe and increased volumes from high value special models in the year.

#### *Gross profit*

Gross profit was £221.6 million, or 37.3 per cent. of revenue, for the year ended 31 December 2016 compared with £164.9 million, or 32.3 per cent. of revenue, for the year ended 31 December 2015, an increase of £56.7 million, or 34.4 per cent. The increase in gross profit, and in particular the increase in gross profit as a percentage of sales, for the year ended 31 December 2016 is primarily attributable to the launch of the DB11, which has a higher revenue and gross margin than its predecessor model, the DB9 GT.

#### *Selling and distribution expenses*

Selling and distribution expenses were £41.9 million, or 7.1 per cent. of revenue, for the year ended 31 December 2016 compared with £32.1 million, or 6.3 per cent. of revenue, for the year ended 31 December

2015, an increase of £9.8 million, or 30.5 per cent. The increase in selling and distribution expenses for the year ended 31 December 2016 is primarily attributable to DB11 V12 Coupe launch events (including the media launch in Tuscany, its unveiling at the Geneva Motor Show and DB11 V12 Coupe confidential event at Aston Martin Lagonda's facility in Gaydon). Additional expenditure was also incurred with respect to Aston Martin Lagonda's motorsport activities, primarily with respect to the relationship with Red Bull Racing.

#### *Administrative and other expenses*

Administrative and other expenses were £212.0 million, or 35.7 per cent. of revenue, for the year ended 31 December 2016 compared with £191.1 million, or 37.5 per cent. of revenue, for the year ended 31 December 2015, an increase of £20.9 million, or 10.9 per cent. Within administrative and other expenses, exceptional costs amounted to £40.4 million and £48.7 million for the years ended 31 December 2015 and 2016, respectively. The exceptional costs for the year ended 31 December 2015 and 2016 related to the impairment of tangible and intangible assets of £30.2 million and £48.7 million, respectively, which arose following a review of the carrying value of the intangible and tangible assets relating to legacy models in light of the launch of new models from 2016 onwards. In 2015, there were additional exceptional costs of £7.6 million relating to Aston Martin Lagonda's business rebalancing programme and £2.6 million for a non-recurring payment to a former director relating to the purchase price of shares. There was also an increase in the engineering expense for costs that did not meet the capitalisation criteria and performance-related rewards. Depreciation, amortisation and impairment was £133.2 million, or 22.4 per cent. of revenue, for the year ended 31 December 2016 compared with £119.5 million, or 23.4 per cent. of revenue, for the year ended 31 December 2015, an increase of £13.7 million, or 11.5 per cent. The increase in depreciation, amortisation and impairment is primarily attributable to the additional impairment charge of £48.7 million in 2016.

#### *Operating profit / (loss)*

Operating loss was £32.3 million, or 5.4 per cent. of revenue for the year ended 31 December 2016 compared with an operating loss of £58.3 million, or 11.4 per cent. of revenue, for the year ended 31 December 2015, a decrease of £26 million, or 44.6 per cent. Excluding exceptional depreciation and amortisation costs of £48.7 million, Aston Martin Lagonda had an operating profit of £16.4 million, or 2.8 per cent. of revenue, for the year ended 31 December 2016 compared with an operating loss of £17.9 million, excluding exceptional depreciation and amortisation costs of £30.2 million, and exceptional costs of £7.6 million relating to Aston Martin Lagonda's business rebalancing programme and £2.6 million for a non-recurring payment to a former director relating to the purchase price of shares, for the year ended 31 December 2015. The improved operating result was driven by increased gross profit arising from higher volumes and the launch of DB11 V12 Coupe at a higher margin. This improvement was partly offset by higher fixed costs arising from fixed marketing, the launch of DB11, and a higher charge for engineering costs and performance-related rewards.

#### *Net finance income / (expense)*

Net finance expense was £130.5 million for the year ended 31 December 2016 compared with a net finance expense of £69.7 million, or 13.7 per cent. of revenue, for the year ended 31 December 2015, an increase of £60.8 million, or 87.2 per cent. Excluding the effect of the Preference Shares, net finance expense was £101.4 million for the year ended 31 December 2016 compared with a net finance expense of £58.9 million, excluding the effect of the Preference Shares, for the year ended 31 December 2015, an increase of £42.5 million, or 72.2 per cent. Aston Martin Lagonda's finance expenses were primarily related to interest on bank loans and overdrafts (including debt instruments), the net loss on financial instruments recognised at fair value, and the net foreign exchange loss on U.S. dollar denominated debt instruments. The increase in net finance expense for the year ended 31 December 2016 is primarily attributable to the exchange loss on debt instruments due to the weakening of pound sterling against the U.S. dollar, the net loss on the fair value adjustments on foreign exchanges hedges also as a result of weakening of pound sterling against the U.S. dollar, and a small increase in interest on bank loans and overdrafts.

#### *Income tax (charge) / credit*

Aston Martin Lagonda recorded an income tax credit for the year ended 31 December 2016 of £15.2 million, or 2.6 per cent. of revenue, compared with an income tax credit of £21.0 million, or 4.1 per cent. of revenue,

for the year ended 31 December 2015, a decrease of £5.8 million, or 27.6 per cent. Aston Martin Lagonda's effective income tax rate was 9.3 per cent. for the year ended 31 December 2016, whereas the credit in 2015 benefited from the future reduction in the rate of corporation tax from 20 per cent. to 18 per cent. as enacted following the U.K.'s 2015 budget. The tax benefit for the year ended 31 December 2015 primarily related to losses in the year. The tax benefit for the year ended 31 December 2016 also arose due to losses in the year. In both years, the effective group tax rate was lower than the applicable tax rate of 20.25 per cent. in 2015 and 20.0 per cent. in 2016 as no benefit has been taken for certain losses, the utilisation of which is uncertain, and certain costs that are disallowable for tax purposes, in particular the coupon on the Preference Shares. In both years there were losses in Aston Martin Holdings (UK) Limited and Aston Martin Capital due to interest charges. These tax losses can only be used against income in the same company and neither company generated income and therefore there could be no benefit from the losses. In 2017, a capital reorganisation resulted in income which led to a tax impact.

## **Liquidity and capital resources**

### ***Liquidity***

Aston Martin Lagonda's liquidity requirements arise primarily from its need to fund capital expenditure for product development, working capital and to service debt.

#### ***Cash balance***

As at 30 June 2018, Aston Martin Lagonda's cash balance was £71.5 million. During the first half of 2018, Aston Martin Lagonda generated £62.0 million from operating activities. Over the same period, Aston Martin Lagonda used £150.1 million in investing activities, in particular for new models and new facilities, including the new manufacturing plant in St. Athan. Net cash utilised from financing activities during the six months ended 30 June 2018 was £7.2 million, partly due to the refinancing in April 2017 which increased and re-timed interest payments.

As at 31 December 2017, Aston Martin Lagonda's cash balance was £167.8 million. During 2017, Aston Martin Lagonda generated £343.8 million from operating activities. Over the same period, Aston Martin Lagonda used £340.8 million in investing activities, in particular the acquisition of AM Brands Limited and continued investment in new models to be launched in future years, and generated £64.3 million from financing activities, in particular additional funds from the £550 million equivalent issuance of secured notes in April 2017 to refinance existing debt and for general corporate purposes. A further £55 million equivalent issuance of secured notes in December 2017 was used to fund the acquisition of AM Brands Limited. Aston Martin Lagonda's cash balance was also affected by an operating lease in relation to the new facility in St. Athan, which resulted in a cash inflow of £32.0 million and is recognised in the Group's income statement over the life of the lease.

As at 31 December 2016, Aston Martin Lagonda's cash balance was £101.7 million. During 2016, Aston Martin Lagonda generated £164.6 million from operating activities and £74.3 million from improved working capital, in particular due to deposits received for future sales, in particular for the Aston Martin Valkyrie. Over the same period, Aston Martin Lagonda used £190.2 million in investing activities as it continued its investment in new products.

As at 31 December 2015, Aston Martin Lagonda's cash balance was £65.5 million. During 2015, Aston Martin Lagonda generated £75.2 million from operating activities and £19.9 million from improved working capital. Over the same period, Aston Martin Lagonda used £161.0 million in investing activities and generated £62.8 million from financing activities, including the issue of the first tranche of £100.0 million of Preference Shares, and £2.4 million from the proceeds of an equity share issue, which was offset by £32.3 million in interest paid, £3.8 million reduction in short-term borrowings and £3.5 million in transaction fees associated with the issue of Preference Shares.

#### ***Total financial liabilities***

As at 30 June 2018, Aston Martin Lagonda's total financial liabilities comprised borrowings under secured debt securities, the Preference Shares, the inventory funding facilities and certain overdraft facilities. The book value of Aston Martin Lagonda's total financial liabilities was £886.9 million as at 30 June 2018 compared with £841.0 million as at 31 December 2017. Excluding the Preference Shares, total financial

liabilities were £610.3 million as at 30 June 2018 compared with £585.1 million as at 31 December 2017. Net debt as at 30 June 2018 was £815.4 million, which was £142.3 million higher than the balance as at 31 December 2017 of £673.1 million. The increase in net debt as at 30 June 2018 is primarily attributable to a decrease in cash and cash equivalents due to increasing levels of capital expenditure related to new model investment and non-cash coupons due on the Preference Shares.

As at 31 December 2017, Aston Martin Lagonda's total financial liabilities comprised borrowings under secured debt securities, the Preference Shares, the inventory funding facilities and certain overdraft facilities. The book value of Aston Martin Lagonda's total financial liabilities was £841.0 million as at 31 December 2017 compared with £701.2 million as at 31 December 2016. Excluding the Preference Shares, total financial liabilities were £585.1 million as at 31 December 2017 compared with £483.2 million as at 31 December 2016. Net debt as at 31 December 2017 was £673.1 million, which was £73.6 million higher than the balance as at 31 December 2016 of £599.5 million. The increase in net debt as at 31 December 2017 is primarily attributable to an increase of total financial liabilities by £139.8 million, offset by an increase in cash and cash equivalents of £66.1 million.

As at 31 December 2016, Aston Martin Lagonda's total financial liabilities comprised borrowings under various debt securities, the Preference Shares, the inventory funding facilities and certain overdraft facilities. The book value of Aston Martin Lagonda's total financial liabilities was £701.2 million as at 31 December 2016 compared with £548.7 million as at 31 December 2015. Excluding the Preference Shares, total financial liabilities were £483.2 million as at 31 December 2016 compared with £450.4 million as at 31 December 2015. Net debt as at 31 December 2016 was £599.5 million, which was £116.4 million lower than the balance as at 31 December 2015 of £483.1 million. The increase in net debt as at 31 December 2016 is primarily attributable to the issuance of the second tranche of £100.0 million of funding through the Preference Shares, interest on certain debt securities and the coupon on the Preference Shares and the exchange loss on the translation of certain debt securities that are denominated in U.S. dollar.

#### *Finance expenses*

For the six months ended 30 June 2018, Aston Martin Lagonda incurred gross finance expenses of £45.9 million and net finance expenses of £43.6 million, with a weighted average interest rate on gross debt of 8.8 per cent. Excluding the Preference Shares, Aston Martin Lagonda's net finance expense amounted to £22.9 million for the six months ended 30 June 2018. For the six months ended 30 June 2017, Aston Martin Lagonda incurred gross finance expenses of £57.8 million and net finance expenses of £34.7 million, with a weighted average interest rate on gross debt of 10.2 per cent. Excluding the Preference Shares, Aston Martin Lagonda's net finance expense amounted to £16.5 million for the six months ended 30 June 2017. For the year ended 31 December 2017, Aston Martin Lagonda incurred gross finance expenses of £99.9 million and net finance expenses of £64.3 million, with a weighted average interest rate on gross debt of 9.5 per cent. Excluding the Preference Shares, Aston Martin Lagonda's net finance expense amounted to £26.4 million for the year ended 31 December 2017. For the year ended 31 December 2016, Aston Martin Lagonda incurred gross finance expenses of £133.0 million and net finance expenses of £130.5 million (comprising of interest payable on the secured notes and the Preference Shares, the exchange revaluation effect on debt and unrealised hedging gains and losses), with a weighted average interest rate on gross debt of 11.1 per cent. Excluding the Preference Shares, Aston Martin Lagonda's net finance expense amounted to £101.4 million for the year ended 31 December 2016. For the year ended 31 December 2015, Aston Martin Lagonda incurred gross finance expenses of £71.8 million and net finance expenses of £69.7 million, with a weighted average interest rate on gross debt of 10.3 per cent. Excluding the Preference Shares, Aston Martin Lagonda's net finance expense amounted to £58.9 million for the year ended 31 December 2015.

The weighted average interest rates have been calculated using actual interest charges reported in Aston Martin Lagonda's financial statements divided by average debt for the period based on opening and closing debt balances for each financial reporting period. Although the gross finance expenses discussed above include the relevant finance expense relating to certain debt securities that were capitalised at the time of redemption and the £550 million equivalent issuance of secured notes in April 2017 and the Preference Shares, the finance expense relating to the capitalised debt securities and the Preference Shares is capitalised and thus not paid in cash until the relevant redemption date.

In April 2015 and April 2016, to ensure sufficient liquidity and in light of the Second Century Plan, certain of



Aston Martin Holdings (UK) Limited's shareholders subscribed for the Preference Shares in an aggregate amount of £100 million and £100 million, respectively. Aston Martin Lagonda used the proceeds for general corporate purposes and investment in new products.

## Cash flows

The following table sets out Aston Martin Lagonda's condensed consolidated statement of cash flows for the periods indicated:

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
<b>Cash flow from operating activities:</b>					
Profit / (loss) after tax for the period	(107.0)	(147.6)	76.8	16.1	11.5
Adjustments to reconcile profit / (loss) to net cash inflow from operating activities <sup>(1)</sup>	182.2	312.2	267.0	78.4	50.5
Net cash inflow from operating activities	75.2	164.6	343.8	94.5	62.0
Net cash used in investing activities	(161.0)	(190.2)	(346.4)	(105.5)	(150.1)
Net cash inflow from financing activities	62.8	53.6	69.6	33.1	(7.2)
Net increase in cash and cash equivalents	(23.0)	28.0	67.3	22.1	(95.3)
Effect of exchange rates on cash and cash equivalents	(0.7)	8.2	(1.2)	(0.8)	(1.0)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>89.2</b>	<b>65.5</b>	<b>101.7</b>	<b>101.7</b>	<b>167.8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>65.5</b>	<b>101.7</b>	<b>167.8</b>	<b>123.0</b>	<b>71.5</b>

(1) Adjustments comprise changes in working capital, depreciation and amortisation, changes in provisions, income taxes and net finance costs.

### Cash flow from operating activities

The following table sets out Aston Martin Lagonda's condensed consolidated statement of cash flows from operating activities for the periods indicated:

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Profit/(loss) after tax	(107.0)	(147.6)	76.8	16.1	11.5
Depreciation and impairment of property, plant and equipment	46.3	38.3	27.4	12.6	12.9
Amortisation and impairment of intangible assets	73.2	94.9	54.8	25.4	28.6
Increase in inventories	18.1	(36.8)	(10.6)	(17.8)	(42.1)
Increase in trade and other receivables	(19.8)	(39.1)	(7.8)	14.6	(73.5)
Increase in trade and other payables	21.6	150.3 <sup>(1)</sup>	166.6	14.4	80.3
Income taxes paid	(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
Other	(23.1)	(16.6)	(0.6)	9.6	8.2
Net finance costs	66.8	122.3	37.9	20.2	40.8
<b>Net cash inflow from operating activities</b>	<b>75.2</b>	<b>164.6</b>	<b>343.8</b>	<b>94.5</b>	<b>62.0</b>

(1) The increase in trade and other payables in 2016 primarily relates to deposits received for special edition vehicles that, as at 31 December 2016, had yet to be delivered to the customer.

Aston Martin Lagonda generated £62.0 million of net cash from operating activities for the six months ended 30 June 2018 compared with £94.5 million for the six months ended 30 June 2017. The decrease in net cash inflow from operating activities is primarily attributable to the timing of sales at the end of June 2018 for which cash was not collected until July 2018, resulting in an increase in trade receivables.

Aston Martin Lagonda generated £343.8 million of net cash from operating activities for the year ended 31 December 2017 compared with £164.6 million for the year ended 31 December 2016. The increase in net cash inflow from operating activities is primarily attributable to improved profit for the year ended 31 December 2017, plus an increase in working capital due primarily to an increase in trade payables resulting

from deposits received to secure allocations of the Aston Martin Valkyrie (and other special editions), which were partially offset by higher inventories connected with the launch of new models. Aston Martin Lagonda had a change in net working capital of £148.2 million for the year ended 31 December 2017 compared with a change in net working capital of £74.4 million for the year ended 31 December 2016.

Aston Martin Lagonda generated £164.6 million of net cash from operating activities for the year ended 31 December 2016 compared with £75.2 million for the year ended 31 December 2015. The increase in net cash inflow from operating activities is primarily attributable to improved cash generation from working capital of £74.3 million for the year ended 31 December 2016 as compared with £19.8 million for the year ended 31 December 2015. This increase in working capital was primarily attributable to an increase in trade payables resulting from deposits received to secure allocations of the Aston Martin Valkyrie (and other special editions), which were partially offset by higher inventories connected with the launch of new models and higher receivables due to the timing of DB11 deliveries. In addition, Adjusted EBITDA increased to £100.9 million for the year ended 31 December 2016, from £71.4 million for the year ended 31 December 2015 due primarily to improved sales as a result of the introduction of DB11 and increased sales volumes.

#### *Cash flow from investing activities*

The following table sets out Aston Martin Lagonda's condensed consolidated statement of cash flows from investing activities for the periods indicated:

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Interest received	2.1	2.2	3.1	1.8	2.3
Proceeds on the disposal of property, plant and equipment	0.1	0.5	0.2	—	—
Payment to acquire subsidiary undertaking	—	—	(50.0)	—	—
Payments to acquire property, plant and equipment	(38.5)	(68.3)	(75.0)	(32.8)	(60.9)
Loan to shareholders	—	—	(5.6)	—	—
Payments to acquire intangible assets	(124.7)	(124.6)	(219.1)	(74.5)	(91.5)
<b>Net cash used in investing activities</b>	<b>(161.0)</b>	<b>(190.2)</b>	<b>(346.4)</b>	<b>(105.5)</b>	<b>(150.1)</b>

Aston Martin Lagonda recorded £150.1 million of net cash used in investing activities for the six months ended 30 June 2018 compared to £105.5 million for the six months ended 30 June 2017. The increase in net cash outflow from investing activities is primarily attributable to ongoing investment in new models and new facilities, including the new manufacturing plant in St. Athan.

Aston Martin Lagonda recorded £346.4 million of net cash used in investing activities for the year ended 31 December 2017 compared with £190.2 million for the year ended 31 December 2016. The increase in net cash outflow from investing activities is primarily attributable to a significant increase in spend on both tangible and intangible assets as Aston Martin Lagonda continued to invest in new models as part of the Second Century Plan.

Aston Martin Lagonda recorded £190.2 million of net cash used in investing activities for the year ended 31 December 2016 compared with £161.0 million for the year ended 31 December 2015. The increase in net cash outflow is primarily attributable to the gross capital expenditure of £192.9 million on property, plant and equipment, and intangible assets which primarily related to new model development, predominantly the DB11 model.

Aston Martin Lagonda recorded £161.0 million of net cash used in investing activities for the year ended 31 December 2015, primarily relating to gross capital expenditure of £163.2 million related to new model development, predominantly the DB11 model.

### Cash flow from financing activities

The following table sets out Aston Martin Lagonda's condensed consolidated statement of cash flows from financing activities for the periods indicated:

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Interest paid	(32.3)	(32.6)	(49.8)	(31.1)	(20.3)
Proceeds from equity share issue	2.4	—	—	—	—
Dividend paid to non-controlling interest	—	—	—	—	(3.0)
Repayments of existing borrowings	(3.8)	(13.8)	(474.3)	(472.4)	—
Proceeds from new borrowings	100.0	100.0	606.1	549.9	16.2
Transaction fees paid	(3.5)	—	(12.1)	(13.3)	(0.1)
<b>Net cash inflow from financing activities</b>	<b>62.8</b>	<b>53.6</b>	<b>69.9</b>	<b>33.1</b>	<b>(7.2)</b>

Aston Martin Lagonda utilised £7.2 million of net cash from financing activities for the six months ended 30 June 2018, partly due to the refinancing in April 2017 which increased and retimed interest payments.

Aston Martin Lagonda generated £33.1 million of net cash from financing activities for the six months ended 30 June 2017, primarily consisting of additional borrowings, net of the amount of debt refinanced in April 2017 and the related transaction costs, less interest expense of £31.1 million.

Aston Martin Lagonda generated £69.9 million of net cash from financing activities for the year ended 31 December 2017, primarily consisting of the £550 million equivalent issuance of secured notes in April 2017 and other additional borrowings, net of the amount of debt refinanced and the related transaction costs, less interest expense of £49.8 million.

Aston Martin Lagonda generated £53.6 million of net cash from financing activities for the year ended 31 December 2016, primarily consisting of £100 million from the second tranche of the Preference Shares after transaction fees less interest payments of £32.6 million and repayments of inventory funding in relation to Aston Martin Lagonda's U.S. and Chinese subsidiaries of £13.8 million pursuant to inventory funding facilities.

Aston Martin Lagonda generated £62.8 million of net cash from financing activities for the year ended 31 December 2015, primarily consisting of £100.0 million from the first tranche of the Preference Shares after transaction fees of £3.5 million and £2.4 million from equity share issues, less interest payments of £32.3 million and repayments of inventory funding in relation to Aston Martin Lagonda's U.S. and Chinese subsidiaries of £3.8 million pursuant to inventory funding facilities.

### Research and development expenditure

The following table sets out Aston Martin Lagonda's research and development expenditure for the periods indicated:

(£ in millions)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Total research and development expenditure	132.6	127.3	224.3	74.0	95.2
Capitalised research and development	(122.0)	(116.5)	(213.2)	(71.0)	(87.6)
<b>Recognised as an expense</b>	<b>10.6</b>	<b>10.8</b>	<b>11.1</b>	<b>3.0</b>	<b>7.6</b>

Total research and development expenditure increased to £95.2 million for the six months ended 30 June 2018 compared with £74.0 million for the six months ended 30 June 2017, primarily due to continued investment in new core models as part of the Second Century Plan, in particular new Vantage, DBS Superleggera, DBX and increased investment in special projects which include the Aston Martin Valkyrie. During the six months ended 30 June 2018, the methodology applied to the capitalisation of development

costs for new cars was refined to more appropriately reflect the point at which the development phase starts in the current development process. The impact of this change on the six months ended 30 June 2018 was that approximately £9 million more development costs were capitalised as an intangible asset than would have been under the previous methodology.

Total research and development expenditure increased to £224.3 million for the year ended 31 December 2017 compared with £127.3 million for the year ended 31 December 2016, primarily due to a significant increase in spend on the new Vantage, DBS Superleggera, DBX and Aston Martin Valkyrie as Aston Martin Lagonda continued to invest in new models as part of the Second Century Plan.

Total research and development expenditure decreased slightly to £127.3 million for the year ended 31 December 2016 compared with £132.6 million for the year ended 31 December 2015 primarily due to the major part of development associated with DB11 being completed prior to the vehicle launch.

Aston Martin Lagonda capitalises engineering and research and development costs, which relate to the amortisation, under IFRS, of engineering, research and development assets that are specific to the development of new models or model derivatives. Over the historical period, Aston Martin Lagonda capitalised between 92 per cent. and 95 per cent. of total research and development expenditure, in accordance with IFRS.

In the period between 2015 and 2017, Aston Martin Lagonda invested a total of £336 million on cars in production and cars which are not yet in production but drive deposit inflows that support operating cash flow. Of the £336 million, £155 million related to new generation models in production (DB11 V12 Coupe and DB11 V8 Coupe), £29 million related to previous generation models in production (prior generation Vantage, Vanquish and Rapide), £93 million related to cross-carline development activities and engineering and design overheads, and £58 million related to non-product capital expenditure.

### **Capital resources**

#### *Short-term debt*

As at 30 June 2018, Aston Martin Lagonda's short-term debt was £29.7 million, which included inventory funding facilities and a facility to accelerate cash collection on sales, of which £10.1 million was drawn as at 30 June 2018.

#### *Long-term debt*

As at 30 June 2018, Aston Martin Lagonda's long-term debt was £857.2 million, which comprised secured debt securities with an aggregate principal amount of £579.2 million, the Preference Shares in an amount of £276.6 million, and an unsecured loan of £1.4 million.

As at 30 June 2018, Aston Martin Lagonda had £80 million available for draw down. Borrowings under the revolving credit facility are used to finance the general corporate and working capital purposes of Aston Martin Lagonda. The revolving credit facility is available for draw down up to and including 15 December 2021.

The indenture governing Aston Martin Lagonda's secured debt securities and the revolving credit facility agreement contain covenants that, among other things, limit the ability of Aston Martin Holdings (UK) Limited's subsidiaries (excluding Aston Martin Works Limited) to:

- (1) incur or guarantee additional indebtedness and issue certain preferred stock;
- (2) create or incur certain liens;
- (3) make certain payments, including dividends or other distributions;
- (4) prepay or redeem subordinated debt or equity;
- (5) make certain investments;

- (6) create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to certain members of the Group;
- (7) sell, lease or transfer certain assets including stock of certain members of the Group;
- (8) engage in certain transactions with affiliates;
- (9) enter into unrelated businesses or engage in prohibited activities;
- (10) consolidate or merge with other entities; and
- (11) impair the security interests given for the benefit of Aston Martin Lagonda's secured debt securities.

In addition, the revolving credit facility agreement contains a cross-default provision with respect to payment obligations of Aston Martin Lagonda Limited and Aston Martin Holdings (UK) Limited under the guarantee fee arrangement that was entered into with the Welsh government in respect of Aston Martin Lagonda's occupation of the St. Athan plant.

Additionally, Aston Martin Lagonda expects to enter into two financing facilities with Allied Irish Bank. The first of these is a £15.9 million secured loan for the paintshop, which is expected to be available from the fourth quarter of 2018 and will mature in March 2022. The second financing facility is a hire purchase with a size of £7.7 million for purposes of the "body in white" facility (the facility in which a car body's components are joined together to create the body structure), which is expected to be available from the fourth quarter of 2018 and will mature in February 2022.

### **Pensions**

Aston Martin Lagonda provides retirement benefits to certain of its former and current employees through a defined benefit pension arrangement (the "**U.K. DB Plan**"). Contributions to the U.K. DB Plan are made to fund the future accrual of benefits, as well as to seek to address any funding shortfall in respect of benefits which have already accrued. The U.K. DB Plan closed to new entrants on 1 June 2011 but remains open to future benefit accrual for existing active members.

The U.K. DB Plan ceased final salary accrual from 31 December 2017 and adopted a CARE benefit structure from 1 January 2018, breaking the link to final salary as at 31 December 2017. The change improves Aston Martin Lagonda's statement of financial position and risk outlook by reducing pension liabilities and future scheme volatility. Accordingly, a non-recurring credit of £24.3 million, representing the related lifecycle reduction in the pension scheme deficit, was credited to Aston Martin Lagonda's results of operations in 2017. As at 31 December 2017, the total fair value of plan assets was £271.5 million and the present value of obligations was £318.3 million on an IAS19 basis. Therefore, Aston Martin Lagonda recognised a liability of £46.9 million on the balance sheet as at 31 December 2017.

The latest actuarial valuation of the U.K. DB Plan as at 6 April 2017 showed a deficit in the scheme of £48.6 million on a scheme-specific funding basis. As a result, in addition to agreed annual contributions to fund the ongoing accrual of benefits, Aston Martin Lagonda has agreed to make recovery contributions to the U.K. DB Plan in the following amounts: contributions of £4.0 million in each of the periods April 2018 to March 2019 and April 2019 to March 2020; contributions of £7.1 million in each of the periods April 2020 to March 2021, April 2021 to March 2022, April 2022 to March 2023, April 2023 to March 2024 and April 2024 to March 2025; and a contribution of £2.4 million in the period April 2025 to July 2025.

### **Off-balance Sheet Arrangements**

Aston Martin Lagonda also has a wholesale finance facility to provide additional liquidity under which dealers have individually agreed credit limits with Standard Chartered Bank to an aggregate of £150 million. The wholesale finance facility is a global facility, pursuant to which Aston Martin Lagonda and AMLNA offer to Standard Chartered Bank certain receivables owing to them by dealers who have acquired Aston Martin Lagonda's cars from them on credit terms not exceeding 270 days from the date of despatch. The Group's wholesale finance facility is treated as an off-balance sheet arrangement. Where this facility is used (i.e. where Standard Chartered Bank purchases the receivables offered to them), Aston Martin Lagonda

receives from Standard Chartered Bank the purchase price of a car less a discount rate (calculated in accordance with the wholesale finance facility) following issuance of an invoice to the dealer (and subject to satisfaction of certain other requirements). The dealer is instructed to make payment of amounts due under that invoice to an account of Standard Chartered Bank and amounts paid to that account are recovered and retained by Standard Chartered Bank. Aston Martin Lagonda is required to pay Standard Chartered Bank a flat fee for providing the wholesale finance facility on a quarterly basis for the duration of the facility. Aston Martin Lagonda re-charges all discount rates applied by Standard Chartered Bank or other fees associated with the wholesale finance facility to Aston Martin Lagonda's dealers from time to time. If Aston Martin Lagonda cannot utilise this facility in connection with sales to a dealer, the dealer is required to pay for the car prior to delivery, other than in North America where dealers typically have 10 days to pay Aston Martin Lagonda. The wholesale finance facility is backed by credit insurance as protection if a dealer fails to repay its financing under this scheme. Only if the credit insurance does not cover the cost of such financing does Aston Martin Lagonda have direct liability in respect of amounts due by such defaulting dealer to Standard Chartered Bank, subject to an aggregate limit of £200,000 over the two year period ending 31 August 2019. As at 30 June 2018, the wholesale finance facility was substantially utilised, with drawings of £100.7 million of the available £150 million. This compares to drawings of £147.0 million at 31 December 2017. The reduced level of utilisation was primarily due to reduced volumes in June 2017 compared to December 2017 and wholesales that were completed on the final day of the month but not funded due to this being a non-working day.

### **Qualitative and Quantitative Disclosures about Credit Risk, Market Risk, Interest Rate Risk and Foreign Exchange Rate Risk**

Aston Martin Lagonda is exposed to changes in interest rates and foreign currency exchange rates because it finances certain operations through fixed and variable rate debt instruments and denominates its transactions in a variety of foreign currencies. Changes in these rates may have an impact on future cash flow and earnings. Aston Martin Lagonda manages these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Aston Martin Lagonda does not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, Aston Martin Lagonda is subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market observable inputs, including interest rate yield curves, as well as foreign exchange and commodity spot and forward rates, and reflects the asset or liability position as at the end of each reporting period. When the fair market value of a derivative contract is positive, the counterparty owes Aston Martin Lagonda, thus creating a receivable risk. Aston Martin Lagonda is exposed to counterparty credit risk in the event of non-performance by counterparties to its derivative agreements. Aston Martin Lagonda minimises counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. Aston Martin Lagonda's exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

Aston Martin Lagonda is exposed to credit risk because it sells parts and, in certain cases, cars on credit to dealers, as well as providing servicing and restoration services on terms under which payment is made on collection of the car.

#### ***Interest rate risk***

Excluding the wholesale finance facility (since the costs to Aston Martin Lagonda of the wholesale finance facility are re-charged to dealers), the variable rate borrowing arrangements Aston Martin Lagonda may have are borrowings under a revolving credit facility and the inventory funding facilities.

#### ***Foreign currency risk***

Aston Martin Lagonda is also exposed to risk from changes in foreign currency exchange rates, which could affect operating results as well as Aston Martin Lagonda's financial position and cash flows. In addition, Aston Martin Lagonda will continue to have debt service obligations in both U.S. dollar and pound sterling. Management monitors Aston Martin Lagonda's exposures to these market risks and generally employs operating and financing activities to offset these exposures where appropriate. If Aston Martin Lagonda does not have operating or financing activities to sufficiently offset these exposures, from time to

time, Aston Martin Lagonda may employ derivative financial instruments such as swaps, collars, forwards, options or other instruments to limit the volatility to earnings and cash flows generated by these exposures.

Aston Martin Lagonda's primary foreign currency exposure relates to the pound sterling to U.S. dollar exchange rate due to a significant proportion of its sales being to U.S. dollar denominated markets. However, the foreign currency exposures also relate, but are not limited to, the euro, Australian dollar, Canadian dollar and Japanese yen. While Aston Martin Lagonda incurs 53.8 per cent. of its operating costs in pound sterling, it is also subject to cost based currency exposure in relation to the euro due to a significant portion of its costs sustained in this currency for the year ended 31 December 2017. As at 31 March 2018, 52.3 per cent., 47.5 per cent. and 0.2 per cent. of Aston Martin Lagonda's gross debt was denominated in U.S. dollar, pound sterling and Japanese yen, respectively.

It is Aston Martin Lagonda's policy that transaction exposures are hedged. Accordingly, management identifies and measures Aston Martin Lagonda's exposure from transactions denominated in other than its own functional currency. Management calculates Aston Martin Lagonda's net exposure on a cash flow basis considering anticipated revenues and expenses. Foreign currency exposures, up to a maximum period of five years, are progressively hedged using forward contracts.

### **Credit risk**

Aston Martin Lagonda sells cars through its dealer network. Dealers outside of North America are required to pay for cars in advance of their despatch or purchase cars on deferred payment terms (where Aston Martin Lagonda can look to sell the resulting receivable to Standard Chartered Bank pursuant to its wholesale finance facility). Dealers within North America are allowed 10 day credit terms from the date of invoice (unless cars are sold on longer deferred payment terms as set out in the previous sentence). All drawings on Aston Martin Lagonda's wholesale finance facility are covered by credit risk insurance and the aggregate limit on direct liability with regards to first loss in the event of the credit insurance not covering dealer default is £100,000. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, Aston Martin Lagonda may sell cars to the dealer outside of the credit risk insurance policy or on deferred payment terms where Aston Martin Lagonda is not able to sell that receivable to Standard Chartered Bank pursuant to its wholesale finance facility.

Parts sales, which represent a smaller element of total revenue, are made to dealers on 30-day credit terms. Service and restoration receivables are due for payment on collection of the car. Stage payments can be requested during longer restoration projects.

### **Critical Accounting Policies**

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying Aston Martin Lagonda's accounting policies, Directors have made a judgement as to the point of capitalisation and amortisation of development costs that has the most significant effect on the amounts recognised in the financial statements.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

- (1) the measurement and impairment of indefinite life intangible assets (including goodwill);
- (2) the useful lives of tangible and intangible assets;
- (3) the measurement of warranty liabilities; and
- (4) the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. Management determines whether

indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 1 to the Historical Financial Information in Part B of Part XIII (*Historical Financial Information*) of this Prospectus).

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. The Directors establish these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates (see note 1 to the Historical Financial Information in Part B of Part XIII (*Historical Financial Information*) of this Prospectus).

### **New Accounting Pronouncements**

The following standards and interpretations, which are not yet effective and not yet endorsed by the European Union and have not been early adopted by Aston Martin Lagonda, will be adopted in future accounting periods:

#### ***IFRS 16 Leases***

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, where lessors continue to classify leases as finance or operating leases. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15, which Aston Martin Lagonda has applied from 1 January 2018. The Directors plan to apply IFRS 16 commencing on 1 January 2019.

The introduction of IFRS 16 will have a significant impact on reported results of Aston Martin Lagonda, although it is not currently possible to quantify the effect because it will be dependent on the financial instruments that Aston Martin Lagonda holds and economic conditions at that time, as well as accounting elections and judgements that it will make in the future.

In addition, Aston Martin Lagonda has recently adopted the following standards and interpretations:

#### ***IFRS 9 Financial Instruments***

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group has applied IFRS 9 commencing on 1 January 2018. The Group is unable to adopt IFRS 9 retrospectively as it did not meet the criteria for hedge accounting and consequently there is no restatement of the financial results prior to this date. From this date, the Group meets the requirements for adopting hedge accounting and will therefore account for all hedges placed from this date. All fair value movements on hedges placed from 1 January 2018 will be shown within other comprehensive income and reserves as a hedge reserve with the respective financial asset or liability shown on the Statement of Financial position. Prior to the adoption of IFRS 9 (including for any financial instruments placed before 1 January 2018 but maturing after 1 January 2018) fair value movements (mark-to-market) are shown within finance income or expense in the income statement with the respective financial asset or liability shown on the Statement of Financial Position. It is not possible to quantify the effect of these changes as it will depend on the nature and value of financial instruments placed and market conditions at the date of each valuation.

Aston Martin Lagonda has carried out a detailed assessment of credit losses relating to trade receivables and concluded there will be no material change as a result of adopting IFRS9.

#### ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue



is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group chose to adopt the standard fully retrospectively on 1 January 2018.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15 covering such areas as:

- incentives;
- deposits;
- servicing;
- warranty;
- bill and hold;
- restoration work;
- barter arrangements;
- residual value guarantees; and
- separate performance obligations,

and concluded that the only area where the accounting is materially affected is for deposits held for in excess of one year. Therefore, the Group has discounted the value of the deposits to reflect the time-value of the funds at the Group's cost of borrowing. This discounted value is held as a liability in the Statement of Financial Position and has been charged to the income statement within finance expenses. When the vehicles are sold, the liability will be released and the revenue relating to these vehicle sales will be a credit to the income statement. The Group has adopted the standard in full in 2017 retrospectively. The effect of adopting the standard is as follows:

<b><u>(£ in millions unless otherwise indicated)</u></b>	<b><u>For the year ended 31 December 2017</u></b>	<b><u>For the six months ended 30 June 2018</u></b>
Finance expense before the accounting policy change	(97.7)	(43.6)
Finance expense following the accounting change	(99.9)	(45.9)
<b>Impact of the accounting policy change on the income statement</b>	<b>(2.2)</b>	<b>(2.3)</b>

<b><u>(£ in millions unless otherwise indicated)</u></b>	<b><u>As at 31 December 2017</u></b>	<b><u>As at 30 June 2018</u></b>
Current trade and other payables before the accounting policy change	(480.9)	(560.6)
Current trade and other payables following the accounting policy change	(483.1)	(565.2)
<b>Operating profit/loss</b>	<b>(2.2)</b>	<b>(4.6)</b>

The adoption was fully retrospective.

There is no effect in 2015 and 2016.

## PART XIII - HISTORICAL FINANCIAL INFORMATION

### PART A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION



**KPMG LLP**  
**Transaction Services**  
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The Directors  
Aston Martin Lagonda Global Holdings plc  
Banbury Road, Gaydon, Warwick,  
CV35 0DB

20 September 2018

Ladies and Gentlemen

#### **Aston Martin Holdings (UK) Limited**

We report on the financial information of Aston Martin Holdings (UK) Limited set out in Part B of Part XIII of the prospectus for the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018. This financial information has been prepared for inclusion in the prospectus dated 20 September 2018 of Aston Martin Lagonda Global Holdings plc on the basis of the accounting policies set out in note 1. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 30 June 2017 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

#### **Responsibilities**

The Directors of Aston Martin Lagonda Global Holdings plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and

adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the prospectus dated 20 September 2018, a true and fair view of the state of affairs of Aston Martin Holdings (UK) Limited as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018 and of its consolidated profits/losses, consolidated cash flows and consolidated changes in equity for the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

## PART B: HISTORICAL FINANCIAL INFORMATION

### Consolidated income statement

£m	Note	For the year ended 31 December			For the six months ended 30 June	
		2015	2016	2017	2017 (unaudited)	2018
Revenue	2	510.2	593.5	876.0	410.3	444.9
Cost of Sales	3.2	(345.3)	(371.9)	(496.2)	(251.2)	(244.5)
<b>Gross Profit</b>		<b>164.9</b>	<b>221.6</b>	<b>379.8</b>	<b>159.1</b>	<b>200.4</b>
Selling and distribution expenses		(32.1)	(41.9)	(60.0)	(30.0)	(45.1)
Restructuring costs including related consultancy costs	3.2	(7.6)	-	-	-	-
Payment to a former director relating to the settlement of shares	3.2	(2.6)	-	-	-	-
Administrative and other expenses		(61.4)	(78.8)	(88.8)	(36.1)	(49.4)
Depreciation, amortisation and impairment		(119.5)	(133.2)	(82.2)	(38.0)	(41.5)
Total administrative expenses		(191.1)	(212.0)	(171.0)	(74.1)	(90.9)
<b>Operating profit/(loss)</b>		<b>(58.3)</b>	<b>(32.3)</b>	<b>148.8</b>	<b>55.0</b>	<b>64.4</b>
Finance income	6.5	2.1	2.5	35.6	23.1	2.3
Finance expense excluding exceptional items	6.5	(71.8)	(133.0)	(87.0)	(44.9)	(45.9)
Loan interest on the redemption of Senior Secured Loan Notes and Senior Subordinated PIK Notes	6.5	-	-	(10.5)	(10.5)	-
Write-off of capitalised arrangement fees on Senior Secured Loan Notes and Senior Subordinated PIK Notes	6.5	-	-	(2.4)	(2.4)	-
Total finance expense		(71.8)	(133.0)	(99.9)	(57.8)	(45.9)
<b>Net financing expense</b>		<b>(69.7)</b>	<b>(130.5)</b>	<b>(64.3)</b>	<b>(34.7)</b>	<b>(43.6)</b>
<b>Profit/(loss) before tax</b>		<b>(128.0)</b>	<b>(162.8)</b>	<b>84.5</b>	<b>20.3</b>	<b>20.8</b>
Income tax credit/(expense)	3.3	21.0	15.2	(7.7)	(4.2)	(9.3)
<b>Profit/(loss) for the period</b>		<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the Group		(107.1)	(147.9)	74.2	15.6	8.7
Non-controlling interests		0.1	0.3	2.6	0.5	2.8
<b>Profit/(loss) for the period</b>		<b>(107.0)</b>	<b>(147.6)</b>	<b>76.8</b>	<b>16.1</b>	<b>11.5</b>
<b>Earnings per share (pence)</b>						
Basic	3.4	(3,262)	(4,501)	2,256	473	264
Diluted	3.4	(3,262)	(4,501)	2,154	452	252

## Consolidated statement of comprehensive income

£m	Note	For the year ended 31 December			For the six months ended 30 June	
		2015	2016	2017	2017 (unaudited)	2018
<b>Profit/(loss) for the period</b>		(107.0)	(147.6)	76.8	16.1	11.5
<b>Other comprehensive income</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Remeasurement of defined benefit liability	7.1	7.1	(66.0)	2.9	(6.1)	20.3
Related income tax	3.3	(1.2)	11.2	(0.5)	1.0	(3.4)
		5.9	(54.8)	2.4	(5.1)	16.9
<b>Items that are or may be reclassified to profit or loss</b>						
Loss recognised in hedge reserve		-	-	-	-	(10.1)
Related income tax		-	-	-	-	1.5
Foreign exchange translation differences		1.0	1.5	(0.7)	(0.8)	0.3
<b>Other comprehensive income for the period, net of income tax</b>		<b>6.9</b>	<b>(53.3)</b>	<b>1.7</b>	<b>(5.9)</b>	<b>8.6</b>
<b>Total comprehensive income for the period</b>		<b>(100.1)</b>	<b>(200.9)</b>	<b>78.5</b>	<b>10.2</b>	<b>20.1</b>
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the group		(100.3)	(201.2)	75.9	9.7	17.3
Non-controlling interests		0.2	0.3	2.6	0.5	2.8
<b>Profit/(loss) for the period</b>		<b>(100.1)</b>	<b>(200.9)</b>	<b>78.5</b>	<b>10.2</b>	<b>20.1</b>

## Consolidated statement of financial position

£m	Note	As at 31 December			As at 30 June
		2015	2016	2017	2018
<b>Non-current assets:</b>					
Intangible assets	5.2	677.3	707.0	930.7	993.6
Property, plant and equipment	5.1	166.3	196.3	243.9	291.9
Other receivables	5.4	2.1	2.3	2.1	1.8
Other financial assets	6.4	0.1	0.1	-	-
Deferred tax asset	3.3	48.3	32.1	37.1	29.9
		<b>894.1</b>	<b>937.8</b>	<b>1,213.8</b>	<b>1,317.2</b>
<b>Current assets:</b>					
Inventories	5.4	80.4	117.2	127.8	169.9
Trade and other receivables	5.4	69.1	112.8	115.7	177.7
Other financial assets	6.4	0.1	0.3	7.0	18.3
Cash and cash equivalents	6.1	65.5	101.7	167.8	71.5
		<b>215.1</b>	<b>332.0</b>	<b>418.3</b>	<b>437.4</b>
<b>Total assets</b>		<b>1,109.2</b>	<b>1,269.8</b>	<b>1,632.1</b>	<b>1,754.6</b>
<b>Current liabilities:</b>					
Borrowings	6.2	16.6	5.2	13.5	29.7
Trade and other payables	5.4	180.3	340.9	483.1	565.2
Income tax payable	6.4	0.9	0.7	2.7	2.6
Other financial liabilities	6.4	17.7	33.7	18.2	15.5
Provisions	5.5	6.3	7.6	12.0	9.6
		<b>221.8</b>	<b>388.1</b>	<b>529.5</b>	<b>622.6</b>
<b>Non-current liabilities:</b>					
Borrowings	6.2	532.1	696.0	827.5	857.2
Trade and other payables	6.6	-	-	17.6	17.7
Other financial liabilities	6.4	7.2	9.6	-	2.3
Employee benefits	7.1	4.9	69.8	46.9	25.0
Provisions	5.5	8.2	6.1	13.9	16.5
Deferred tax liabilities	3.3	86.0	42.6	60.6	60.2
		<b>638.4</b>	<b>824.1</b>	<b>966.5</b>	<b>978.9</b>
<b>Total liabilities</b>		<b>860.2</b>	<b>1,212.2</b>	<b>1,496.0</b>	<b>1,601.5</b>
<b>Net assets</b>		<b>249.0</b>	<b>57.6</b>	<b>136.1</b>	<b>153.1</b>
<b>Capital and reserves</b>					
Share capital	6.7	-	-	-	-
Share premium	6.7	353.7	353.7	353.7	353.7
Share warrants	6.7	9.0	18.5	18.5	18.5
Capital reserve	6.7	94.1	94.1	94.1	94.1
Translation reserve	6.7	0.8	2.3	1.7	2.0
Other reserve		-	-	-	(8.7)
Retained earnings		(213.3)	(416.0)	(339.5)	(313.9)
<b>Equity attributable to owners of the group</b>		<b>244.3</b>	<b>52.6</b>	<b>128.5</b>	<b>145.7</b>
Non-controlling interests	6.7	4.7	5.0	7.6	7.4
<b>Total shareholders' equity</b>		<b>249.0</b>	<b>57.6</b>	<b>136.1</b>	<b>153.1</b>

## Consolidated statement of changes in equity

£m	Note	Share capital	Share premium and share warrants	Capital reserve	Non-controlling interests	Translation reserve	Retained earnings	Total equity
<b>At 1 January 2015</b>		-	351.3	94.1	4.5	(0.2)	(112.0)	337.7
Total comprehensive income for the period-profit/(loss)		-	-		0.2	-	(107.1)	(106.9)
<b>Other comprehensive income</b>								
Foreign currency translation differences						1.0		1.0
Remeasurement of defined benefit liability	7.1	-	-		-	-	7.1	7.1
Income tax on other comprehensive income	3.3	-	-		-	-	(1.3)	(1.3)
<b>Total other comprehensive income</b>		-	-	-	-	1.0	5.8	6.8
<b>Total other comprehensive income for the period</b>		-	-	-	0.2	1.0	(101.3)	(100.1)
<b>Transactions with owners, recorded directly in equity</b>								
Capital increase		-	11.4	-	-	-	-	11.4
<b>Total transactions with owners</b>		-	11.4	-	-	-	-	11.4
<b>At 31 December 2015</b>		-	362.7	94.1	4.7	0.8	(213.3)	249.0

Included in capital reserve and non-controlling interests is £1,100,000 of additional capital reserve and £4,670,000 of non-controlling interest relating to the 50 per cent. interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

The capital increase during the year ended 31 December 2015 represents the share premium paid for previously partly paid shares of £2,355,000 and the fair value of the share warrants granted in connection with the issue of the Preference Shares amounting to £9,043,000.

£m	Note	Share capital	Share premium and share warrants	Capital reserve	Non-controlling interests	Translation reserve	Retained earnings	Total equity
<b>At 1 January 2016</b>		-	<b>362.7</b>	<b>94.1</b>	<b>4.7</b>	<b>0.8</b>	<b>(213.3)</b>	<b>249.0</b>
Total comprehensive income for the period-profit/(loss)		-	-		0.3	-	(147.9)	(147.6)
<b>Other comprehensive income</b>								
Foreign currency translation differences		-	-		-	1.5	-	1.5
Remeasurement of defined benefit liability	7.1	-	-		-	-	(66.0)	(66.0)
Income tax on other comprehensive income	3.3	-	-		-	-	11.2	11.2
<b>Total other comprehensive income</b>		-	-		-	<b>1.5</b>	<b>(54.8)</b>	<b>(53.3)</b>
<b>Total other comprehensive income for the period</b>		-	-		<b>0.3</b>	<b>1.5</b>	<b>(202.7)</b>	<b>(200.9)</b>
<b>Transactions with owners, recorded directly in equity</b>								
Capital increase		-	9.5		-	-	-	9.5
<b>Total transactions with owners</b>		-	<b>9.5</b>		-	-	-	<b>9.5</b>
<b>At 31 December 2016</b>		-	<b>372.2</b>	<b>94.1</b>	<b>5.0</b>	<b>2.3</b>	<b>(416.0)</b>	<b>57.6</b>

The capital increase during the year ended 31 December 2016 represents the fair value of the share warrants granted in connection with the issue of the second tranche of Preference Shares amounting to £9,419,000 as £100,000,000 of Preference Shares were issued in both April 2015 and April 2016.

Included in Capital reserve and non-controlling interests is £1,100,000 of additional capital reserve and share capital of AMWS Limited, the parent company of Aston Martin Works Limited.



£m	Note	Share capital	Share premium and share warrants	Capital reserve	Non-controlling interests	Translation reserve	Retained earnings	Total equity
<b>At 1 January 2017</b>		-	372.2	94.1	5.0	2.3	(416.0)	57.6
Total comprehensive income for the period-profit/(loss)		-	-	-	2.6	-	74.2	76.8
<b>Other comprehensive income</b>								
Foreign currency translation differences		-	-	-	-	(0.6)	-	(0.6)
Remeasurement of defined benefit liability	7.1	-	-	-	-	-	2.8	2.8
Income tax on other comprehensive income	3.3	-	-	-	-	-	(0.5)	(0.5)
<b>Total other comprehensive income</b>		-	-	-	-	(0.6)	2.3	1.7
<b>Total other comprehensive income for the period</b>		-	-	-	2.6	(0.6)	76.5	78.5
<b>Transactions with owners, recorded directly in equity</b>								
Capital increase		-	-	-	-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-	-	-	-
<b>At 31 December 2017</b>		-	372.2	94.1	7.6	1.7	(339.5)	136.1

Included in Capital reserve and non-controlling interests is £1,100,000 of additional capital reserve and £7,630,000 of non-controlling interest relating to the 50 per cent. interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

£m	Note	Share capital	Share premium and share warrants	Hedge reserve	Capital reserve	Non-controlling interests	Translation reserve	Retained earnings	Total equity
<b>At 1 January 2018</b>		-	372.2	-	94.1	7.6	1.7	(339.5)	136.1
Total comprehensive income for the period-profit/(loss)		-	-	-	-	2.8	-	8.7	11.5
<b>Other comprehensive income</b>									
Foreign currency translation differences		-	-	-	-	-	0.3	-	0.3
Loss recognised in cash flow hedge reserve		-	-	(10.2)	-	-	-	-	(10.2)
Remeasurement of defined benefit liability	7.1	-	-	-	-	-	-	20.3	20.3
Dividend paid to non-controlling interest		-	-	-	-	(3.0)	-	-	(3.0)
Income tax on other comprehensive income	3.3	-	-	1.5	-	-	-	(3.4)	(1.9)
<b>Total other comprehensive income</b>		-	-	(8.7)	-	(3.0)	0.3	16.9	5.5
<b>Total other comprehensive income for the period</b>		-	-	(8.7)	-	(0.2)	0.3	25.6	17.0
<b>Transactions with owners, recorded directly in equity</b>									
Capital increase		-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-	-	-	-	-
<b>At 30 June 2018</b>		-	372.2	(8.7)	94.1	7.4	2.0	(313.9)	153.1

## Consolidated statement of cash flows

£m	Note	For the year ended 31 December			For the six months ended 30 June	
		2015	2016	2017	2017 (unaudited)	2018
<b>Operating activities</b>						
Profit/(loss) for the period		(107.0)	(147.6)	76.8	16.1	11.5
Tax on continuing operations	3.3	(21.0)	(15.2)	7.7	4.2	9.3
Net finance costs		66.8	122.3	37.9	20.2	40.8
Other non-cash movements		1.1	1.0	(0.7)	(0.8)	0.4
Losses/(gains) on sale of property, plant and equipment		0.1	-	(0.1)	-	-
Depreciation and impairment of property, plant and equipment	5.1	46.3	38.3	27.4	12.6	12.9
Amortisation and impairment of intangible assets	5.2	73.2	94.9	54.8	25.4	28.6
Difference between pension contributions paid and amounts recognised in income statement		(0.4)	(1.1)	(20.0)	2.1	(1.5)
Decrease/(increase) in inventories		18.1	(36.8)	(10.6)	(17.8)	(42.1)
(Increase)/decrease in trade and other receivables		(19.8)	(39.1)	(7.8)	14.6	(73.5)
Increase in trade and other payables		21.6	150.3	166.6	14.4	80.3
Movement in provisions		(2.9)	(1.3)	12.5	4.1	-
<b>Cash generated from operations</b>		<b>76.1</b>	<b>165.7</b>	<b>344.5</b>	<b>95.1</b>	<b>66.7</b>
Income taxes paid		(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
<b>Net cash inflow from operating activities</b>		<b>75.2</b>	<b>164.6</b>	<b>343.8</b>	<b>94.5</b>	<b>62.0</b>
<b>Cash flows from investing activities</b>						
Interest received		2.1	2.2	3.1	1.8	2.3
Proceeds on the disposal of property, plant and equipment		0.1	0.5	0.2	-	-
Loan to shareholders		-	-	(5.6)	-	-
Payment to acquire subsidiary undertaking	4.0	-	-	(50.0)	-	-
Payments to acquire property, plant and equipment		(38.5)	(68.3)	(75.0)	(32.8)	(60.9)
Payments to acquire intangible assets		(124.7)	(124.6)	(219.1)	(74.5)	(91.5)
<b>Net cash used in investing activities</b>		<b>(161.0)</b>	<b>(190.2)</b>	<b>(346.4)</b>	<b>(105.5)</b>	<b>(150.1)</b>
<b>Cash flows from financing activities</b>						
Interest paid		(32.3)	(32.6)	(49.8)	(31.1)	(20.3)
Proceeds from equity share issue		2.4	-	-	-	-
Dividend paid to non-controlling interest		-	-	-	-	(3.0)
Repayments of existing borrowings		(3.8)	(13.8)	(474.3)	(472.4)	-
Proceeds from new borrowings		100.0	100.0	606.1	549.9	16.2
Transaction fees paid		(3.5)	-	(12.1)	(13.3)	(0.1)
<b>Net cash inflow from financing activities</b>		<b>62.8</b>	<b>53.6</b>	<b>69.9</b>	<b>33.1</b>	<b>(7.2)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(23.0)</b>	<b>28.0</b>	<b>67.3</b>	<b>22.1</b>	<b>(95.3)</b>
Cash and cash equivalents at the beginning of the period		89.2	65.5	101.7	101.7	167.8
Effect of exchange rates on cash and cash equivalents		(0.7)	8.2	(1.2)	(0.8)	(1.0)
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>65.5</b>	<b>101.7</b>	<b>167.8</b>	<b>123.0</b>	<b>71.5</b>

(1) Adjustments comprise changes in working capital, depreciation and amortisation, changes in provisions, income taxes and net finance costs.

## **Note 1 Basis of preparation**

Aston Martin Holdings (UK) Limited is a company incorporated in England and Wales and domiciled in the U.K. The Group historical financial information consolidates that of Aston Martin Holdings (UK) Limited and its subsidiaries (together referred to as the "**Group**").

The Group historical financial information has been prepared and approved by the Directors in accordance with the requirements of the Prospectus Directive and in accordance with this basis of preparation. The historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the E.U. (adopted IFRS).

The consolidated historical financial information does not constitute statutory accounts for these periods. The statutory accounts for the periods ended 31 December 2015, 2016 and 2017 were prepared for the purposes of English company law and under IFRS. The reports of the auditors for those periods were unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

The historical financial information has been prepared under the historical cost convention except for certain financial instruments which are carried at fair value. The Group historical financial information is presented in pound sterling and all values are rounded to the nearest million (£m) except when otherwise indicated.

### **Going concern**

The Group meets its day-to-day working capital requirements and medium-term funding requirements through a mixture of Senior Secured Notes, redeemable cumulative Preference Shares, a revolving credit facility, a back-to-back loan and a wholesale vehicle financing facility. On 18 April 2017, the Group issued \$400,000,000 of 6.5 per cent. Senior Secured Notes and £230,000,000 of 5.75 per cent. Senior Secured Notes both of which mature in April 2022. Attached to these Senior Secured Notes is an £80,000,000 revolving credit facility which was undrawn at 31 December 2017. In December 2017, the Group issued a further £55,000,000 of 5.75 per cent. Senior Secured Notes which also mature in April 2022. The amounts outstanding on all the borrowings are shown in note 6.2. The Senior Secured Notes and the Senior Subordinated PIK Notes which were due to be repaid in July 2018 were repaid in April 2017.

The Directors have prepared trading and cash flow forecasts for the period to 2022 from the date of approval of this historical financial information. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date that this historical financial information was approved.

The forecasts make assumptions in respect of future trading conditions and, in particular, the launch of future models. The nature of the Group's business is such that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility as the availability of credit insurance and sales volumes vary, in total and seasonally. The forecasts take into account the aforementioned factors to an extent which the Directors consider represents their best estimate of future events, based on the information that is available to them at the time of approval of this historical financial information.

The Directors have also prepared a downside forecast which incorporates certain adverse sensitivities which while not expected still represent a reasonably possible scenario. In this forecast, the Group still has sufficient financial resources to meet its obligations as they fall due and meets all covenant tests for the period of at least 12 months from the date this historical financial information is approved.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Directors continue to adopt the going concern basis in preparing the historical financial information.

### **Change in accounting policy – impact of IFRS 9**

IFRS 9 Financial Instruments became effective on 1 January 2018 and the Group has adopted the standard

from this date. As of this date, the Group meets the requirements for adopting hedge accounting in certain scenarios.

Changes in the fair value of foreign currency contracts and the U.S dollar denominated loan, to the extent determined to be an effective hedge, will be shown within other comprehensive income and reserves as a hedge reserve with the respective financial asset or liability shown on the Statement of Financial position. Prior to the adoption of IFRS 9 (including for any financial instruments placed before 1 January 2018 but maturing after 1 January 2018), fair value movements (mark-to-market) are shown within finance income or expense in the income statement with the respective financial asset or liability shown on the Statement of Financial position. It is not possible to quantify the effect of these changes as it will depend on the nature and value of financial instruments placed and market conditions at the date of each valuation.

The Group has adopted the simplified approach to credit losses relating to trade receivables and concluded there will be no material change as a result of adopting IFRS 9.

### **Change in accounting policy – impact of IFRS 15**

IFRS 15 Revenue from Contracts with Customers: IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods, which for the sale of vehicles and parts will still be at the point of despatch to the dealer, distributor or any other party for whom the Group acts as agent. Income from servicing and restoration of vehicles and bodyshop sales is recognised as the services are completed.

The Group has carried out a detailed impact assessment of the provisions of IFRS 15, covering such areas as:

- incentives;
- deposits;
- servicing;
- warranty;
- bill and hold;
- restoration work;
- barter arrangements;
- residual value guarantees; and
- separate performance obligations,

and concluded that the only area where the accounting is materially affected is for deposits held for in excess of one year. Therefore, the Group has discounted the value of the deposits to reflect the time-value of the funds at the Group's cost of borrowing. This discounted value is held as a liability in the Statement of Financial Position and has been charged to the income statement within finance expenses. When the vehicles are sold, the liability will be released and the revenue relating to these vehicle sales will be a credit to the income statement. The Group has adopted the standard in full and restated prior year figures accordingly. The effect of adopting the standard is as follows:

<b>(£ in millions unless otherwise indicated)</b>	<b>For the year ended 31 December 2017</b>	<b>For the six months ended 30 June 2018</b>
Finance expense before the accounting policy change	(97.7)	(43.6)
Finance expense following the accounting change	(99.9)	(45.9)
<b>Impact of the accounting policy change on the income statement</b>	<b>(2.2)</b>	<b>(2.3)</b>
Current trade and other payables before the accounting policy change	(480.9)	(560.6)
Current trade and other payables following the accounting policy change	(483.1)	(565.2)
<b>Operating profit/(loss)</b>	<b>(2.2)</b>	<b>(4.6)</b>

The adoption was fully retrospective.  
There is no effect in 2015 and 2016.

## **Basis of consolidation**

### **Subsidiaries**

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The historical financial information of subsidiaries used in the preparation of the consolidated historical financial information are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

### *Foreign currency translation*

Transactions in foreign currencies are initially recorded in the functional currency of the operation by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in other comprehensive income.

The assets and liabilities of foreign operations are translated into pound sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates for the period. The resulting exchange differences are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### **Revenue recognition**

Revenue is recognised when the Group transfers control over a product or service to the customer. Revenue is measured at the fair value of the consideration receivable, deducting wholesale and any anticipated retail discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

## **Sale of vehicles**

Revenue from the sale of vehicles is recognised when control of the vehicle is passed to the buyer, which is normally considered to be at the point of despatch to the dealer, distributor or any other party for whom the Group acts as agent when the vehicles are adopted by the dealer, distributor or other party. When despatch is deferred at the formal request of the buyer, revenue is recognised when the vehicle is ready for despatch and a written request to hold the vehicle until a specified delivery date has been received. Where deposits have been taken for vehicles and the expected sale of the vehicles will take place in excess of one year from the deposit being taken, the vehicle deposit is discounted and the value is held as a liability in the Statement of Financial Position and is charged to the income statement within finance expenses. When the vehicles are sold, the liability is released and the revenue relating to these vehicle sales is credited to the income statement.

## **Sales of parts**

Revenue from the sale of parts is generally recognised upon despatch to the dealer or any other party for whom the Group acts as agent. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l., both indirect subsidiaries of the Company, revenue is recognised at the point of despatch to a buyer outside of the Group.

## **Servicing and restoration of vehicles and bodyshop sales**

Income from servicing and restoration of vehicles and bodyshop sales is recognised as the services are completed.

## **Partnerships including motorsport**

Income from partnerships including motorsport is recognised when the obligations under the contract have been fulfilled. Revenue in relation to these contracts is recognised either at a point in time or over a period of time, in line with IFRS 15 and depending on the terms implicit in the contract.

## **Segment reporting**

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as the sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

## **Finance income**

Finance income comprises interest receivable on funds invested, calculated using the effective interest rate method, net interest income on the net defined benefit or liability asset and gains on financial instruments that are recognised in the income statement.

## **Finance expense**

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net interest expense on the net defined benefit or liability asset, losses on financial instruments that are recognised in the income statement and net losses on financial liabilities measured at amortised cost. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset.

## **Current/non-current classification**

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption in, the course of the Group's operating cycle. Current assets also include assets classified as held for sale. All other assets are classified as non-

current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

### **Goodwill**

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

### **Intangible assets**

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

### **Purchased intellectual property**

Purchased intellectual property that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset. It is stated at cost less accumulated depreciation.

### **Brands**

An acquired brand is only recognised in the statement of financial position as an intangible asset where it is supported by a registered trademark, is established in the market place, brand earnings are separately identifiable, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase price consideration of an acquired business between the underlying fair values of the tangible assets, goodwill, brands and other intangible assets acquired, using an income approach following the multi-period excess earnings methodology.

### **Development costs**

Expenditure on internally developed intangible assets, excluding development costs, is taken to profit or loss in the year in which it is incurred. Expenditure relating to clearly defined and identifiable development projects is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have been confirmed; and
- the correlation between development costs and future revenues has been established.

### **Technology**

Patented and unpatented technology acquired in business combinations is valued using the cost approach. The value is determined using the substitution principle by adjusting the actual costs incurred by the loss due to obsolescence at the date of acquisition of Aston Martin Lagonda Group Limited. The obsolete element is determined by reference to the proportion of the product lifecycle that had expired at the acquisition date.

Technology acquired from third parties is included at fair value.

### **Acquired dealer network intangibles**

Save for certain direct sales of some special edition and Q Commissions, the Group sells its vehicles exclusively through a network of dealers. All dealers in the dealer network are independent dealers, with the exception of Aston Martin Works and Aston Martin Milan. To the extent that the Group benefits from the

network as its only means of distribution, the dealer network has been valued based on costs incurred by the Group.

### Acquired beneficial lease intangibles

Rent free lease options have been valued on the basis of the net present value of the market rental cash flows.

### Amortisation

Following initial recognition, the historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of these capitalised costs begins on the date production commences. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives with charges included in the income statement, as follows:

	<u>Years</u>
Purchased intellectual property	5
Brands	Indefinite life
Development costs	Over the life of the model
Technology	10
Dealer network	20
Beneficial lease	10

### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction are capitalised.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis to its residual value over its expected useful life as follows:

	<u>Years</u>
Freehold buildings	30
Plant, machinery, fixtures, fittings and tooling	3 to 30
Motor vehicles	5 to 9

Tooling is amortised over the life of the project.

Assets in the course of construction are included in their respective category, but are not depreciated until completion of the construction.

No depreciation is provided on freehold land.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.



## **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in depreciation, amortisation and impairment expense within administrative expenses.

For goodwill and brands that have an indefinite life and capitalised development costs not yet available for use, the recoverable amount is estimated annually or more frequently when there is an indication that the asset is impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Impairment losses recognised on goodwill cannot be reversed.

## **Inventories**

Inventories are stated at the lower of cost and net realisable value. For service and restoration projects, net realisable value is the price at which the project can be invoiced in the normal course of business after allowing for the costs of realisation. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, service parts and spare parts – purchase cost on a first-in, first-out basis;
- Work in progress and finished vehicles – cost of direct materials and labour plus attributable overheads based on a normalised level of activity, excluding borrowing costs.

Provisions are made, on a specific basis, for obsolete, slow moving and defective stocks and if the cost of the service or restoration project cannot be fully recovered.

## **Leases**

### ***Operating lease payments***

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

## **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Where consignment and deposit monies have been received from customers or dealers, these are included in trade and other payables and released to profit or loss on completion of the sale. The financial liability on deposits is derecognised when the entity does not have any obligation with respect to these deposits.

### **Derivative financial instruments (accounting policy up to 31 December 2017)**

Derivative financial assets and liabilities are recognised in the statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument. The Group uses derivative instruments to manage its exposure to foreign exchange risk arising from operating and financing activities. Movements in the fair value of foreign exchange derivatives are recognised in finance income or expense and realised gains and losses in cost of sales in the statement of comprehensive income, with movements in the fair value of interest rate derivatives taken through finance income or finance expense, as appropriate. A financial asset or liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

### **Derivative financial instruments (accounting policies (for the period commencing 1 January 2018))**

On 1 January 2018, IFRS 9 “Financial Instruments” became effective. Given the options contained within the standard, the Group elected to apply this standard prospectively from this date.

### **Hedge Accounting**

#### ***Cash flow hedge***

Where a derivative is designated and qualifies as a hedge of a forecast transaction, any effective portion of the change in fair value is recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period when the hedged item affects profit or loss.

#### ***Financial liability as a hedge***

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement.

### **Financial assets and liabilities**

Financial assets are cash or a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the entity. In addition, contracts that result in another entity delivering a variable number of its own equity instruments are financial assets.

#### ***Trade and other receivables***

Trade and other receivables are carried at the lower of their original invoiced value and recoverable amount. Provisions are made when there is objective evidence that the Group will not be able to recover balances in full. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows. Receivables are not discounted as the time value of money is not considered to be material.

#### ***Derivative financial assets***

A derivative financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A derivative financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### ***Trade and other payables***

Trade and other payables are recognised and carried at their original invoiced value. Payables are not discounted to take into account the time value of money, as the effect is immaterial.

#### ***Preference shares***

Preference shares are initially recognised at fair value at the date of issue and thereafter carried at

amortised cost.

The classification of preference shares between debt and equity is based on an assessment of the substance of their contractual arrangements and the definition of a financial liability and an equity instrument.

Preference shares that exhibit characteristics of a liability are recognised as a liability in the statement of financial position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the income statement.

### **Borrowings**

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### **Pensions**

The Group operates a defined contribution pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The Group operates a defined benefit pension plan, which is contracted out of the state scheme. The Group's net obligation in respect of defined benefit plans is calculated for the plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit asset or liability, which comprises actuarial gains and losses, the interest on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit asset or liability, taking into account any changes in the net defined asset or liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### **Share-based payment transactions**

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

### **Warranty and service plan provision**

The Group provides product warranties on all new vehicle sales and service plans on certain new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have been made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall campaigns. These

assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

### **Income taxes**

Tax on profit and loss for the period represents the sum of the tax currently payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information, with the following exceptions:

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

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends and distributions relating to equity instruments are debited direct to equity.

### **Critical accounting assumptions and key sources of estimation uncertainty**

The preparation of the historical financial information required management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, which are described above, management has made the following judgement that has had a significant effect on the amounts recognised in the historical financial information:

- the point of capitalisation and amortisation of development costs.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

- the measurement and impairment of indefinite life intangible assets (including goodwill);
- the useful lives of tangible and intangible assets;

- the measurement of warranty liabilities; and
- the measurement of defined benefit pension assets and obligations.

The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate.

The measurement of warranty liabilities has been estimated on past experience of the actual level of warranty claims received. Management establishes these estimates based on historical information on the nature, frequency and average cost of the warranty claims.

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and suitable discount rates.

### **New accounting standards**

The following standard and interpretations, which are not yet effective and not yet endorsed by the European Union and have not been early adopted by the Group, will be adopted in future accounting periods:

**IFRS 16 Leases:** IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Group currently plans to adopt IFRS 16 initially on 1 January 2019.

The actual impact of adopting IFRS 16 on the Group's consolidated financial statements in 2019 is not known as judgements are required in identifying and accounting for leases. The Group is continuing to assess the impact of IFRS 16 and cannot reasonably estimate the impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after adoption on 1 January 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption when the latter approach is applied, it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. The Group has not yet determined which adoption method it will use.

## **Note 2 Segment information**

### ***Segment reporting***

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as the sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

## Revenue

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Sale of vehicles	457.4	529.0	810.1	377.8	384.9
Sale of parts	44.7	53.6	56.0	27.7	30.3
Servicing of vehicles	8.1	10.9	9.9	4.8	6.9
Partnerships including Motorsport	-	-	-	-	22.8
	510.2	593.5	876.0	410.3	444.9

Included in the £22.8 million sales above for Partnerships including Motorsports for the six months ended 30 June 2018 is the sale of a licensing contract for £20.0 million for the use of certain intellectual property, which contributed £19.8 million in profit before tax in this period.

## Net revenues by geographic location

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
U.K.	135.4	165.4	227.9	110.0	133.3
Rest of Europe	100.7	123.8	177.9	93.6	89.6
The Americas	142.6	146.8	242.1	101.0	84.5
China	54.8	48.4	93.5	32.8	55.2
Asia Pacific	62.9	82.3	111.3	58.8	69.0
Middle East	13.8	26.8	23.3	14.1	13.3
	510.2	593.5	876.0	410.3	444.9

## Non-current assets other than financial instruments and deferred tax assets by geographic location

Within property, plant and equipment the Group cannot always readily determine the actual location of tools owned by the Group as tooling is with third parties for use in the production of parts. In this instance, as the tooling is owned by companies based in the U.K., the tooling has been included in U.K. in the tables below.

(£m)	As at 31 December 2015				
	Property, plant and equipment	Goodwill	Intangible assets	Other receivables	Total
U.K.	163.6	85.1	569.5	-	818.2
Rest of Europe	2.5	-	21.2	2.1	25.8
The Americas	0.2	-	-	-	0.2
Asia Pacific	-	-	1.5	-	1.5
	166.3	85.1	592.2	2.1	845.7

(£m)	As at 31 December 2016				
	Property, plant and equipment	Goodwill	Intangible assets	Other receivables	Total
U.K.	193.4	85.0	600.7	-	879.1
Rest of Europe	2.8	-	21.0	2.3	26.1
The Americas	0.1	-	-	-	0.1
Asia Pacific	-	-	0.3	-	0.3
	196.3	85.0	622.0	2.3	905.6

(£m)	As at 31 December 2017				
	Property, plant and equipment	Goodwill	Intangible assets	Other receivables	Total
U.K.	240.5	84.8	825.1	-	1,150.4
Rest of Europe	2.8	-	20.8	2.1	25.7
The Americas	0.1	-	-	-	0.1
Asia Pacific	0.5	-	-	-	0.5
	243.9	84.8	845.9	2.1	1,176.7

(£m)	As at 30 June 2018				
	Property, plant and equipment	Goodwill	Intangible assets	Other receivables	Total
U.K.	288.6	84.8	888.9	-	1,262.3
Rest of Europe	2.7	-	19.9	1.8	24.4
The Americas	0.1	-	-	-	0.1
Asia Pacific	0.5	-	-	-	0.5
	291.9	84.8	908.8	1.8	1,287.3

#### Reconciliation of operating result to Adjusted EBITDA

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Operating profit/(loss)	(58.3)	(32.3)	148.8	55.0	64.4
Depreciation & amortisation	119.5	133.2	82.2	38.0	41.5
Profit from the disposal of fixed assets	-	-	(0.2)	-	-
Restructuring costs including related consultancy costs	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares	2.6	-	-	-	-
Past service pension credit	-	-	(24.3)	-	-
<b>Adjusted EBITDA</b>	<b>71.4</b>	<b>100.9</b>	<b>206.5</b>	<b>93.0</b>	<b>105.9</b>

## Note 3 Results for the year

### 3.1 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Production	681	687	827	783	961
Selling and distribution	206	197	227	212	258
Administration	589	611	699	638	882
	1,476	1,495	1,753	1,633	2,101

The aggregate payroll costs of these persons were as follows:

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Wages and salaries	75.8	77.3	93.8	40.3	54.7
Social security costs	7.7	8.1	9.9	4.2	6.0
Expenses related to post-employment defined benefit plan	9.7	9.1	12.4	6.2	4.0
Contributions to defined contribution plans	1.8	2.4	3.7	1.8	2.5
	95.0	96.9	119.8	52.5	67.2

### Transactions with key management personnel

The compensation of key management (including directors) was as follows:

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Short-term benefits	7.5	7.7	7.5	1.8	1.8
Post-employment benefits	0.6	0.5	0.4	0.2	0.2
	8.1	8.2	7.9	2.0	2.0
Compensation for loss of office payments	0.0	0.2	-	-	-

As fully described in paragraph 10.4 of Part XV (*Additional Information*) of this document executive management participate in a long term incentive plan under which participants are entitled to payment upon a listing or other exit of the existing shareholders. As such payment is contingent upon listing or exit no cost of this scheme is recognised in any period up to and including 30 June 2018.

Furthermore, key management personnel may receive a discretionary performance related cash bonus. No expense for such discretionary bonuses is included in the 30 June 2017 or 30 June 2018 interim periods given that achievement of full year performance targets to trigger consideration of such bonuses was highly uncertain at the interim date.

### 3.2 Exceptional items

Due to their material nature, certain exceptional items have been classified separately in order to draw



them to the attention of the reader. In the judgement of the Directors, this presentation shows the underlying business performance of the Group more accurately.

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
<i>Within administrative and other expenses:</i>					
Restructuring costs including related consultancy costs <sup>1</sup>	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares <sup>2</sup>	2.6	-	-	-	-
	<b>10.2</b>	-	-	-	-
<i>Within cost of sales:</i>					
Past service pension benefit <sup>3</sup>	-	-	(24.3)	-	-
<b>Exceptional items included within Adjusted EBITDA</b>	<b>10.2</b>	-	<b>(24.3)</b>	-	-
<i>Within depreciation and amortisation expenses:</i>					
Impairment of intangible assets	-	37.4	-	-	-
Impairment of tangible assets <sup>4</sup>	30.2	11.3	-	-	-
<b>Exceptional items included within operating (loss)/profit</b>	<b>40.4</b>	<b>48.7</b>	<b>(24.3)</b>	-	-

#### Notes

- 1 In October 2015, the Group announced a Business Rebalancing Programme to deliver significant efficiency and stability to the business, mostly affecting administrative and managerial positions as opposed to manufacturing operations. The charge to the income statement includes related consultancy costs.
- 2 The Group made a contractual payment to a former director relating to the settlement of partly paid shares.
- 3 On 1 January 2018, the benefits provided by the defined benefit pension scheme changed from being based on final salary to benefits based on career average revalued earnings (CARE) which will result in lower pension benefits and resulted in a past service pension benefit.
- 4 In view of the launch of a complete new range models from 2016 onwards, the Group performed a review of the carrying value of its intangible and tangible assets which has resulted in an impairment charge in respect assets relating to its existing models, being DB9, Vantage and Vanquish, for which production ceased in between 2016 and 2018.

### 3.3 Income taxes

Tax on the profit or loss for the period represents the sum of the tax currently payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information, with the following exceptions:

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

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

### Recognised in the income statement

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
<i>Current tax expense</i>					
U.K. corporation tax on profits	(0.1)	(0.1)	(3.1)	-	(2.8)
Overseas tax	(0.4)	(0.7)	(1.4)	-	(3.2)
<b>Total current income tax</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(4.5)</b>	<b>-</b>	<b>(6.0)</b>
<i>Deferred tax expense</i>					
Origination and reversal of temporary differences	15.4	13.8	(17.2)	(4.2)	(3.0)
Effect of change in tax laws	6.0	2.2	-	-	-
Recognition of brought forward tax losses	-	-	14.0	-	-
Prior period movement	0.1	-	-	-	(0.3)
<b>Total deferred tax</b>	<b>21.5</b>	<b>16.0</b>	<b>(3.2)</b>	<b>(4.2)</b>	<b>(3.3)</b>
<b>Total tax credit/ (charge)</b>	<b>21.0</b>	<b>15.2</b>	<b>(7.7)</b>	<b>(4.2)</b>	<b>(9.3)</b>

### Tax relating to items charged in other comprehensive income

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Actuarial gains and losses	(1.3)	11.2	(0.5)	1.0	(3.4)
Hedge accounting foreign exchange loss	-	-	-	-	1.5
	<b>(1.3)</b>	<b>11.2</b>	<b>(0.5)</b>	<b>1.0</b>	<b>(1.9)</b>

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
<b>Reconciliation of effective tax rate</b>					
(Loss)/profit from operations before taxation	(128.0)	(162.8)	84.5	20.3	20.8
(Loss)/profit from operations before taxation multiplied by standard rate of corporation tax in the U.K. of (2015 : 20.25%), (2016 : 20%), (2017 : 19.25%), (2017 6 months : 19.25%), (2018 6 months : 19%)	(25.9)	(32.5)	16.3	3.9	3.9
Difference to current tax credit due to effects of:					
Unrecognised tax losses	6.7	6.3	-	-	-
Expenses not deductible for tax purposes	2.1	5.9	8.6	3.6	4.8
Recognition of brought forward tax losses	-	-	(14.0)	-	-
Adjustments in respect of prior periods	(0.1)	-	-	-	0.3
Effect of change in tax laws	(4.2)	5.1	(2.3)	(3.4)	(0.4)
Difference in overseas tax rates	-	0.4	(0.9)	-	0.7
Other	0.4	(0.4)	0.0	0.1	-
<b>Total tax credit/(charge)</b>	<b>(21.0)</b>	<b>(15.2)</b>	<b>7.7</b>	<b>4.2</b>	<b>9.3</b>

## Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Property, plant and equipment	33.8	0.3	-	-
Intangible assets	-	-	-	-
Employee benefits	0.9	11.9	8.0	4.2
Provisions	2.4	1.7	1.4	1.8
Losses	11.2	18.2	27.7	23.9
<b>Net tax assets</b>	<b>48.3</b>	<b>32.1</b>	<b>37.1</b>	<b>29.9</b>

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Property, plant and equipment	-	-	(8.8)	(8.4)
Intangible assets	(86.0)	(42.6)	(51.8)	(51.8)
Employee benefits	-	-	-	-
Provisions	-	-	-	-
Losses	-	-	-	-
<b>Net deferred tax liabilities</b>	<b>(86.0)</b>	<b>(42.6)</b>	<b>(60.6)</b>	<b>(60.2)</b>

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Property, plant and equipment	33.8	0.3	(8.8)	(8.4)
Intangible assets	(86.0)	(42.6)	(51.8)	(51.8)
Employee benefits	0.9	11.9	8.0	4.2
Provisions	2.4	1.7	1.4	1.8
Losses	11.2	18.2	27.7	23.9
<b>Net tax liabilities</b>	<b>(37.7)</b>	<b>(10.5)</b>	<b>(23.5)</b>	<b>(30.3)</b>

### **Movement in deferred tax during the period**

(£m)	Property, plant and equipment	Intangible assets	Employee benefits	Provisions	Losses	Total
Balance at 1 January 2015	(27.1)	101.9	(2.5)	(2.9)	(11.5)	57.9
Recognised in income	(6.7)	(15.9)	0.3	0.5	0.3	(21.5)
Recognised in equity	-	-	1.3	-	-	1.3
Balance at 31 December 2015	(33.8)	86.0	(0.9)	(2.4)	(11.2)	37.7
Recognised in income	33.5	(43.4)	0.2	0.7	(7.0)	(16.0)
Recognised in equity	-	-	(11.2)	-	-	(11.2)
Balance at 31 December 2016	(0.3)	42.6	(11.9)	(1.7)	(18.2)	10.5
Recognised in income	9.1	(0.1)	3.4	0.3	(9.5)	3.2
Recognised in equity	-	-	0.5	-	-	0.5
Acquisition of subsidiary	-	9.3	-	-	-	9.3
Balance at 31 December 2017	8.8	51.8	(8.0)	(1.4)	(27.7)	23.5
Recognised in income	(0.4)	-	0.4	(0.4)	3.8	3.4
Recognised in equity	-	-	3.4	-	-	3.4
Balance at 30 June 2018	8.4	51.8	(4.2)	(1.8)	(23.9)	30.3

### **Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following:

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
<b>Tax losses</b>	<b>26.8</b>	<b>33.0</b>	<b>18.9</b>	<b>18.9</b>

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are foreseen as indicated by the increase in the deferred tax asset for losses between 2016 and 2017 shown above.

### **3.4 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share is calculated in the same way except that the profit or loss attributable to ordinary shareholders is adjusted for exceptional items.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
(Loss)/profit attributable to ordinary shareholders	(107.2)	(147.9)	74.1	16.4	8.7
Non-recurring items net of tax	40.4	48.7	(24.3)	-	-
<b>Loss)/profit attributable to ordinary shareholders</b>	<b>(66.8)</b>	<b>(99.2)</b>	<b>49.8</b>	<b>16.4</b>	<b>8.7</b>
Basic weighted average number of shares	3,285,891	3,285,891	3,285,891	3,285,891	3,285,891
Dilutive potential ordinary shares	-	-	156,051	156,051	156,051
<b>Dilutive weighted average number of shares</b>	<b>3,285,891</b>	<b>3,285,891</b>	<b>3,441,942</b>	<b>3,441,942</b>	<b>3,441,942</b>

### **Basic earnings per share**

(pence)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Basic (loss)/earnings per share	(3,262)	(4,501)	2,256	473	264
Diluted (loss)/earnings per share	(3,262)	(4,501)	2,154	452	252
Basic weighted average number of shares	3,285,891	3,285,891	3,285,891	3,285,891	3,285,891
Dilutive potential ordinary shares	-	-	156,051	156,051	156,051
<b>Dilutive weighted average number of shares</b>	<b>3,285,891</b>	<b>3,285,891</b>	<b>3,441,942</b>	<b>3,441,942</b>	<b>3,441,942</b>

## **4.0 Business Combinations**

### **2017 financial year**

In December 2017, the Group acquired 100 per cent. of the voting shares of AM Brands Limited, a company incorporated in Jersey, for a consideration of £57,770,000 settled in cash. The company was acquired as it owned the rights to use the Aston Martin brand for non-automotive purposes.

Had the Group acquired AM Brands Limited on 1 January 2017, the resulting increase in revenue and profit (both before and after taxation) to the Group would have been £6.9 million and £4.5 million, respectively.

The book values of the identifiable assets and liabilities and their fair value to the Group at the date of acquisition were as follows:

(£m)	Book value	Provisional fair value adjustments	Fair value to Group
Intangible assets	4.3	55.0	59.3
Trade and other receivables	0.8	-	0.8
Cash at bank	7.8	-	7.8
Trade and other payables	(0.8)	-	(0.8)
Deferred tax	-	(9.3)	(9.3)
<b>Net assets</b>	<b>12.1</b>	<b>45.7</b>	<b>57.8</b>
Cash consideration			57.8
Cash acquired			(7.8)
<b>Net cash outflow from acquisition</b>			<b>50.0</b>

## Note 5 Operating assets and liabilities

### 5.1 Property, plant and equipment

(£m)	Freehold land and buildings	Plant, machinery, fixtures, fittings and tooling	Motor vehicles	Total
<b>Cost</b>				
Balance at 1 January 2015	68.1	307.3	0.9	376.3
Additions	-	38.5	-	38.5
Disposals	-	(0.2)	(0.1)	(0.3)
Effect of movement in exchange rates	(0.1)	-	-	(0.1)
Balance at 31 December 2015	68.0	345.6	0.8	414.4
Additions	-	68.3	-	68.3
Disposals	-	(0.3)	(0.1)	(0.4)
Effect of movement in exchange rates	0.5	0.2	-	0.7
Balance at 31 December 2016	68.5	413.8	0.7	483.0
Additions	-	74.9	0.1	75.0
Disposals	-	-	(0.1)	(0.1)
Effect of movement in exchange rates	0.1	-	-	0.1
Balance at 31 December 2017	68.6	488.7	0.7	558.0
Additions	-	60.8	0.1	60.9
Disposals	-	-	(0.1)	(0.1)
Effect of movement in exchange rates	-	0.1	-	0.1
Balance at 30 June 2018	68.6	549.6	0.7	618.9

(£m)	Freehold land and buildings	Plant, machinery, fixtures, fittings and tooling	Motor vehicles	Total
<b>Depreciation</b>				
Balance at 1 January 2015	15.9	186.0	0.1	202.0
Charge for the year	2.3	44.0	-	46.3
Disposals	-	(0.1)	-	(0.1)
Effect of movement in exchange rates	(0.1)	-	-	(0.1)
Balance at 31 December 2015	18.1	229.9	0.1	248.1
Charge for the year	2.3	36.0	-	38.3
Effect of movement in exchange rates	0.2	0.1	-	0.3
Balance at 31 December 2016	20.6	266.0	0.1	286.7
Charge for the year	2.3	25.1	-	27.4
Effect of movement in exchange rates	0.1	(0.1)	-	-
Balance at 31 December 2017	23.0	291.0	0.1	314.1
Charge for the year	1.1	11.7	0.1	12.9
Effect of movement in exchange rates	-	-	-	-
Balance at 30 June 2018	24.1	302.7	0.2	327.0
<b>Carrying amounts</b>				
At 1 January 2015	52.2	121.3	0.8	174.3
At 31 December 2015	49.9	115.7	0.7	166.3
At 31 December 2016	47.9	147.8	0.6	196.3
At 31 December 2017	45.6	197.7	0.6	243.9
At 30 June 2018	44.5	246.9	0.5	291.9

Property, plant and equipment was tested for impairment in accordance with the Group's accounting policy, as referred to in Note 1. Impairment charges have been made in the 2015 and 2016 financial years of £18.9 million and £11.3 million respectively in plant, machinery, fixtures, fittings and tooling. In view of the launch of new models from 2016 onwards, the Group performed a review of the carrying value of its intangible and tangible assets which has resulted in these impairment charges.

The Group has no property, plant and equipment under finance leases.

### Capital commitments

Capital commitments at the period end for which no provision has been made:

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
Capital commitments	43.9	57.2	58.5	35.8

Capital commitments are expected to be settled within two financial years of the reporting date.

### 5.2 Goodwill and intangible assets

Following a review of the useful life of the technology asset during the year ended 31 December 2015, it was deemed to have no future useful life due to the introduction of a new range of vehicles using different technology and has been fully impaired. Any technology that was carried forward into the new vehicles was not impaired.

(£m)	Brands Technology	Dealer network and other	Deferred development cost	Goodwill	Total	
<b>Cost</b>						
Balance at 1 January 2015	242.6	101.3	48.6	378.0	85.4	855.9
Additions	-	-	2.6	122.1	-	124.7
Balance at 31 December 2015	242.6	101.3	51.2	500.1	85.4	980.6
Additions	-	-	8.0	116.6	-	124.6
Disposals	-	(80.1)	-	-	-	(80.1)
Balance at 31 December 2016	242.6	21.2	59.2	616.7	85.4	1,025.1
Additions	-	-	5.9	213.2	-	219.1
Acquisitions	55.0	-	6.3	-	-	61.3
Disposals	-	-	(1.5)	-	-	(1.5)
Balance at 31 December 2017	297.6	21.2	69.9	829.9	85.4	1,304.0
Additions	-	-	3.9	87.6	-	91.5
Balance at 30 June 2018	297.6	21.2	73.8	917.5	85.4	1,395.5



(£m)	Brands	Technology	Dealer network and other	Deferred development cost	Goodwill	Total
<b>Amortisation</b>						
Balance at 1 January 2015	-	60.7	28.9	140.3	0.2	230.1
Amortisation charge	-	19.4	9.7	44.0	0.1	73.2
Balance at 31 December 2015	-	80.1	38.6	184.3	0.3	303.3
Amortisation charge	-	0.5	9.3	85.0	0.1	94.9
Disposals	-	(80.1)	-	-	-	(80.1)
Balance at 31 December 2016	-	0.5	47.9	269.3	0.4	318.1
Amortisation charge	-	1.9	3.6	49.2	0.1	54.8
Acquisitions	-	-	1.9	-	-	1.9
Disposals	-	-	(1.5)	-	-	(1.5)
Balance at 31 December 2017	-	2.4	51.9	318.5	0.5	373.3
Amortisation charge	-	0.9	2.2	25.4	0.1	28.6
Balance at 30 June 2018	-	3.3	54.1	343.9	0.6	401.9

#### *Carrying amounts*

At 1 January 2015	242.6	40.6	19.7	237.7	85.2	625.8
At 31 December 2015	242.6	21.2	12.6	315.8	85.1	677.3
At 31 December 2016	242.6	20.7	11.3	347.4	85.0	707.0
At 31 December 2017	297.6	18.8	18.0	511.4	84.9	930.7
At 30 June 2018	297.6	17.9	19.7	573.6	84.8	993.6

#### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings is denominated in pound sterling and allocated as follows:

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
Aston Martin Lagonda Group Limited	84.1	84.1	84.1	84.1
AMWS Limited	0.3	0.2	0.2	0.1
Aston Martin Works Limited	0.7	0.6	0.6	0.6
	<b>85.1</b>	<b>84.9</b>	<b>84.9</b>	<b>84.8</b>

#### **Brands**

The automotive brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited at £242,600,000 has been identified as having an indefinite life due to the long history and wide recognition of the brand which has meant it has not been possible to identify its future lifetime.

The non-automotive brand acquired through the acquisition of AM Brands Limited in December 2017 has been valued at £55,016,000.

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
Aston Martin Lagonda Group Limited	242.6	242.6	242.6	242.6
AM Brands Limited	-	-	55.0	55.0
	<b>242.6</b>	<b>242.6</b>	<b>297.6</b>	<b>297.6</b>

For impairment testing purposes, goodwill and brands are allocated to one cash-generating unit – the Aston Martin Lagonda Group Limited business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes. There has been no impairment of goodwill or brands within the Group.

### Research and development

Research and development expenditure is analysed as follows:

(£m)	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
Total research and development expenditure	132.6	127.3	224.3	<b>95.2</b>
Capitalised research and development	(122.0)	(116.5)	(213.2)	<b>(87.6)</b>
<b>Recognised as an expense</b>	<b>10.6</b>	<b>10.8</b>	<b>11.1</b>	<b>7.6</b>

### 5.3 Impairment testing

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an indefinite life and capitalised development costs not yet available for use, the recoverable amount is estimated annually or more frequently when there is an indication that the asset is impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Impairment losses recognised on goodwill cannot be reversed.

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash-generating unit – the Aston Martin Lagonda Group Limited business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes.

The Group tests the carrying value of goodwill and brands at the cash-generating unit level for impairment annually or more frequently if there are indications that goodwill or brands might be impaired. At the year-end reporting date, a review was undertaken on a value-in-use basis, assessing whether the carrying values of goodwill and brands were supported by the net present value of future cash flows derived from those assets.

### **Key assumptions used in value-in-use calculations**

The calculation of value in use for the cash-generating unit is most sensitive to the following assumptions:

Cash flows were projected based on actual operating results and the four year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2 per cent. *per annum*. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and current business strategy.

Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which it operates. The pre-tax discount rates and average exchange rates used are shown in the table below together with the increased discount rates and exchange rates that would be needed for assets to become impaired:

<b>Rates Used</b>	<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Pre-tax discount rate	12.0%	12.0%	12.3%	<b>12.3%</b>
Exchange rate: U.S. dollar to pound sterling	1.56	1.30	1.30	<b>1.40</b>

### **Sensitivity Analysis**

Pre-tax discount rate	16.3%	17.0%	17.0%	<b>15.2%</b>
Exchange rate U S Dollar to pound sterling	2.38	2.47	1.94	<b>1.62</b>

For the years ended 31 December 2015 and 2016, the amortisation of certain technology intangible assets was accelerated by £11.3 million and £37.5 million, respectively. This followed a review of the carrying value of the technology asset given the new cars that the group was due to launch in subsequent years. There have been no further impairments to intangible assets in any subsequent period. Details of impairments to property, plant and equipment are shown in note 3.

## **5.4 Working capital**

### **Inventories in the statement of financial position**

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Service parts, spares and production stock	33.9	50.3	49.5	63.1
Work in progress	14.0	18.4	17.5	27.1
Finished cars and parts for resale	32.5	48.5	60.8	79.7
	<b>80.4</b>	<b>117.2</b>	<b>127.8</b>	<b>169.9</b>

### **Inventories expensed in the income statement**

<b>(£m)</b>	<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cost of inventories recognised as an expense	264.9	288.0	435.9	216.4
Write-down of inventories to net realisable value	1.0	1.4	1.9	0.6
	<b>265.9</b>	<b>289.4</b>	<b>437.8</b>	<b>217.0</b>

## **Trade and other receivables**

### **Non-current assets**

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Other receivables</b>	<b>2.1</b>	<b>2.3</b>	<b>2.1</b>	<b>1.8</b>

### **Current assets**

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Trade receivables	47.2	91.0	72.0	114.5
Owed by related parties	-	0.5	-	-
Other receivables including taxation	16.6	16.8	22.7	22.2
Prepayments	5.3	4.5	21.0	41.0
	<b>69.1</b>	<b>112.8</b>	<b>115.7</b>	<b>177.7</b>

Trade receivables and other receivables are non-interest bearing and generally have terms between 10 and 30 days, with amounts financed through the trade finance facility with Standard Chartered Bank) (see below) having terms between 30 and 60 days. Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

The majority of the Group's receivables are derived from sales to franchised dealers who are appointed by the Group. The receivables are supported by credit risk insurance and the credit limit for each franchised dealer is set by the insurance company in consultation with the Group.

All financed vehicle sales are made directly to third party Aston Martin franchised dealers, and a large proportion are financed through a trade finance facility with Standard Chartered Bank with an associated credit insurance policy.

### **Wholesale financing facility with Standard Chartered Bank – facility size and utilisation.**

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Facility size	100.0	125.0	150.0	150.0
Facility utilisation	84.4	120.9	147.0	100.7

### **Ageing of trade receivables**

The ageing analysis of trade receivables, net of allowance for uncollectible amounts, is as follows:

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Up to three months overdue	9.7	10.9	8.6	4.4
Three to six months overdue	2.9	2.3	5.8	1.2
Over six months overdue	0.5	1.2	5.1	7.6
	<b>13.1</b>	<b>14.4</b>	<b>19.5</b>	<b>13.2</b>

### **Provision for impairment of receivables**

Management reviews trade receivables on an individual account basis and makes provision where recoverability is doubtful.

<b>(£m)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
At 1 January	0.3	0.4	0.2	0.3
Charge/(credit) for the year	0.3	(0.2)	0.0	0.1
Utilised	(0.0)	(0.1)	(0.1)	(0.2)
Acquisition of AM Brands Limited	-	-	0.2	-
Effect of movements in exchange rates	(0.2)	0.1	0.0	-
<b>At 31 December</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>

### **Cash and cash equivalents**

	<b>As at 31 December</b>			<b>As at 30 June</b>
<b>(£m)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Cash at bank and in hand</b>	<b>65.5</b>	<b>101.7</b>	<b>167.8</b>	<b>71.5</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash and cash equivalents approximates to their fair value.

In May 2017 the Group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese Renminbi to the value of £13.6 million were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC Bank plc in the U.K. The restricted cash has been revalued to £13.6 million at 31 December 2017 and is shown in the total of cash and cash equivalents above.

### **Trade and other payables**

#### **Current liabilities**

	<b>As at 31 December</b>			<b>As at 30 June</b>
<b>(£m)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Trade payables	63.6	93.1	54.9	93.7
Due to related parties	0.5	1.7	0.6	0.7
Accruals and other payables	116.2	246.1	427.6	470.8
	<b>180.3</b>	<b>340.9</b>	<b>483.1</b>	<b>565.2</b>

## 5.5 Provisions

(£m)	Warranty and service plans
Balance at 1 January 2015	17.3
Additions	12.8
Utilisation	(15.7)
Effect of movement in exchange rate	0.1
Balance at 31 December 2015	<u>14.5</u>
Current	6.3
Non-current	8.2
	<u>14.5</u>
Balance at 1 January 2016	14.5
Additions	12.1
Credit for the year	-
Utilisation	(13.3)
Effect of movement in exchange rate	0.4
Balance at 31 December 2016	<u>13.7</u>
Current	7.6
Non-current	6.1
	<u>13.7</u>
Balance at 1 January 2017	13.7
Additions	25.9
Utilisation	(13.9)
Transfer in on the acquisition of AM Brands Limited	-
Effect of movement in exchange rate	0.2
Balance at 31 December 2017	<u>25.9</u>
Current	12.0
Non-current	13.9
	<u>25.9</u>
Balance at 1 January 2018	25.9
Additions	9.8
Utilisation	(9.7)
Effect of movement in exchange rate	0.1
Balance at 30 June 2018	<u>26.1</u>
Current	9.6
Non-current	16.5
	<u>26.1</u>

## 6.1 Net debt

### *Analysis of net debt*

Net debt is the total amount of cash and cash equivalents less interest bearing loans and borrowings and Preference Shares. Cash and cash equivalents comprise cash balances and short-term deposits.

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash and cash equivalents	65.6	101.7	167.8	<b>71.5</b>
Interest bearing loans and borrowings	(450.4)	(483.2)	(585.1)	<b>(610.3)</b>
<b>Net bank debt</b>	<b>(384.8)</b>	<b>(381.5)</b>	<b>(417.3)</b>	<b>(538.8)</b>
Preference Shares	(98.3)	(218.0)	(255.8)	<b>(276.6)</b>
<b>Net debt</b>	<b>(483.1)</b>	<b>(599.5)</b>	<b>(673.1)</b>	<b>(815.4)</b>

Included in cash and cash equivalents are restricted funds of £13.6 million at 31 December 2017 and £19.5 million at 30 June 2018. There were no restricted funds at 31 December 2016 or 31 December 2015.

## 6.2 Borrowings

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Current</b>				
Bank loans and overdrafts	16.6	5.2	13.5	29.7

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Non-current</b>				
Senior Secured Notes	300.0	301.6	570.3	579.2
Senior Subordinated PIK Notes	133.8	176.4	-	-
Unsecured Loan	-	-	1.3	1.4
Preference Shares	98.3	218.0	255.9	276.6
<b>Total non-current borrowings</b>	<b>532.1</b>	<b>696.0</b>	<b>827.5</b>	<b>857.2</b>

### **Terms and debt repayment schedule**

This table provides information about the contractual terms of the Group's interest bearing loans and borrowings showing both the principal and carrying values, which are measured at amortised cost. For more information about the Group's exposure to interest rate, liquidity, foreign currency and credit risks, see note 6.6.

<b>(£m)</b>	<b>As at 31 December 2015</b>		<b>As at 31 December 2016</b>		<b>As at 31 December 2017</b>		<b>As at 30 June 2018</b>	
	<b>Principal Value</b>	<b>Carrying Amount</b>	<b>Principal Value</b>	<b>Carrying Amount</b>	<b>Principal Value</b>	<b>Carrying Amount</b>	<b>Principal Value</b>	<b>Carrying Amount</b>
Bank loans and overdrafts – GBP	2.7	2.7	1.6	1.6	13.5	13.5	20.7	20.7
Bank loans and overdrafts – USD	8.7	8.7	1.3	1.3	-	-	9.0	9.0
Bank loans and overdrafts – RMB	5.2	5.2	2.3	2.3	-	-	-	-
Senior Secured Notes – GBP	304.0	300.0	304.0	301.6	285.0	274.5	285.0	275.5
Senior Secured Notes – USD	-	-	-	-	295.8	295.8	303.8	303.8
Senior Subordinated PIK Notes – GBP	134.1	133.8	176.6	176.4	-	-	-	-
Unsecured Loan – Yen	-	-	-	-	1.3	1.3	1.4	1.4
Preference Shares – GBP	110.0	98.3	237.1	218.0	272.7	255.9	292.3	276.6
	<b>564.7</b>	<b>548.7</b>	<b>722.9</b>	<b>701.2</b>	<b>868.3</b>	<b>841.0</b>	<b>912.2</b>	<b>887.0</b>
Interest payable		12.9		12.9		7.4		7.5
		<b>561.6</b>		<b>714.1</b>		<b>848.4</b>		<b>894.5</b>

At 30 June 2018, the GBP bank loans represented a one year back-to-back loan arrangement with HSBC Bank plc, whereby RMB175 million were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC Bank plc in the U.K. The interest rate payable on the overdraft facility is 3 month LIBOR plus 1 per cent. The interest rate receivable on the restricted funds in China is 2.1 per cent. The USD bank loans represent inventory funding between Aston Martin Lagonda Limited and Aston Martin Lagonda of North America Inc. The interest rate is determined when the borrowings are made and the borrowings are for less than one month.

At 30 June 2018, the outstanding Senior Secured Notes had a scheduled maturity in April 2022 and had nominal interest rates as follows: GBP 5.75 per cent., USD 6.5 per cent. The Preference Shares had a scheduled maturity in April 2025 and a nominal interest rate of 15.0 per cent. The unsecured loan had a scheduled maturity date in January 2020 and a nominal interest rate of 5.0 per cent.

### 6.3 Lease obligations

#### *Operating leases*

The minimum rentals payable as lessee under non-cancellable operating leases are as follows:

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Less than one year	4.1	5.7	0.5	0.3
Between one year and five years	9.6	15.6	6.6	8.0
More than five years	6.3	17.8	109.6	110.3
	<b>20.0</b>	<b>39.1</b>	<b>116.7</b>	<b>118.6</b>

### 6.4 Financial instruments

#### *Other financial assets*

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b><i>Derivative financial instruments</i></b>				
Non-hedge accounted interest rate swaps	0.2	0.4	1.4	0.2
<b>Structured deposit</b>	-	-	-	12.5
<b>Amount due from shareholder</b>	-	-	5.6	5.6
	<b>0.2</b>	<b>0.4</b>	<b>7.0</b>	<b>18.3</b>

#### *Other financial liabilities*

<b>(£m)</b>	<b>As at 31 December</b>			<b>As at 30 June</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b><i>Derivative financial instruments</i></b>				
Non-hedge accounted interest rate swaps	9.8	28.2	3.1	0.4
Hedge accounted interest rate swaps	-	-	-	2.3
	<b>9.8</b>	<b>28.2</b>	<b>3.1</b>	<b>2.7</b>
<b>Amount due to shareholder</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>
	<b>24.9</b>	<b>43.3</b>	<b>18.2</b>	<b>17.8</b>

The Group's exposure to interest rate, liquidity, foreign currency and credit risks is disclosed in note.



## 6.5 Finance income and costs

### Finance income

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Bank deposit and other interest income	2.1	2.2	3.1	1.8	2.3
Net gain on financial instruments recognised at fair value through profit or loss	-	0.3	7.6	8.3	-
Net foreign exchange gain	-	-	24.9	13.0	-
<b>Total finance income</b>	<b>2.1</b>	<b>2.5</b>	<b>35.6</b>	<b>23.1</b>	<b>2.3</b>

### Finance costs

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Bank interest	46.7	49.6	45.1	25.8	21.6
Net interest expense on the net defined benefit liability	0.3	0.0	1.8	0.9	0.6
Interest on Preference Shares classified as financial liabilities	10.8	29.1	37.9	18.2	20.7
Net loss on financial instruments recognised at fair value through profit or loss	6.9	26.7	-	-	0.7
Net foreign exchange loss	7.1	27.6	-	-	-
Interest on customer deposits	-	-	2.2	-	2.3
<b>Finance expense before non-recurring finance expense</b>	<b>71.8</b>	<b>133.0</b>	<b>87.0</b>	<b>44.9</b>	<b>45.9</b>
<i>Exceptional finance expense:</i>					
Loan interest on the redemption of Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	10.5	10.5	-
Write-off of capitalised arrangement fees on Senior Secured Loan Notes and Senior Subordinated PIK Notes	-	-	2.4	2.4	-
<b>Total finance expense</b>	<b>71.8</b>	<b>133.0</b>	<b>99.9</b>	<b>57.8</b>	<b>45.9</b>

### Capitalised borrowing costs

There are no capitalised borrowing costs in any of the periods

## Recognised in consolidated statement of other comprehensive income

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
Foreign currency translation differences	1.0	1.5	(0.7)	(0.8)	0.3

## 6.6 Financial risk factors and fair value analysis

### Interest rate risk

Interest rate risk is the risk that the Group is impacted by changes in interest rates.

The Group uses a wholesale financing scheme to fund certain vehicle receivables and also places surplus cash funds on deposit. These arrangements attract interest at a rate that varies depending on LIBOR.

The Group has entered into a number of arrangements to finance Group inventory and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. The interest rate charged on each of these facilities is determined when the borrowings are made. The borrowings are made for periods not in excess of six months. The interest rates charged on the inventory financing are based on LIBOR. The interest rates charged on the order pipeline financing are the rates charged by the Chinese banks.

In May 2017, the Group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese renminbi to the value of £13.6 million were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC in the U.K. The loan was extended for a further year in May 2018. In addition, a second back to back loan was taken out in March 2018 for one year, whereby Chinese renminbi to the value of £6.3 million were deposited in a restricted account with HSBC in China in exchange for a Sterling overdraft facility with HSBC in the U.K. The total restricted cash has been revalued to £20.0 million at 30 June 2018 and is shown in the total of cash and cash equivalents. The total overdraft of £19.6 million including accrued interest, is shown within borrowings in current liabilities on the Statement of Financial Position.

The interest rate profile of the Group's interest bearing financial instruments was:

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
<i>Fixed rate investments</i>				
Bank loans and overdrafts	16.6	5.2	-	-
Senior Secured Notes	300.0	301.6	570.3	579.3
Senior Subordinated PIK Notes	133.8	176.4	-	-
Unsecured Loan	-	-	1.3	1.4
Preferences Shares	98.3	218.0	255.9	276.6
	<b>548.7</b>	<b>701.2</b>	<b>827.5</b>	<b>857.3</b>
<i>Variable rate Instruments</i>				
Bank loans and overdrafts	-	-	13.5	29.7

The Group has performed sensitivity analysis on these balances as follows:

### Fair value sensitivity analysis

The analysis shows the Group's sensitivity to changes in interest rates.

If interest rates had been 25 business points higher/lower and all other variables were held constant, the impact would be as follows on both profit or loss after tax, cash flow and equity. There was no impact in the years ended 31 December 2015 and 31 December 2016 due to all significant borrowings being at fixed

rates.

(£m)	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
25 basis points increase in interest rates	-	-	(27)	(13)
25 basis points reduction in interest rates	-	-	27	13

### Liquidity risk

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group uses a wholesale financing scheme to finance certain vehicle sales on despatch of the vehicle. The size and utilisation of this facility is shown in the table below. The facility is supported by a credit insurance policy.

The Group also has facilities to finance certain of its inventories and the order pipeline between Aston Martin Lagonda Limited and Aston Martin Lagonda (China) Automobile Distribution Co., Ltd. These amounts are shown within secured bank loans below.

(£m)	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years and over
31 December 2015							
<b>Non-derivative financial liabilities</b>							
Secured bank loans	(450.4)	(577.9)	-	(22.8)	(22.1)	(533.0)	-
Preference Shares	(98.3)	(404.6)	-	-	-	-	(404.6)
Trade and other payables	(180.3)	(180.3)	(0.5)	(179.8)	-	-	-
Amount due to shareholders	(15.1)	(15.1)	(9.5)	-	-	(5.6)	-
<b>Derivative financial liabilities</b>							
Foreign exchange contracts	(9.8)	(9.8)	-	(2.1)	(6.1)	(1.6)	-
	<u>(753.9)</u>	<u>(1,187.7)</u>	<u>(10.0)</u>	<u>(204.7)</u>	<u>(28.2)</u>	<u>(540.2)</u>	<u>(404.6)</u>

(£m)	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years and over
31 December 2016							
<b>Non-derivative financial liabilities</b>							
Secured bank loans	(483.2)	(571.5)	-	(15.4)	(18.0)	(538.1)	-
Preference Shares	(218.0)	(756.3)	-	-	-	-	(756.3)
Trade and other payables	(340.9)	(340.9)	-	(340.9)	-	-	-
Amount due to shareholders	(15.1)	(15.1)	(9.5)	-	(5.6)	-	-
<b>Derivative financial liabilities</b>							
Foreign exchange contracts	(28.2)	(28.2)	-	(3.6)	(15.0)	(9.6)	-
	<u>(1,085.4)</u>	<u>(1,712.0)</u>	<u>(9.5)</u>	<u>(359.9)</u>	<u>(38.6)</u>	<u>(547.7)</u>	<u>(756.3)</u>

(£m)	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years and over
31 December 2017							
<b>Non-derivative financial liabilities</b>							
Secured bank loans	(583.8)	(915.0)	-	(0.0)	(84.8)	(830.2)	-
Unsecured bank loans	(1.3)	(1.5)	-	(0.0)	(0.1)	(1.4)	-
Preference Shares	(255.9)	(756.3)	-	-	-	-	(756.3)
Trade and other payables	(500.7)	(500.7)	-	(483.1)	-	(17.6)	-
Amount due to shareholders	(15.1)	(15.1)	(15.1)	-	-	-	-
<b>Derivative financial liabilities</b>							
Foreign exchange contracts	(3.1)	(3.1)	-	(1.8)	(1.3)	-	-
	<u>(1,359.9)</u>	<u>(2,191.7)</u>	<u>(15.1)</u>	<u>(484.9)</u>	<u>(86.2)</u>	<u>(849.2)</u>	<u>(756.3)</u>

(£m)	Carrying Amount	Contractual cash flows	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years and over
30 June 2018							
<b>Non-derivative financial liabilities</b>							
Secured bank loans	(608.9)	(763.8)	-	(10.2)	(56.5)	(697.1)	-
Unsecured bank loans	(1.4)	(1.5)	-	-	-	(1.5)	-
Preference Shares	(276.6)	(756.3)	-	-	-	-	(756.3)
Trade and other payables	(583.9)	(583.9)	-	(582.9)	-	-	-
Amount due to shareholders	(15.1)	(15.1)	(15.1)	-	-	-	-
<b>Derivative financial liabilities</b>							
Foreign exchange contracts.	(2.7)	(2.7)	-	(0.9)	(1.3)	(0.5)	-
	<u>(1,488.6)</u>	<u>(2,123.3)</u>	<u>(15.1)</u>	<u>(594.0)</u>	<u>(57.8)</u>	<u>(699.1)</u>	<u>(756.3)</u>

In May 2017, the Group entered into a one year back-to-back loan arrangement with HSBC Bank plc, whereby Chinese renminbi to the value of £13.6 million were deposited in a restricted account with HSBC in China in exchange for a pound sterling overdraft facility with HSBC Bank plc in the U.K. The loan was extended for a further year in May 2018. In addition a second back to back loan was taken out in March 2018 for one year, whereby Chinese renminbi to the value of £6.3 million were deposited in a restricted bank account with HSBC in China in exchange for a Sterling overdraft facility with HSBC in the U.K. The total restricted cash has been revalued to £20.0 million at 30 June 2018 and is shown in the total of cash and cash equivalents. The total overdraft of £(19.6) million, including accrued interest, is shown in secured bank loans.

On 18 April 2017, the Group issued \$400,000,000 of 6.5 per cent. Senior Secured Notes and £230,000,000 of 5.75 per cent. Senior Secured Notes, both of which mature in April 2022. Attached to these Senior Secured Notes is an £80,000,000 revolving credit facility which was undrawn at 31 December 2017 and 30 June 2018. In December 2017, the Group issued a further £55,000,000 of 5.75 per cent. Senior Secured Notes which also mature in April 2022.

On 23 April 2015, Aston Martin Holdings (UK) Limited accepted binding subscriptions for £200,000,000 of Preference Shares. The first tranche of £100,000,000 was received on 27 April 2015 and the second tranche of £100,000,000 was drawn in April 2016. These subscriptions also included warrants for a *pro rata* allocation of P shares (non-voting ordinary shares) corresponding to 4 per cent. of the current fully diluted

share capital of the company.

The following table sets out the contractual maturities of financial liabilities including interest payments. The analysis assumes that interest rates prevailing at the reporting date remain constant.

### **Foreign currency risk**

In addition to the functional currency (pound sterling), the Group buys and sells in other currencies. The Group manages the movement of funds via individual bank accounts relating to each currency, thereby reducing its exposure to exchange rate fluctuations. The Group may from time to time use derivative financial instruments to manage exchange rate risk where it has a significant exposure in a foreign currency. At each period end, the Group had derivative instruments in several currencies, in the form of forward exchange contracts.

The Group operates internationally. The principal currencies are pound sterling, U.S. dollars, euros and Chinese renminbi.

From 1 January 2018 the Group has adopted hedge accounting in respect of its U.S. dollar denominated sales. These cash flows are hedged using U.S. dollar forward exchange contracts and the Group's U.S. dollar denominated debt. The effective portions of these cash flow hedges are recognised in the Group's hedging reserve, whilst the ineffective portions are recognised immediately in the income statement.

The Group's financial instruments are set out by currency below:

<b>(£m)</b>	<b>Pound sterling</b>	<b>U.S. dollars</b>	<b>Euros</b>	<b>Renminbi</b>	<b>Other</b>	<b>Total</b>
<b>31 December 2015</b>						
Cash and cash equivalents	17.0	10.0	20.4	12.8	5.3	65.5
Trade and other receivables (excluding prepayments)	37.9	12.6	1.9	8.2	5.4	66.0
Secured bank loans	(302.7)	(142.5)	-	(5.2)	-	(450.4)
Preference Shares	(98.3)	-	-	-	-	(98.3)
Derivatives	-	(9.8)	-	-	-	(9.8)
Amount due to shareholders	(15.1)	-	-	-	-	(15.1)
Trade and other payables	(150.7)	(3.9)	(14.0)	(9.0)	(2.7)	(180.3)
	<b>(511.9)</b>	<b>(133.6)</b>	<b>8.3</b>	<b>6.8</b>	<b>8.0</b>	<b>(622.4)</b>

<b>(£m)</b>	<b>Pound sterling</b>	<b>U.S. dollars</b>	<b>Euros</b>	<b>Renminbi</b>	<b>Other</b>	<b>Total</b>
<b>31 December 2016</b>						
Cash and cash equivalents	31.7	13.5	22.2	29.3	5.0	101.7
Trade and other receivables (excluding prepayments)	46.4	32.2	9.7	14.9	7.7	110.9
Secured bank loans	(303.2)	(177.7)	-	(2.3)	-	(483.2)
Preference Shares	(218.0)	-	-	-	-	(218.0)
Derivatives	-	(25.3)	-	-	(2.9)	(28.2)
Amount due to shareholders	(15.1)	-	-	-	-	(15.1)
Trade and other payables	(233.6)	(21.4)	(63.7)	(17.5)	(4.7)	(340.9)
	<b>(691.8)</b>	<b>(178.7)</b>	<b>(31.8)</b>	<b>24.4</b>	<b>5.1</b>	<b>(872.8)</b>

(£m)	Pound sterling	U.S. dollars	Euros	Renminbi	Other	Total
31 December 2017						
Cash and cash equivalents	64.9	38.4	4.9	52.1	7.5	167.8
Trade and other receivables (excluding prepayments)	59.6	22.5	7.5	4.6	4.0	98.2
Secured bank loans	(287.9)	(295.9)	-	-	-	(583.8)
Unsecured bank loans	-	-	-	-	(1.3)	(1.3)
Preference Shares	(255.8)	-	-	-	-	(255.8)
Derivatives	-	(3.0)	-	-	(0.1)	(3.1)
Amount due to shareholders	(15.1)	-	-	-	-	(15.1)
Trade and other payables	(385.7)	(22.3)	(67.9)	(21.5)	(3.3)	(500.7)
	(820.0)	(260.3)	(55.5)	35.2	6.8	(1,093.8)

(£m)	Pound sterling	U.S. dollars	Euros	Renminbi	Other	Total
30 June 2018						
Cash and cash equivalents	11.3	6.0	8.2	40.4	5.6	71.5
Trade and other receivables (excluding prepayments)	84.8	39.0	10.1	14.2	3.1	151.2
Secured bank loans	(296.1)	(312.8)	-	-	-	(608.9)
Unsecured bank loans	-	-	-	-	(1.4)	(1.4)
Preference Shares	(276.6)	-	-	-	-	(276.6)
Derivatives	-	(1.2)	(0.1)	-	(1.4)	(2.7)
Amount due to shareholders	(15.1)	-	-	-	-	(15.1)
Trade and other payables	(431.1)	(22.5)	(107.2)	(17.6)	(4.5)	(582.9)
	(922.8)	(291.5)	(89.0)	37.0	1.4	(1,264.9)

### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible 5% change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities). The sensitivity calculation is exclusive of derivative financial instruments in place.

(£m) Effect on profit after tax	For the year ended 31 December			For the six months ended 30 June
	2015	2016	2017	2018
5% increase in value of the U.S. dollar	(4.4)	(7.7)	(7.4)	(8.1)
5% decrease in value of the U.S. dollar	4.4	7.7	7.4	8.1

### Credit risk

The Group sells vehicles through a dedicated dealer network. Dealers outside of North America are required to pay for vehicles in advance of their despatch or use the wholesale financing scheme with Standard Chartered Bank (see Liquidity risk). Dealers within North America are allowed 10 day credit terms from the date of invoice or can use the wholesale financing scheme. Standard Chartered Bank has substantially all of the risk associated with the wholesale financing scheme and in addition all vehicle sales on the wholesale financing scheme are covered by credit risk insurance, which means that a third party bears substantially all the credit risk associated with dealers using the wholesale financing scheme. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, the Group may sell vehicles to the dealer outside of the credit risk insurance policy or on deferred payment

terms. Parts sales, which represent a smaller element of total revenue, are made to dealers on 30 day credit terms. Service receivables are due for payment on collection of the vehicle.

### ***Fair values***

#### ***Basis for determining fair values***

Forward currency contracts are carried at fair value. These are valued using pricing models and discounted cash flow techniques based on the assumptions provided by Standard Chartered Bank.

The 5.75 per cent. pound sterling Senior Secured Notes and 6.25 per cent. U.S. dollar Senior Secured Notes, which were issued in 2017, are valued at amortised cost. The fair value of these Senior Secured Notes is determined by reference to the quoted price at 31 December or 30 June. Both Senior Secured Notes are quoted on The International Stock Exchange Authority in St. Peter Port, Guernsey. On 30 June 2018, the fair value of the 5.75 per cent. pound sterling Senior Secured Notes was £295,900,000 (31 December 2017: £300,498,000) and the fair value of the 6.25 per cent. U.S. dollar Senior Secured Notes was £312,300,000 (31 December 2017: £312,027,000). These notes replaced the £304,000,000 of 9.25 per cent. pound sterling Senior Secured Notes that were redeemed in April 2017. On 31 December 2016, the fair value of the 9.25 per cent. pound sterling Senior Secured Notes was £311,600,000 (31 December 2015: £304,000,000). The 9.25 per cent. Senior Secured Notes were quoted on the Luxembourg Stock Exchange (Bourse de Luxembourg). At 31 December 2017, the effective interest rate on the relevant Senior Secured Notes was 6.73 per cent. (31 December 2016: 10.25 per cent., 31 December 2015: 10.25 per cent.).

For all other receivables and payables, the carrying amount is deemed to reflect the fair value.

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest bearing loans and borrowings are considered to be level 1 liabilities. All remaining financial assets and liabilities are considered to be level 2 assets and liabilities. IFRS 7 defines level 2 assets and liabilities as "inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)".

### **Fair value versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

<b>(£m)</b>	<b>As at 31 December 2015</b>		<b>As at 31 December 2016</b>		<b>As at 31 December 2017</b>		<b>As at 30 June 2018</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<i>Derivative assets and liabilities</i>								
Non-hedge accounted foreign exchange contracts	(9.8)	(9.8)	(28.2)	(28.2)	(3.1)	(3.1)	-	-
Hedge accounted foreign exchange contracts	-	-	-	-	-	-	(2.7)	(2.7)
<i>Non-derivative assets and liabilities</i>								
Trade and other receivables	66.1	66.1	110.6	110.6	96.8	96.8	138.5	138.5
Structured deposits	-	-	-	-	-	-	12.5	12.5
Cash and cash equivalents	65.5	65.5	101.7	101.7	167.8	167.8	71.5	71.5
Secured bank loans	(450.4)	(450.4)	(483.3)	(473.3)	(583.8)	(541.6)	(608.9)	(589.5)
Unsecured bank loans	-	-	-	-	(1.3)	(1.3)	(1.4)	(1.4)
Preference Shares	(98.3)	(98.3)	(218.0)	(218.0)	(255.9)	(255.9)	(276.6)	(276.6)
Trade and other payables	(195.4)	(195.4)	(356.0)	(356.0)	(515.8)	(515.8)	(598.0)	(598.0)
	<b>(622.3)</b>	<b>(622.3)</b>	<b>(873.2)</b>	<b>(863.2)</b>	<b>(1,095.3)</b>	<b>(1,053.1)</b>	<b>(1,265.1)</b>	<b>(1,245.7)</b>

### **Fair value hierarchy**

Under IFRS 7, such assets and liabilities are classified by the way in which their fair value is calculated. The interest bearing loans and borrowings are considered to be level 1 liabilities. All remaining financial assets and liabilities are considered to be level 2 assets and liabilities. IFRS 7 defines level 2 assets and liabilities as "inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)".

## **6.7 Equity and capital management**

### **Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. Given this, the objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt which includes the short and long-term borrowings (including Preference Shares) shown in note 6.1 cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves. No changes were made in the objectives, policies or processes during the period under review.



## Share capital and reserves

### Share capital

	As at 31 December			As at 30 June
	2015	2016	2017	2018
<b>Allotted and called up</b>				
3,123,370 ordinary shares of £0.001 each	3,123,370	3,123,370	3,123,370	3,123,370
161,521 D shares of £0.001 each.	161,521	161,521	161,521	161,521
	<b>3,284,891</b>	<b>3,284,891</b>	<b>3,284,891</b>	<b>3,284,891</b>

There have been no issues of equity shares in the financial periods under review.

The D shares were issued to Daimler AG, giving the Group access to certain technologies for use in its next generation of vehicles.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Aston Martin Holdings (UK) Limited. The holders of the D shares are entitled to receive dividends as declared from time to time but are not entitled to vote at meetings of Aston Martin Holdings (UK) Limited.

### Reserves

**Share premium** - The share premium of £353,704,000 represents the following transactions.

£291,512,000 represents the difference between the par value of the share capital issued between 1 June 2007 and 31 December 2009 and the amount subscribed for the shares.

In June 2011, the board of directors approved a reduction of capital whereby £100,000,000 of the share premium account was transferred to retained earnings in order to create distributable reserves within Aston Martin Holdings (UK) Limited (the parent company of the Group) to enable both the redemption of Preference Shares and the payment of a dividend.

In April 2013, shares were issued to Prestige Motor Holdings S.A., an investment subsidiary of Investindustrial V L.P., for a consideration of £150,000,000 with a cumulative par value of £1,000. This resulted in recognition of a share premium of some £134.9 million and an associated amount owed to Investindustrial V L.P. of some £15.1 million.

In December 2013, shares were issued to Daimler AG, for nominal consideration and a share premium of £16,785,000.

In April 2014, shares were issued to Prestige Holdings S.A., an investment subsidiary of Investindustrial V L.P., for a nominal consideration and a share premium of £3,750,000 as part of the same share subscription agreement dated 5 December 2012.

In September 2014, shares were issued to Daimler AG, for a nominal consideration and a share premium of £4,417,000.

In April 2015, the Group received settlement for the balance due on certain partly paid shares which gave rise to a share premium of £2,355,000.

**Share warrants** - The share warrants of £18,462,000 arose as follows. In both April 2015 and April 2016, the Group issued £100,000,000 of Preference Shares. The subscriptions included warrants for a *pro rata* allocation of P shares (non-voting ordinary shares) corresponding to 4 per cent. of the fully diluted share capital of Aston Martin Holdings (UK) Limited with a fair value of £9,043,000 at April 2015 and £9,419,000 at April 2016.

**Capital reserve** - The capital reserve of £94,064,000 arose as follows. In the year ended December 2008, there was a capital contribution from Aston Martin Holdings (UK) Limited's existing shareholders

of £39,069,000 plus the share-based payment charge of £5,495,000 on the valuation of the shares and options granted to Mr. David Richards and Dr. Ulrich Bez in relation to the services provided by them in connection with the acquisition of the Aston Martin Lagonda Group.

In June 2011, the group redeemed £48,400,000 of Preference Shares and transferred an equivalent amount from retained earnings to a capital redemption reserve.

In April 2014, the Group acquired a 50 per cent. controlling interest in AMWS Limited, the parent company of Aston Martin Works Limited. The increase in the capital reserve of £1,100,000 represents the difference between the consideration paid on acquisition and the fair value of the disposal of the 40 per cent. interest in AMWS Limited which the Group owned at the date of acquisition.

**Translation reserve** - The foreign currency translation reserve is used to record exchange differences arising from the translation of the historical financial information of foreign subsidiaries.

### **Non-controlling interests**

(£m)	2015	2016	2017	2018
At the beginning of the period	4.5	4.7	5.0	7.6
Profit for the period	0.2	0.3	2.6	2.8
Dividend paid	-	-	-	(3.0)
<b>At the end of the period</b>	<b>4.7</b>	<b>5.0</b>	<b>7.6</b>	<b>7.4</b>

### **Share-based payment transactions**

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The share options were issued in return for services in relation to the acquisition of Aston Martin Lagonda Group Limited during the period ended 31 December 2007. Therefore, the fair value of the options issued of £5,495,000 has been recognised in goodwill.

The number and weighted average exercise prices (WAEP) of share options were as follows:

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017		As at 30 June 2018	
	Number	WAEP (p)	Number	WAEP (p)	Number	WAEP (p)	Number	WAEP (p)
<b>Approved scheme</b>								
Outstanding at the beginning of the period	54,285		21,714		21,714		21,714	
Exercised in the period	(32,571)		-		-			
Outstanding at the end of the period	21,714	7,230	21,714	7,230	21,714	7,230	21,714	7,230

These options were exercisable as at each of the period ends.

	For the year ended 31 December 2015		For the year ended 31 December 2016		For the year ended 31 December 2017		For the year ended 30 June 2018	
	Number	WAEP (p)	Number	WAEP (p)	Number	WAEP (p)	Number	WAEP (p)
<b>Unapproved scheme</b>								
Outstanding at the beginning and end of the period	21,714	0.1	21,714	0.1	21,714	0.1	21,714	0.1

The weighted average exercise price was 3,615p at each reporting date.

## 6.8 Reconciliation of movements of liabilities to cash flows arising from financing activities

(£m)	Liabilities						
	Borrowings	Unsecured loans	9.25% Senior Secured Notes	5.57% Senior Secured Notes	6.25% Senior Secured Notes	Subordinated PIK Notes	Preference Shares
Balance at 1 January 2015	19.9	-	298.4	-	-	114.2	-
Changes from financing cash flows:							
Interest paid	(4.2)	-	(28.1)	-	-	-	-
Proceeds from equity share issue	-	-	-	-	-	-	-
Movement in borrowings	(3.8)	-	-	-	-	-	-
New borrowings	-	-	-	-	-	-	91.0
Transactions fees on borrowings	-	-	-	-	-	-	(3.5)
<b>Total changes from financing cash flows</b>	<b>(8.0)</b>	<b>-</b>	<b>(28.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87.5</b>
Effect of changes in exchange rates	0.6	-	-	-	-	-	-
Exchange loss in finance expenses	-	-	-	-	-	7.1	-
Interest expense	4.1	-	29.7	-	-	12.5	10.8
<b>Balance at 31 December 2015</b>	<b>16.6</b>	<b>-</b>	<b>300.0</b>	<b>-</b>	<b>-</b>	<b>133.8</b>	<b>98.3</b>
Changes from financing cash flows:							
Interest paid	(4.5)	-	(28.1)	-	-	-	-
Movement in borrowings	(13.8)	-	-	-	-	-	-
New borrowings	-	-	-	-	-	-	90.5
<b>Total changes from financing cash flows</b>	<b>(18.3)</b>	<b>-</b>	<b>(28.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.5</b>
Effect of changes in exchange rates	2.4	-	-	-	-	-	-
Exchange loss in finance expense	-	-	-	-	-	27.6	-
Interest expense	4.5	-	29.8	-	-	15.0	29.1
<b>Balance as at 31 December 2016</b>	<b>5.2</b>	<b>-</b>	<b>301.7</b>	<b>-</b>	<b>-</b>	<b>176.4</b>	<b>217.9</b>
Changes from financing cash flows:							
Interest paid	(5.6)	-	(28.7)	(5.8)	(9.7)	-	-
Adjustment to equity share issue	-	-	-	-	-	-	-
Movement in borrowings	8.5	-	(304.0)	-	-	(178.8)	-
New borrowings	-	1.3	-	285.0	319.9	-	-
Transaction fees on borrowings	-	-	-	(12.1)	-	-	-
<b>Total changes from financing cash flows</b>	<b>2.9</b>	<b>1.3</b>	<b>(332.7)</b>	<b>267.1</b>	<b>310.2</b>	<b>(178.8)</b>	<b>-</b>
Effect of changes in exchange rate	(0.2)	-	-	-	-	-	-
Exchange gain in finance income	-	-	-	-	(24.0)	-	-
Interest expense	5.6	-	31.0	7.4	9.7	2.4	37.9
<b>Balance at 31 December 2017</b>	<b>13.5</b>	<b>1.3</b>	<b>-</b>	<b>274.5</b>	<b>295.9</b>	<b>-</b>	<b>255.8</b>
Changes in financing cash flows:							
Interest paid	(2.9)	-	-	(8.2)	(9.3)	-	-
Movement in borrowings	16.2	0.1	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-
Transaction fees on borrowings	-	-	-	(0.1)	-	-	-
<b>Total changes from financing cash flows</b>	<b>13.3</b>	<b>0.1</b>	<b>-</b>	<b>(8.3)</b>	<b>(9.3)</b>	<b>-</b>	<b>-</b>
Effect of changes in exchange rates	-	-	-	-	-	-	-
Share of profit	-	-	-	-	-	-	-
Exchange loss in finance expense	-	-	-	-	7.9	-	-
Interest expense	2.9	-	-	9.3	9.3	-	20.7
<b>Balance at 30 June 2018</b>	<b>29.7</b>	<b>1.4</b>	<b>-</b>	<b>275.5</b>	<b>303.8</b>	<b>-</b>	<b>276.5</b>

**Equity**

<b>continued</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Share warrants</b>	<b>Non-controlling interest</b>
Balance at 1 January 2015	-	366.4	-	4.5
Changes from financing cash flows:				
Interest paid	-	-	-	-
Proceeds from equity share issue	-	2.4	-	-
Movement in borrowings	-	-	-	-
New borrowings	-	-	9.0	-
Transaction fees on borrowings	-	-	-	-
<b>Total changes from financial cash flows</b>	<b>-</b>	<b>2.4</b>	<b>9.0</b>	<b>-</b>
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	0.2
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>368.8</b>	<b>9.0</b>	<b>4.7</b>
Changes from financing cash flows				
Interest paid	-	-	-	-
Movement in borrowings	-	-	-	-
New Borrowings	-	-	9.5	-
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>-</b>	<b>9.5</b>	<b>-</b>
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	0.3
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>368.8</b>	<b>18.5</b>	<b>5.0</b>
Changes from financing cash flows				
Interest paid	-	-	-	-
Adjustment to equity share issue	-	(5.6)	-	-
Movement in borrowings	-	-	-	-
New borrowings	-	-	-	-
Transaction fees on borrowings	-	-	-	-
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>(5.6)</b>	<b>-</b>	<b>-</b>
Effect on changes in exchange rates	-	-	-	-
Share of profit	-	-	-	2.6
Exchange gain in finance income	-	-	-	-
Interest expense	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>363.2</b>	<b>18.5</b>	<b>7.6</b>
Changes from financing cash flows				
Interest Paid	-	-	-	-
Movement in borrowings	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	(3.0)
Transaction fees on borrowings	-	-	-	-
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.0)</b>
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	3.5
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>363.2</b>	<b>18.5</b>	<b>8.1</b>

## Note 7 Other Notes

### 7.1 Employee benefits

#### **Defined contribution pension schemes**

The Group operates a defined contribution pension scheme and the total expense relating to the scheme was as follows:

(£m)	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
Defined contribution scheme	1.8	2.4	3.7	1.8	2.5

#### **Defined benefit pension schemes**

The Group operates a defined benefit pension scheme. During 2017 it was agreed and communicated to its members that the scheme's benefits would be amended from a final pensionable salary basis to a career average revalued earnings (CARE) basis with effect from 1 January 2018. The effect of this change in benefits in the year ended 31 December 2017 is a past service pension benefit of £24,274,000 which has been shown as a non-recurring credit in the consolidated statement of comprehensive income. The scheme was closed to new entrants on 31 May 2011. The benefits of the existing members are not affected by the closure of the scheme. A defined contribution scheme is available to new employees from this date. The scheme assets are invested with Standard Life Pension Limited, Legal & General Assurance, MFS International (UK) Limited, Eaton Vance Management (International) Limited, Morgan Stanley Investment Management Limited and Majedie Asset Management and the scheme is administered by Buck Consultants (Administration & Investment) Limited. The assets of the scheme are held separately from those of the Group.

The pension scheme operates under the regulatory framework of the Pensions Act 2004.

The Trustee has the primary responsibility for governance of the Scheme. Benefit payments are from Trustee-administered funds and scheme assets are held in a Trust which is governed by U.K. regulation. Responsibility for governance of the scheme lies mainly with the Trustee. The Trustee is comprised of representatives of the Group and members of the scheme.

The pension scheme exposes the Group (among others) to the following risks:

**Asset volatility** - the scheme's Statement of Investment Principles targets 55 per cent. return-enhancing assets and 45 per cent. risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an ongoing basis.

**Inflation risk** - the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

**Longevity** - increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

There have been no curtailment events in any of the periods in this historic financial information.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme had an effective date of 6 April 2017. The assumptions that have had the most significant effect on the valuation are those relating to the rate of return on investments, the rate of increase in salaries and pensions and expected longevity. It was assumed that the pre retirement investment return would be 3.4 per cent. *per annum* and the post retirement return 2.25 per cent. and that salary increases would average 3.0 per cent. for the period to 31

March 2021 and 3.55 per cent. thereafter.

At the 6 April 2017 actuarial valuation, the actuarial value of the scheme assets was £265,385,000, sufficient to cover 85 per cent. of the benefits which had accrued to members, after allowing for the expected future increases in earnings.

Following the latest actuarial valuation of the scheme on 6 April 2017, contributions increased from 22.5 per cent. to 23.7 per cent. for the Group where the active member does not participate in the salary sacrifice scheme. For active members participating in the salary sacrifice scheme, employees make no contributions and the Group contribution is 30.2 per cent. or 34.7 per cent., depending on whether the member opted for benefits of 1/80 or 1/70 of pensionable salary.

The latest actuarial valuation on 6 April 2017 showed a deficit in the scheme of £(48,639,000). On 5 July 2018, the Group agreed to increase the recovery plan contributions from £2,750,000 *per annum* to £4,000,000 through to 31 March 2020 and to £7,100,000 thereafter through to 31 July 2025.

**The assets and liabilities of the scheme are:**

**(£m)**

Period ended 31 December 2015	Total	Quoted	Unquoted
U.K. equities	32.0	32.0	-
Overseas equities	34.9	34.9	-
Property	21.7	-	21.7
Index linked gilts	43.9	43.9	-
Corporate bonds	43.2	-	43.2
Diversified alternatives	18.9	-	18.9
High yield bonds	9.7	-	9.7
Cash	1.9	1.9	-
Insurance policies	2.1	-	2.1
Fair value of scheme assets	208.3	112.7	95.6
Present value of defined benefit obligations	(213.2)		
<b>Net pension liability</b>	<b>(4.9)</b>		

**(£m)**

Period ended 31 December 2016	Total	Quoted	Unquoted
U.K. equities	41.0	41.0	-
Overseas equities	44.8	44.8	-
Property	22.1	-	22.1
Index linked gilts	55.9	55.9	-
Corporate bonds	52.3	-	52.3
Diversified alternatives	22.5	-	22.5
High yield bonds	11.0	-	11.0
Cash	1.3	1.3	-
Insurance policies	2.8	-	2.8
Fair value of scheme assets	253.7	143.0	110.7
Present value of defined benefit obligations	(323.5)		
<b>Net pension liability</b>	<b>(69.8)</b>		

(£m)

Period ended 31 December 2017	Total	Quoted	Unquoted
U.K. equities	41.9	41.9	-
Overseas equities	45.0	45.0	-
Property	27.0	-	27.0
Index linked gilts	57.3	57.3	-
Corporate bonds	55.4	-	55.4
Diversified alternatives	26.8	-	26.8
High yield bonds	13.1	-	13.1
Cash	1.2	1.2	-
Insurance policies	3.8	-	3.8
Fair value of scheme assets	271.5	145.4	126.1
Present value of defined benefit obligations	(318.4)		
<b>Net pension liability</b>	<b>(46.9)</b>		

(£m)

Period ended 30 June 2018	Total	Quoted	Unquoted
U.K. equities	43.5	43.5	-
Overseas equities	45.2	45.2	-
Property	27.6	-	27.6
Index linked gilts	56.6	56.6	-
Corporate bonds	54.1	54.1	-
Diversified alternatives	26.9	-	26.9
High yield bonds	13.0	-	13.0
Cash	4.5	-	4.5
Insurance policies	3.6	-	3.6
Fair value of scheme assets	275.0	199.4	75.6
Present value of defined benefit obligations	(300.0)		
<b>Net pension liability</b>	<b>(25.0)</b>		

***Movement in the present value of scheme assets***

(£m)

At 31 December 2014	200.3
Interest on assets	7.5
Employer contributions	10.4
Contributions by employees	-
Actuarial losses	(6.1)
Benefits paid	(3.9)

<b>(£m)</b>	
At 31 December 2015	208.2
Interest on assets	8.4
Employer contributions	10.2
Contributions by employees	-
Actuarial gains	31.4
Benefits paid	(4.4)

<b>(£m)</b>	
At 31 December 2016	253.8
Interest on assets	6.9
Employer contributions	9.8
Contributions by employees	-
Actuarial gains	11.2
Benefits paid	(10.2)

<b>(£m)</b>	
At 31 December 2017	271.5
Interest on assets	3.4
Employer contributions	6.0
Contributions by employees	-
Actuarial losses	(3.0)
Benefits paid	(2.9)
At 30 June 2018	275.0

The actual return on scheme assets for the Group pension scheme was a gain of £1.4 million for the year ended 31 December 2015, a gain of £39.7 million for the year ended 31 December 2016, a gain of £18.0 million for the year ended 31 December 2017 and a gain of £0.4 for the six months ended 30 June 2018.

***Movement in the present value of defined benefit obligations***

<b>(£m)</b>	
At 31 December 2014	(212.7)
Current service cost	(10.0)
Past service cost	0.3
Employee contributions	-
Interest cost	(7.8)
Experience losses	(0.4)
Actuarial gains arising from changes in financial assumptions	13.6
Disbursements	3.8



<b>(£m)</b>	
At 31 December 2015	(213.2)
Current service cost	(9.0)
Employee contributions	-
Interest cost	(8.3)
Experience losses	(0.4)
Actuarial gains arising from changes in financial assumptions	(97.2)
Disbursements	4.4
Actuarial gains arising from changes in demographic assumptions	0.2

<b>(£m)</b>	
At 31 December 2016	(323.5)
Current service cost	(12.4)
Past service cost	24.3
Employee contributions	(0.1)
Interest cost	(8.6)
Experience losses	6.7
Actuarial gains arising from changes in financial assumptions	(8.6)
Disbursements	10.2
Actuarial gains arising from changes in demographic assumptions	(6.4)

<b>(£m)</b>	
At 31 December 2017	(318.4)
Current service cost	(4.0)
Past service cost	-
Employee contributions	(3.9)
Interest cost	(2.1)
Experience losses	23.3
Actuarial gains arising from changes in financial assumptions	2.9
Disbursements	2.2
At 30 June 2018	(300.0)

<b>(£m)</b>	
At 30 June 2018	

**Amounts recognised in the income statement**

<b>(£m)</b>	
Period to 31 December 2015	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(10.0)
Past service cost	0.3
	(9.7)
Amount (charged)/credited to finance (expense)/income : Net interest on the net defined liability	(0.3)
<b>Total expense recognised in the income statement</b>	<b>(10.0)</b>

<b>(£m)</b>	
Period to 31 December 2016	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(9.0)
Past service cost	-
	<u>(9.0)</u>
Amount (charged)/ credited to finance (expense)/income : Net interest on the net defined liability	-
<b>Total expense recognised in the income statement</b>	<b><u>(9.0)</u></b>

<b>(£m)</b>	
Period to 31 December 2017	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(12.4)
Past service cost	24.3
	<u>11.9</u>
Amount (charged)/credited to finance (expense)/income : Net interest on the net defined liability	(1.7)
<b>Total expense recognised in the income statement</b>	<b><u>10.2</u></b>

<b>(£m)</b>	
Period to 30 June 2018	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(4.0)
Past service cost	-
	<u>(4.0)</u>
Amount (charged)/credited to finance (expense)/income : Net interest on the net defined liability	(0.5)
<b>Total expense recognised in the income statement</b>	<b><u>(4.5)</u></b>

## **Actuarial gains and losses recognised directly in other comprehensive income**

(£m)

Cumulative amount at 31 December 2014	(39.6)
Return on assets greater than the discount rate	(6.1)
Experience losses arising on funded obligations	(0.4)
Gains arising due to changes in financial assumptions underlying the present value of funded obligations	13.6
Cumulative amount at 31 December 2015	(32.5)
Return on assets greater than the discount rate	31.4
Experience losses arising on funded obligations	(0.3)
Losses arising due to changes in financial assumptions underlying the present value of funded obligations	(97.3)
Losses arising due to changes in demographic assumptions	0.2
Cumulative amount at 31 December 2016	(98.5)
Return on assets greater than the discount rate	11.2
Experience losses arising on funded obligations	6.7
Gains arising due to changes in financial assumptions underlying the present value of funded obligations	(8.6)
Losses arising due to changes in demographic assumptions	(6.4)
Cumulative amount at 31 December 2017	(95.6)
Return on assets greater than the discount rate	(3.1)
Experience losses arising on funded obligations	(2.1)
Losses arising due to changes in financial assumptions underlying the present value of funded obligations	23.3
Losses arising due to changes in demographic assumptions	2.2
Cumulative amount at 30 June 2018	(75.3)

## **Actuarial assumptions**

Principal actuarial assumptions (expressed as weighted averages) at the year end were:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
Discount rate	3.95%	2.70%	2.50%	<b>2.70%</b>
Rate of increase in salaries (see below)	3.20%	3.40%	3.20%	<b>3.10%</b>
Rate of revaluation in deferment	2.20%	2.40%	2.20%	<b>2.10%</b>
Rate of increase in pensions in payment attracting LPI	3.10%	3.20%	3.10%	<b>3.00%</b>
RPI inflation assumption	3.20%	3.40%	3.20%	<b>3.10%</b>
CPI inflation assumption	2.20%	2.40%	2.20%	<b>2.10%</b>

The salary escalation assumption applies after 2021. The salary assumption increase for 2016-2021 is 3 per cent. *per annum*. The salary increase of 3.1 per cent. in the table above applies after 2021.

The discount rate is based on the yields available on high quality corporate bonds. For the 30 June 2018 accounting disclosures, we used the spot yield curve from the Merrill Lynch AA rated corporate bond index. The discount rate was based on applying the projected cash flows of the scheme to the Merrill Lynch spot yield curve.

Assumptions regarding future mortality are based on published statistics and mortality tables and make an allowance for future improvements in line with the CMI projections model (2017) with long-term trend rates of 1.25 per cent. *per annum*. The base actuarial table used is S2MA light, adjusted to broadly reflect the socio-economic profile of the scheme members (105 per cent. for males and 80 per cent. for females). The mortality assumption adopted predicts that a current 65 year old male would have a life expectancy to age 88 and a female would have a life expectancy to age 91.

### Sensitivity analysis of the principal assumptions used to measure scheme liabilities

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
Discount rate – decrease by 0.25%	227.3	346.9	340.4	<b>319.7</b>
Rate of inflation* – Increase by 0.25%	221.8	340.5	334.5	<b>316.3</b>
Life expectancy increased by approximately one year	219.8	335.8	331.3	<b>312.0</b>

\* Applies to the Retail Prices Index and the Consumer Prices Index inflation assumptions. The assumption is that the salary increase assumption will also increase by 0.2 per cent. *per annum* after 2020/21.

The projected unit method has been applied when calculating these defined benefit obligations.

### History of actuarial gains and losses

	As at 31 December			As at 30 June
	2015	2016	2017	2018
Present value of the defined benefit obligation	(213.2)	(323.5)	(318.4)	<b>(300.0)</b>
Fair value of scheme assets	208.3	253.7	271.5	<b>275.0</b>
Deficit in scheme	(4.9)	(69.8)	(46.9)	<b>(25.0)</b>
Actuarial adjustments arising on scheme liabilities	13.6	(97.0)	(15.0)	<b>25.5</b>
Actuarial adjustments arising on scheme assets	(6.5)	31.0	17.9	<b>(0.9)</b>

### Consolidated statement of financial position reconciliation

(£m)	As at 31 December			As at 30 June
	2015	2016	2017	2018
Liability at the beginning of the period	(12.4)	(4.9)	(69.8)	<b>(46.9)</b>
Employer contributions	10.4	10.2	9.8	<b>6.1</b>
Amounts recognised in other comprehensive income in the financial period	7.1	(66.0)	2.9	<b>20.3</b>
Amounts recognised in the income statement in the financial period	(10.0)	(9.1)	10.2	<b>(4.5)</b>
Liability at the end of the period	<b>(4.9)</b>	<b>(69.8)</b>	<b>(46.9)</b>	<b>(25.0)</b>

The Group expects £11.3m in contributions to be paid into its defined benefit scheme for the year ended 31 December 2019. The weighted average duration of the defined benefit obligation at 30 June 2018 is 26 years (31 December 2017: 27 years, 31 December 2016: 28 years, 31 December 2015: 29 years).

## 7.2 Related party transactions

### Identity of related parties

The Group has related party relationships with its key management personnel, its shareholders and companies under the common ownership of certain of its shareholders.

All dealings with related parties are conducted on arm's length terms.

### **Transactions with related parties**

During the period, the Group entered into transactions with Prestige Motor Holdings SA, a shareholder of Aston Martin Holdings (UK) Limited, and Aston Martin Mena Limited and AM Brands Limited who had certain shareholders in common with Aston Martin Holdings (UK) Limited, namely, Prestige Motor Holdings S.A. and Asmar Limited, and Dr. Andrew Palmer, a director of Aston Martin Holdings (UK) Limited.

(£m)	Sales	Amounts owed by related party	Purchases	Amounts owed to related party
<b>31 December 2015</b>				
Prestige Motor Holdings SA	-	-	-	15.1
Aston Martin MENA Ltd	-	-	1.7	0.5
	-	-	1.7	15.6
<b>31 December 2016</b>				
Prestige Motor Holdings SA	-	-	-	15.1
Aston Martin MENA Ltd	-	-	2.7	1.7
AM Brands Limited	1.4	0.5	-	-
	1.4	0.5	2.7	16.8
<b>31 December 2017</b>				
Prestige Motor Holdings SA	-	5.6	-	15.1
Aston Martin MENA Ltd	-	-	4.3	0.6
AM Brands Limited	2.0	-	-	-
	2.0	5.6	4.3	15.7
<b>30 June 2017</b>				
Prestige Motor Holdings SA	-	-	-	15.1
Aston Martin MENA Ltd	-	-	2.0	0.6
AM Brands Limited	1.0	0.4	-	-
	1.0	0.4	2.0	15.7
<b>30 June 2018</b>				
Prestige Motor Holdings SA	-	5.6	-	15.1
Aston Martin MENA Ltd	-	-	1.0	0.6
	-	5.6	1.0	15.7

### **Transactions with directors**

(£m)	Sales	Amounts owed by related party	Purchases	Amounts owed to related party
<b>31 December 2017</b>				
Dr Andrew Palmer	0.1	-	-	-

During the year ended 31 December 2017, one car was sold to Dr Andrew Palmer for £110,000 excluding value added tax. There were no transactions with the Directors during any other period under review.

### **7.3 Ultimate parent company information**

For each of the periods ended 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018, Aston Martin Holdings (UK) Limited had no immediate parent company. On 3 September 2018, the

Company's shares were transferred to Aston Martin Lagonda Global Holdings plc.

#### 7.4 Post Balance Sheet Event

On 5 July 2018 a revised schedule of contributions was agreed with the Trustees of the Aston Martin Lagonda Pension Scheme following conclusion of the 6 April 2017 triennial review. As a result recovery plan contributions will increase from £2,750,000 *per annum* to £4,000,000 *per annum* through to 31 March 2020 and to £7,100,000 *per annum* thereafter through to 31 July 2025. Should this revised schedule of contributions have been in place at 30 June 2018, the group would have recognised a minimum funding liability of £15,814,000 in addition to the reported net pension deficit of £25,000,000 as at this date.

On 3 September 2018 the Company's shares were transferred to Aston Martin Lagonda Global Holdings plc.

#### 7.5 Subsidiary undertakings

The principal undertakings in which the Group's interest at the period end is more than 20 per cent. are as follows:

Company	Country of incorporation	Class of share held	31 December 2015	31 December 2016	31 December 2017	30 June 2018
AM Brands Limited <sup>1</sup>	Jersey	Ordinary	-	-	100.0%	100.0%
AM Nurburgring Racing Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%
AML Italy S.r.l	Italy	Ordinary	100.0%	100.0%	100.0%	100.0%
AML Overseas Services Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%
AMWS Limited	Jersey	Ordinary	50.0%	50.0%	50.0%	50.0%
Aston Martin Capital Holdings Limited <sup>2</sup>	Jersey	Ordinary	-	-	100.0%	100.0%
Aston Martin Capital Limited	Jersey	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Investments Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Italy S.r.l	Italy	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Japan GK	Japan	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda – Asia Pacific PTE Limited <sup>3</sup>	Singapore	Ordinary	-	100.0%	100.0%	100.0%
Aston Martin Lagonda (China) Automobile Distribution Co. Ltd	China	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda Group Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda Limited	UK	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda of Europe GmbH	Germany	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda of North America Incorporated	USA	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Lagonda Pension Trustees Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%
Aston Martin Works Limited	U.K.	Ordinary	50.0%	50.0%	50.0%	50.0%
Lagonda Properties Limited	U.K.	Ordinary	100.0%	100.0%	100.0%	100.0%

(1) Acquired in the year ended 31 December 2017

(2) Incorporated in the year ended 31 December 2017

(3) Incorporated in the year ended 31 December 2016

AMWS Limited and Aston Martin Works Limited are deemed to be controlled by the Group, as the Group has the right to appoint the majority of the members of the board of directors.

<b>Company</b>	<b>Principal activity</b>
AM Brands Limited	Grants licences to third parties for the use of the Aston Martin brand for non-automotive products worldwide
AM Nurburgring Racing Limited	Dormant company
AML Italy S.r.l	Dormant company
AML Overseas Services Limited	Dormant company
AMWS Limited	Holding company
Aston Martin Capital Holdings Limited	Financing company holding the Senior Secured Notes
Aston Martin Capital Limited	Dormant company - formerly the financing company that held the previous Senior Secured Notes that were repaid in 2017
Aston Martin Investments Limited	Holding company
Aston Martin Italy S.r.l	Sale and servicing of luxury sports cars and the sale of parts
Aston Martin Japan GK	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda - Asia Pacific PTE Limited	Operator of the sales office in Singapore and certain other countries in the Asia Pacific region
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	Luxury sports car distributor
Aston Martin Lagonda Group Limited	Holding company
Aston Martin Lagonda Limited	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda of Europe GmbH	Provision of engineering and sales and marketing services
Aston Martin Lagonda of North America Incorporated	Luxury sports car distributor
Aston Martin Lagonda Pension Trustees Limited	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Works Limited	Servicing and restoration of Aston Martin cars
Lagonda Properties Limited	Dormant company

## PART XIV - TAXATION

### PART A: U.K. TAXATION

*The following paragraphs are intended only as a general guide to current U.K. law and HMRC's current published practice as at the date of this Prospectus, which are both subject to change at any time, possibly with retrospective effect. Furthermore, they are not exhaustive and relate only to certain limited aspects of the U.K. tax consequences for shareholders of holding or disposing of Shares (and, in the case of section 3 of this Part XIV, acquiring Shares).*

*Except where expressly stated otherwise, the sections below (other than section 3 of this Part XIV) are intended to apply only to Shareholders: (i) who are for U.K. tax purposes resident and, if individuals, domiciled in the U.K.; (ii) to whom split-year treatment does not apply; (iii) who are the absolute beneficial owners of their Shares and any dividends paid in respect of them; (iv) who hold their Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; and (v) who hold less than 5 per cent. of the Shares.*

*The paragraphs below may not apply to certain shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, persons who are otherwise exempt from U.K. taxation and persons who have (or are deemed to have) acquired their Shares by virtue of an office or employment or persons who are treated as holding their Shares as carried interest. Such shareholders may be subject to special rules.*

**The material set out in the paragraphs below does not constitute tax advice. Any person who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the U.K. should consult an appropriate professional adviser.**

#### 1 U.K. taxation of dividends

There will be no U.K. withholding tax on dividends paid on the Shares.

#### Individuals

The tax treatment of dividends paid by the Company to individual Shareholders is as follows:

- (A) dividends received by an individual Shareholder from the Company (or from other sources) will form part of the Shareholder's total income for income tax purposes;
- (B) a nil rate of income tax applies to the first part of the taxable dividend income received by an individual Shareholder in a tax year (the "**Nil Rate Amount**"). The Nil Rate Amount is currently £2,000; and
- (C) any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be taxed at the rates set out below.

Where a Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will, subject to the availability of any income tax personal allowance, be subject to income tax at the following rates for the 2018/19 tax year:

- 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the



Shareholder's total taxable dividend income for the tax year in question will be treated as the highest part of the Shareholder's total income for income tax purposes. In addition, dividends within the Nil Rate Amount which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

## **Companies**

Shareholders within the charge to U.K. corporation tax which are "**small companies**" (for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) will not be subject to U.K. corporation tax on any dividend received from the Company provided certain basic conditions are met.

Other Shareholders within the charge to U.K. corporation tax will not generally be subject to U.K. corporation tax on dividends received from the Company so long as the dividends fall within an exempt class. Examples of dividends that fall within an exempt class include: (i) dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the company's assets on its winding up, and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the dividends are paid) and who is entitled to less than 10 per cent. of the profits available for distribution and would be entitled to less than 10 per cent. of the assets available for distribution on a winding-up.

## **2 Chargeable gains**

### **Individuals**

A disposal or deemed disposal of Shares may give rise to a chargeable gain (or allowable loss) for the purposes of U.K. capital gains tax, depending upon the Shareholder's circumstances and subject to any available exemption or relief. No indexation allowance will be available to an individual holder of Shares in respect of any disposal of Shares. However, the capital gains tax annual exemption (which is £11,700 for individuals in the 2018/19 tax year) will be available to the extent it has not already been utilised by the individual Shareholder.

The rate of capital gains tax on share disposals is currently 10 per cent. to the extent that individuals are subject to income tax at the basic rate and any chargeable gain does not exceed the unused part of their basic rate income tax band. Where an individual is subject to income tax at the basic rate but any chargeable gain exceeds the unused part of their basic rate income tax band, the rate of capital gains tax on the excess is 20 per cent. The rate of capital gains tax is also 20 per cent. for individuals who are subject to income tax at the higher or additional rates.

Individuals who are temporarily non-resident may, in certain circumstances, be subject to tax in respect of gains realised when they are not resident in the U.K. on their return to the U.K..

### **Companies**

A disposal or deemed disposal of Shares may give rise to a chargeable gain (or allowable loss) for the purposes of U.K. corporation tax, depending on the circumstances and subject to any available exemption or relief. The rate of corporation tax is currently 19 per cent.

## **3 U.K. stamp duty and SDRT**

The following statements are intended as a general guide to the current U.K. stamp duty and SDRT position and apply regardless of whether or not a holder of Shares is resident in the U.K.. It should be noted that certain categories of person, including market makers, brokers, dealers and other specified market intermediaries, are entitled to exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.

A sale of Shares will generally be subject to U.K. stamp duty (if the shares are held in certificated form) or SDRT (if the sale is settled electronically through the U.K.'s CREST system of paperless transfers), in either case at the rate of 0.5 per cent. of the amount or value of the consideration paid for the shares.

Any stamp duty payable (as opposed to SDRT) is rounded up to the nearest £5. No stamp duty (as opposed to SDRT) will be payable if the amount or value of the consideration is (and is certified on the instrument of transfer to be) £1,000 or under and the transfer does not form part of a larger transaction, or series of transactions, where the aggregate consideration exceeds £1,000. Stamp duty or SDRT is usually paid or borne by the purchaser.

Stamp duty or SDRT may be charged at the higher rate of 1.5 per cent. on transfers of Shares into a clearance system or a depositary receipt system. Based on current published HM Revenue and Customs practice and recent case law, generally no SDRT should be payable, and no liability to stamp duty should arise, in respect of the issue or transfer of Shares to the clearance system and depositary receipt if it is integral to raising capital by the Company.

A sale of Shares within a clearance service which has not made and maintained a relevant election under section 97A(1) of the Finance Act 1986 will not give rise to an SDRT liability and should not in practice require the payment of U.K. stamp duty.

As explained in Part V (*Details of the Offer*), the Selling Shareholders and Other Selling Shareholders have agreed to meet the liability to U.K. stamp duty or SDRT on the initial sale of Shares under the Offer and the sale of Shares pursuant to the Over-allotment Option at the normal rate of 0.5 per cent.

## **PART B: U.S. TAXATION**

The following discussion describes certain United States federal income tax consequences of the purchase, ownership and disposition of Shares as of the date hereof. This discussion deals only with Shares that are held as capital assets by a United States Holder (as defined below). In addition, the discussion set forth below is applicable only to United States Holders: (i) who are residents of the United States for purposes of the current United States – United Kingdom Income Tax Treaty (the “**Treaty**”), (ii) whose Shares are not, for purposes of the Treaty, effectively connected with a permanent establishment in the United Kingdom and (iii) who otherwise qualify for the full benefits of the Treaty.

As used herein, the term “**United States Holder**” means a beneficial owner of Shares that is, for United States federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it: (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (the “**IR Code**”), and regulations, rulings and judicial decisions thereunder as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to a United States Holder subject to special treatment under the United States federal income tax laws, such as:

- a dealer in securities or currencies;
- a financial institution;

- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for its securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10 per cent. or more of the Company's stock (by vote or value);
- a partnership, S corporation or other pass-through entity for United States federal income tax purposes;
- a person required to accelerate the recognition of any item of gross income with respect to the Shares as a result of such income being recognized on an applicable financial statement; or
- a person whose "functional currency" is not the United States dollar.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Shares should consult their own independent tax advisors.

This discussion does not contain a detailed description of all the United States federal income tax consequences to a United States Holder of Shares in light of the United States Holder's particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. **Any persons considering the purchase of Shares should consult with their own independent tax advisors concerning the particular United States federal income tax consequences of the purchase, ownership and disposition of Shares, as well as the consequences arising under other United States federal tax laws and the laws of any other taxing jurisdiction.**

### **Taxation of Dividends**

The gross amount of distributions on the Shares will be taxable as dividends to the extent paid out of current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the tax basis of the Shares, and to the extent the amount of the distribution exceeds a United States Holder's tax basis, the excess will be taxed as capital gain recognised on a sale or exchange. However, the Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, United States Holders of the Shares should expect that a distribution will generally be treated as a dividend.

Any dividends received (including any withheld taxes) should be included in a United States Holder's gross income as ordinary income on the day actually or constructively received by the United States Holder. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the IR Code. With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that Treaty meets these requirements, and the Company believes it is eligible for the benefits of

the Treaty. However, non-corporate holders that do not meet certain minimum holding period requirements or that elect to treat the dividend income as “investment income” will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. United States Holders should consult their own tax advisors regarding the application of these rules to their particular circumstances.

The amount of any dividend paid in pound sterling will equal the United States dollar value of the pound sterling received calculated by reference to the exchange rate in effect on the date the dividend is received by you, regardless of whether the pound sterling are converted into United States dollars. If the pound sterling received as a dividend are converted into United States dollars on the date they are received, you generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the pound sterling received as a dividend are not converted into United States dollars on the date of receipt, a United States Holder will have a basis in the pound sterling equal to their United States dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the pound sterling will be treated as United States source ordinary income or loss.

Distributions of common shares or rights to subscribe for common shares that are received as part of a pro rata distribution to all of the Company’s shareholders generally will not be subject to United States federal income tax.

### **Passive Foreign Investment Company**

The Company does not believe that it is, for United States federal income tax purposes, a passive foreign investment company (a “PFIC”), and it expects to operate in such a manner so as not to become a PFIC. If, however, the Company is or becomes a PFIC, a United States Holder could be subject to additional United States federal income taxes on gain recognised with respect to the Shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. In addition, dividends received by non-corporate United States investors will not be eligible for the reduced rate of taxation discussed under “Taxation of Dividends” above if the Company is a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

### **Taxation of Capital Gains**

For United States federal income tax purposes, a United States Holder of the Shares will recognise taxable gain or loss on any sale or exchange of the Shares in an amount equal to the difference between the amount realised for the Shares and the United States Holder’s tax basis in the Shares. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if the United States Holder has held the Shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised by a United States Holder will generally be treated as United States source gain or loss.

United States Holders should note that any United Kingdom stamp duty or SDRT, if any, will not be treated as a creditable foreign tax for United States federal income tax purposes, although United States Holders may be entitled to deduct such taxes, subject to applicable limitations under the IR Code.

### **Information Reporting and Backup Withholding**

In general, information reporting will apply to dividends in respect of Shares and the proceeds from the sale, exchange or other disposition of Shares that are paid to a United States Holder within the United States (and in certain cases, outside the United States), unless the United States Holder is a corporation or other exempt recipient. A backup withholding tax may apply to such payments if a United States Holder fails to provide a taxpayer identification number or certification of exempt status or fails to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a United States Holder’s United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Certain United States Holders are required to report information relating to the Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions), by attaching a complete Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold the Shares. United States Holders are urged to consult their own tax advisors regarding information reporting requirements relating to their ownership of the Shares.

## PART XV - ADDITIONAL INFORMATION

### 1 RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 96 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, each having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 INCORPORATION AND ACTIVITY OF THE COMPANY

The Company was incorporated and registered in England and Wales under the Companies Act 2006 as a private company limited by shares and under the name Aston Martin Lagonda Global Holdings Limited on 27 July 2018 with registered number 11488166. On 7 September 2018, the Company was re-registered as a public limited company as Aston Martin Lagonda Global Holdings plc.

The principal activity of the Company is to act as the ultimate holding company of the Group. The principal legislation under which the Company operates and under which the Shares were created is the Companies Act 2006 and regulations made thereunder.

The Company is domiciled in England and Wales with its registered and head office at Banbury Road, Gaydon, Warwick CV35 0DB, United Kingdom. The telephone number of the Company's registered office is + 44 (0) 1926 644 644.

### 3 REORGANISATION

Prior to, and in connection with, Admission, Aston Martin Lagonda has undertaken a reorganisation of its corporate structure, which included the Company becoming the ultimate holding company of the Group. The principal reorganisation steps that have taken place are as follows:

- the Company was incorporated as a private limited company on 27 July 2018;
- a share exchange was carried out, such that all holders of securities in Aston Martin Holdings (UK) Limited transferred their securities in Aston Martin Holdings (UK) Limited to the Company in exchange for the issue and allotment of a like number of identical securities in the Company (the "**Share Exchange**"). This completed on 3 September 2018. Under the Share Exchange the following steps were effected simultaneously:
  - each shareholder in Aston Martin Holdings (UK) Limited transferred its shares in Aston Martin Holdings (UK) Limited to the Company, in consideration for the issue of shares in the Company of the same class, with the same rights and obligations and of a like number, as their shares in Aston Martin Holdings (UK) Limited;
  - each holder of warrants and options in Aston Martin Holdings (UK) Limited transferred such warrants or options to the Company in exchange for the grant of a like number of new warrants or options respectively in the Company, with the same terms and conditions as the existing warrants and options; and
  - the loan receivable owed by Aston Martin Holdings (UK) Limited to Aston Martin Capital Holdings Limited (the "**AMH(UK) Receivable**") transferred from Aston Martin Capital Holdings Limited to the Company, in consideration for the issue of a loan receivable owed to Aston Martin Capital Holdings Limited by the Company in the same amount, and on the same terms as, the AMH(UK) Receivable;
- a bonus issue was carried out on 6 September 2018 by which the entire amount of the Company's merger reserve arising as a result of the Share Exchange was capitalised through the issuance of 3,284,891 capital reduction shares of £73.80982 each in the capital of the Company (the "**Capital Reduction Shares**") to the holders of ordinary shares of £0.001 in the capital of the Company ("**Ordinary Shares**", such shares following the consolidation, sub-division and/or re-designation

referred to below becoming “**Shares**”) and D shares of £0.001 in the capital of the Company (the “**D Shares**”). All of the Capital Reduction Shares were cancelled through a capital reduction which became effective on 6 September 2018;

- the Company was re-registered as a public limited company on 7 September 2018 by the name of Aston Martin Lagonda Global Holdings plc; and
- the Company adopted the Articles (subject to and conditional upon Admission) on 19 September 2018.

Shortly prior to Admission, the Company intends to undertake a further reorganisation of its share capital. The principal steps in this reorganisation are as follows:

- each preference share of £0.01 in the capital of the Company (each a “**Preference Share**”) will be sub-divided into ten shares with a nominal value of £0.001 each (the “**Sub-divided Shares**”);
- certain of these Sub-divided Shares will be re-designated as Ordinary Shares, in accordance with the rights of the Preference Shares to convert into Shares, being such number of Ordinary Shares as results from the sum of the Aggregate Paid-Up Amount (as such term is defined in the Company’s articles of association) of the Preference Shares and the aggregate value of the accrued dividends on the Preference Shares (discounted using the sum of the Gilt Rate (as such term is defined in the Company’s articles of association) and a yield premium of 0.5 per cent.), divided by the Offer Price;
- any remaining Sub-divided Shares will be re-designated as deferred shares of £0.001 in the capital of the Company the “**Deferred Shares**”), with the Company being irrevocably authorised: (a) to treat any Deferred Share as being surrendered to the Company for cancellation at any time thereafter, (b) to re-designate such Deferred Shares, or (c) to allocate, transfer or otherwise deal with such Deferred Shares (or any shares into which they have been designated) in any way;
- subject to being validly exercised, the Company will issue Ordinary Shares in respect of the warrants to subscribe for Ordinary Shares on a one-for-one basis;
- each D Share will be re-designated as an Ordinary Share;
- subject to the option in respect of 21,174 Ordinary Shares being validly exercised, 21,714 fully paid up Ordinary Shares will be issued to Ulrich Bez;
- the 21,714 partly-paid Ordinary Shares held by Ulrich Bez will be fully paid up; and
- a share consolidation, sub-division and/or re-designation of the resulting share capital of the Company will be undertaken.

#### 4 **SHARE CAPITAL OF THE COMPANY**

##### 4.1 **Issued share capital of the Company**

Immediately following Admission, the number of Shares in issue is expected to be between 225,222,486 and 229,521,199.

As at the Latest Practicable Date, the Company held no treasury shares.

The Shares will be registered with ISIN number GB00BFXZC448 and SEDOL number BFXZC44.

##### 4.2 **History of the share capital**

The Company was incorporated and registered in England and Wales under the Companies Act 2006 as a private company limited by shares under the name Aston Martin Lagonda Global Holdings Limited on 27 July 2018 with registered number 11488166.

The issued share capital of the Company on incorporation was £0.007, comprised of seven Ordinary Shares (each a “**Subscriber Share**”). The Subscriber Shares were issued in the following proportions to

the following shareholders:

- 3 Ordinary Shares to Prestige Motor Holdings S.A.;
- 2 Ordinary Shares to PrimeWagon (Jersey) Limited;
- 1 Ordinary Share to Asmar Limited; and
- 1 Ordinary Share to Adeem Automotive Manufacturing Company Limited.

In connection with the Share Exchange described in section 3 of this Part XV (*Additional Information*), on 20 August 2018 the Company's share capital was increased from £0.007 to £2,003,284.891 by the following issue of shares (all of which were issued as being fully-paid, save for 21,714 partly-paid Ordinary Shares, which were paid up as to the nominal value, with £1,569,900.49 outstanding):

- 3,123,363 Ordinary Shares issued as follows:
  - 362,577 Ordinary Shares to Adeem Automotive Manufacturing Company Limited;
  - 440,139 Ordinary Shares to Asmar Limited;
  - 1,238,544 Ordinary Shares to Prestige Motor Holdings S.A.;
  - 151,933 Ordinary Shares to Primewagon (UK) Limited;
  - 827,028 Ordinary Shares to Primewagon (Jersey) Limited;
  - 81,428 Ordinary Shares to Stehwaz Automotive Jersey Limited; and
  - 21,714 Ordinary Shares to Ulrich Bez,
- 200,000,000 Preference Shares issued as follows:
  - 4,687,484 Preference Shares to Prestige Motor Holdings S.A.;
  - 157,031,226 Preference Shares to Preferred Prestige Motor Holdings S.A.;
  - 3,448,307 Preference Shares to Warwick European Credit Opportunities Fund L.P.;
  - 3,906,237 Preference Shares to Warwick European Opportunities Fund II L.P.;
  - 6,551,693 Preference Shares to Warwick European Opportunities Fund Inc.; and
  - 24,375,053 Preference Shares to York Global Finance Offshore BDH (Luxembourg) S.A.R.L.,
- 161,521 D Shares issued to Daimler.

Simultaneously, the Company also granted 137,776 warrants and 21,174 options to the following subscribers:

- an option in respect of 21,714 Ordinary Shares to Ulrich Bez;
- warrants in respect of 3,229 Ordinary Shares to Prestige Motor Holdings S.A.;
- warrants in respect of 108,175 Ordinary Shares to Preferred Prestige Motor Holdings S.A.;
- warrants in respect of 2,375 Ordinary Shares to Warwick European Credit Opportunities Fund L.P.;
- warrants in respect of 2,691 Ordinary Shares to Warwick European Opportunities Fund II L.P.;
- warrants in respect of 4,514 Ordinary Shares to Warwick European Opportunities Fund Inc.; and



- warrants in respect of 16,792 Ordinary Shares to York Global Finance Offshore BDH (Luxembourg) S.A.R.L.

On 6 September 2018, pursuant to the bonus issue described in section 3 of this Part XV (*Additional Information*), the Company issued 3,284,891 Capital Reduction Shares to all existing holders of Ordinary Shares and D Shares in proportion to their holdings of such shares. All of the Capital Reduction Shares were cancelled through a capital reduction which became effective on 6 September 2018.

## 5 INFORMATION ABOUT THE SHARES

### 5.1 Description and type of securities being offered

The Shares are fully paid ordinary shares with a nominal value of £0.00882<sup>(1)</sup> each, assuming that the Offer Price is set at the mid-point of Price Range. Following Admission, the Company will have one class of ordinary shares, the rights of which are set out in the Articles, a summary of which is set out in section 6 of this Part XV.

Shares acquired under the Offer will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests. The Shares which are the subject of the Offer will, upon Admission, rank *pari passu* for dividends and distributions on ordinary shares of the Company declared, made or paid after their issue.

(1) The nominal value is rounded to three significant figures.

### 5.2 Legislation under which the Shares are created

The Shares have been created under the Companies Act 2006.

### 5.3 Confirmations

As at the Latest Practicable Date and save as otherwise disclosed in this Part XV or Part V (*Details of the Offer*):

- (A) no share or loan capital of the Company has, since the incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
- (B) no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital;
- (C) no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option; and
- (D) the Company held no treasury shares (as defined in the Companies Act 2006).

### 5.4 Listing

An application will be made to the FCA for all of the Shares to be admitted to the Premium Listing segment of the Official List. An application will also be made to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities. No application has been made for admission of shares to trading on any other stock exchange (nor is it the current intention of the Company to make any such application in future).

Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 3 October 2018. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange by no later than 8:00 a.m. (London time) on 8 October 2018. All dealings in the Shares before the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned.

There is no prior trading record for the Shares.

### 5.5 Form and currency of the Shares

The Shares will be in registered form and will be capable of being held in certificated and uncertificated form. The Registrar of the Company is Equiniti.

Title to the certificated Shares (if any) will be evidenced by entry in the register of members of the Company and title to uncertificated Shares will be evidenced by entry in the operator register maintained by Equiniti (which will form part of the register of members of the Company).

No share certificates will be issued in respect of Shares in uncertificated form. If any such Shares are converted to be held in certificated form, share certificates will be issued in respect of those Shares in accordance with applicable legislation. No temporary documents of title have been or will be issued in respect of the Shares.

It is currently anticipated that the Shares will be eligible to join CREST, the computerised, paperless system for settlement of sales and purchases of shares in the London securities market, with effect immediately upon Admission and the commencement of dealings on the London Stock Exchange.

The Shares will be denominated in pound sterling and quoted in pound sterling on the London Stock Exchange.

### 5.6 Rights attached to the Shares

All the Shares will rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto, and all the Shares will have equal rights to participate in capital, dividend and profit distributions by the Company.

Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Shares. The Companies Act 2006 and the Listing Rules allow for the disapplication of pre-emption rights which may be approved by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. A resolution to this effect was passed on 7 September 2018 and is summarised at paragraph 5.7(B) below.

Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Shares on or off-market, subject to the Companies Act 2006 and the requirements of the Listing Rules. The Company may purchase Shares only out of distributable reserves or the proceeds of a new issue of shares made to fund the repurchase.

Further details of the rights attached to the Shares in relation to attendance and voting at general meetings, entitlements on a winding-up of the Company, transferability of shares, voting and dividends are set out in section 6 of this Part XV.

### 5.7 Authorisations relating to the share capital of the Company

By resolution of the holders of the ordinary share capital in the Company passed on 7 September 2018 and 19 September 2018, it was resolved that subject to Admission:

- (A) the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
  - (i) up to an aggregate nominal amount of £666,667 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and
  - (ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to

a nominal amount of £1,333,333 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

- (a) to holders of Shares in proportion (as close as may be practicable) to their existing holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to apply until the end of the first annual general meeting following Admission (or, if earlier, until the close of business on 6 December 2019) but in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not ended;

- (B) subject to and conditional on the passing of the authority described in 5.7(A) above and to Admission, the Board be given the power to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority given by the authority described in 5.7(A) above and/or to sell Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

- (i) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer or, or invitation to apply for, equity securities (but in the case of the authority described in 5.7(A)(ii), by way of a rights issue only):

- (a) to holders of Shares in proportion (or as nearly as may be practicable) to their existing holdings; and
- (b) to holders of other securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (ii) in the case of the authority described in 5.7(A) and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £100,000,

such authority to apply until the end of the first annual general meeting following Admission (or, if earlier, until the close of business on 6 December 2019) but in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not ended;

- (C) subject to and conditional on the passing of the authority described in 5.7(A) above and to Admission, the Board be given the power in addition to that granted under paragraph (B) above to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority given by the authority described in 5.7(A) above and/or to sell Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to

any such allotment or sale, such power to be:

- (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £100,000; and
- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to apply until the end of the first annual general meeting following Admission (or, if earlier, until the close of business on 6 December 2019) but in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not ended;

- (D) subject to and conditional on Admission, the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its Shares, such power to be limited:
  - (i) to a maximum number of 22,000,000 shares; and
  - (ii) by the condition that the minimum price which may be paid for a Share is its nominal value and the maximum price which may be paid for a Share is the highest of:
    - (a) an amount equal to 5 per cent. above the average market value of a Share for the five business days immediately preceding the day on which that Share is contracted to be purchased; and
    - (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

(in each case, exclusive of expenses), each such authority to apply until the end of the first annual general meeting following Admission (or, if earlier, until the close of business on 6 December 2019) but in each case, during this period the Company may enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Shares pursuant to any such contract as if the power has not ended; and

- (E) subject to and conditional on Admission, the Company be authorised for the purpose of section 307A of the Companies Act 2006 to call general meetings (except for annual general meetings) on 14 days' notice (rather than 21 days' notice).

## 6 SUMMARY OF ARTICLES OF ASSOCIATION

The articles of association of the Company (the “**Articles**”) which were adopted on 19 September 2018 conditionally upon Admission becoming effective contain (amongst others) provisions to the following effect.

### 6.1 Unrestricted objects

The objects of the Company are unrestricted.

### 6.2 Limited liability

The liability of the Company's members is limited to the amount, if any, unpaid on the Shares in the Company held by them.

### 6.3 Change of name

The Articles allow the Company to change its name by resolution of the Board. This is in addition to the Company's statutory ability to change its name by special resolution under the Companies Act 2006.

### 6.4 Share rights

Subject to any rights attached to existing Shares, Shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Such rights and restrictions shall apply as if they were set out in the Articles. Redeemable shares may be issued, subject to any rights attached to existing Shares. The Board may determine the terms and conditions and the manner of redemption of any redeemable share so issued. Such terms and conditions shall apply as if they were set out in the Articles. Subject to the Articles, any resolution passed by the Shareholders and other Shareholders' rights, the Board may decide how to deal with any Shares in the Company.

### 6.5 Voting rights

Shareholders will be entitled to vote at a general meeting or class meeting whether on a show of hands or a poll, as provided in the applicable statutes (in this section, the "**Companies Acts**"). The Companies Act 2006 provides that:

- (i) on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if the proxy has been duly appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against. For this purpose the Articles provide that, where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant member to vote in the way that the proxy decides to exercise that discretion; and
- (ii) on a poll every Shareholder has one vote per share held by him or her and he or she may vote in person or by one or more proxies. Where he or she appoints more than one proxy, the proxies appointed by him or her taken together shall not have more extensive voting rights than he or she could exercise in person.

This is subject to any special terms as to voting which are given to any Shares or on which Shares are held.

In the case of joint Shareholders of a Share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint Shareholding.

### 6.6 Restrictions

No Shareholder shall be entitled to vote at any general meeting or class meeting in respect of any Share held by him if any call or other sum then payable by him or her in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

### 6.7 Dividends and other distributions

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Acts, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares.

The Board may withhold payment of all or any part of any dividends or other moneys payable in respect

of the Company's shares from a person with a 0.25 per cent. or greater holding, in number or nominal value, of the shares of the Company or of any class of such shares (in each case, calculated exclusive of any shares held as treasury shares) (in this section, a "0.25 per cent. interest") if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid. Except as set out above, dividends may be declared or paid in any currency.

The Board may if authorised by an ordinary resolution of the Company offer ordinary shareholders (excluding any member holding shares as treasury shares) in respect of any dividend the right to elect to receive ordinary shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company unless the Board decides otherwise.

The Board may decide on the way dividends are paid, including deciding on different ways of payment for different shareholders. If the Board has decided on different ways of payment, it may also give shareholders the option of choosing in which of these ways they would like to receive payment or it may specify that a particular way of payment will be used unless shareholders choose otherwise. If shareholders fail to provide the necessary details to enable payment of the dividend to them or if payment cannot be made using the details provided by the shareholder, the dividend will be treated as unclaimed.

The Company may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment, including payment by means of a relevant system, for dividends if either: (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new postal address or account of the holder. The Company may resume sending dividend cheques, warrants or similar financial instruments or employing that means of payment if the holder requests such resumption in writing.

## **6.8 Variation of rights**

Subject to the Companies Acts, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares) or by the purchase or redemption by the Company of any of its own shares.

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

## **6.9 Transfer of shares**

The Shares are in registered form. Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form, with the transfer of shares by means of a relevant system, with any provision of the legislation and rules relating to uncertificated shares or with the Company doing anything by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the board may approve. The instrument of transfer

must be signed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The Board can decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:

- (A) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the board may reasonably require;
- (B) is in respect of only one class of share; and
- (C) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25 per cent. interest if such a person has been served with a restriction notice (as defined in the articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

#### **6.10 Sub-division of share capital**

Any resolution authorising the Company to sub-divide any of its shares may determine that, as between the shares resulting from the sub-division, any of them may have a preference, advantage or deferred or other right or be subject to any restriction as compared with the others.

#### **6.11 General meetings**

The Articles rely on the Companies Act 2006 provisions dealing with the calling of general meetings. Under the Companies Act 2006 an annual general meeting must be called by notice of at least 21 days. Upon listing, the Company will be a "traded company" for the purposes of the Companies Act 2006 and as such will be required to give at least 21 days' notice of any other general meeting unless a special resolution reducing the period to not less than 14 days has been passed in accordance with the Companies Act 2006. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every Shareholder and every Director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. As the company will be a traded company, the notice must also state the website address where information about the meeting can be found in advance of the meeting, the voting record time, the procedures for attending and voting at the meeting, details of any forms for appointing a proxy, procedures for voting in advance (if any are offered), and the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each Director shall be entitled to attend and speak at any general meeting. The chair of the meeting may invite any person to attend and speak at any general meeting where he or she considers that this will assist in the deliberations of the meeting.

#### **6.12 Directors**

- (A) *Number of Directors*

The Directors shall be not less than two and not more than twenty in number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors.

(B) *Directors' shareholding qualification*

A Director shall not be required to hold any shares in the Company.

(C) *Appointment of Directors*

Directors may be appointed by the Company by ordinary resolution or by the Board.

The Board or any committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

(D) *Annual retirement of Directors*

At every annual general meeting all the Directors shall retire from office and may offer himself for re-appointment by the Shareholders.

(E) *Removal of Directors by special resolution*

The Company may by special resolution remove any Director before the expiration of his period of office.

(F) *Vacation of office*

The office of a Director shall be vacated if:

- (A) he or she resigns or offers to resign and the Board resolve to accept such offer;
- (B) he or she is removed by notice given by all of the other Directors and all of the other Directors are not less than three in number;
- (C) he or she is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated;
- (D) he or she is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him or her attends) for six consecutive months and the Board resolves that his or her office is vacated;
- (E) he or she becomes bankrupt or compounds with his or her creditors generally;
- (F) he or she is prohibited by a law from being a Director;
- (G) he or she ceases to be a Director by virtue of the Companies Acts; or
- (H) he or she is removed from office pursuant to the Company's articles.

If the office of a Director is vacated for any reason, he or she must cease to be a member of any committee or sub-committee of the Board.

(G) *Alternate Director*

Any Director may appoint any person to be his or her alternate and may at his or her discretion remove such an alternate Director. If the alternate Director is not already a Director, the appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.

(H) *Proceedings of the Board*

Subject to the provisions of the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall



be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a Director to be the Chair or a deputy chair and may at any time remove him or her from that office. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the Chair of the meeting shall have a second or casting vote.

All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be Directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

(I) *Remuneration of Directors*

Each of the non-executive Directors shall be paid a base fee at such rate as may from time to time be determined by the Board, but the aggregate of all such base fees so paid to the non-executive Directors shall not exceed £1,750,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his or her remuneration as a Director. In addition, any Director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid his or her reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the Board or of the Company or any other meeting which as a Director he or she is entitled to attend, and shall be paid all other costs and expenses properly and reasonably incurred by him or her in the conduct of the Company's business or in the discharge of his or her duties as a Director. The Company may also fund a Director's or former director's expenditure and that of a Director or former director of any holding company of the Company for the purposes permitted under the Companies Acts and may do anything to enable a Director or former director or a Director or former director of any holding company of the Company to avoid incurring such expenditure as provided in the Companies Acts.

(J) *Pensions and gratuities for Directors*

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any Director or former director or his or her relations, dependants or persons connected to him or her, but no benefits (except those provided for by the Articles) may be granted to or in respect of a Director or former director who has not been employed by or held an executive office or place of profit under the Company or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of the Company.

(K) *Directors' interests*

The Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Acts to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest or where any of the situations described in (i) to (v) below applies in relation to a Director, the Board may: (a) require

the relevant Director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation; (b) impose upon the relevant Director such other terms for the purpose of dealing with the conflict of interest or situation as it may determine; and (c) may provide that the relevant Director will not be obliged to disclose information obtained otherwise than through his position as a Director of the Company and that is confidential to a third party or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

Subject to the provisions of the Companies Acts, and provided he or she has declared the nature and extent of his interest to the Board as required by the Companies Acts, a Director may:

- (i) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
- (ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his or her office of Director for such period and upon such terms, including remuneration, as the board may decide;
- (iii) act by himself, or herself, or through a firm with which he or she is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
- (iv) be or become a Director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
- (v) be or become a Director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his or her appointment as a Director of that other company.

A Director shall not, by reason of his or her office be liable to account to the Company or its members for any benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the Board and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

(L) *Restrictions on voting*

No Director may vote on or be counted in the quorum in relation to any resolution of the board concerning his or her own appointment, or the settlement or variation of the terms or the termination of his or her own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested save to the extent permitted specifically in the Articles.

Subject to certain exceptions set out in the Articles, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he or she has an interest and, if he or she does so, his or her vote shall not be counted.

Subject to the Companies Acts, the Company may by ordinary resolution suspend or relax to any extent the provisions relating to Directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(M) *Borrowing and other powers*

Subject to the Articles and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify,

to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all borrowings (as defined in the Articles) by Aston Martin Lagonda (exclusive of borrowings within Aston Martin Lagonda) then exceeds, or would as a result of such borrowing exceed, an amount equal to six times the adjusted capital and reserves (as defined in the Articles).

(N) *Indemnity of Directors*

To the extent permitted by the Companies Acts, the Company may indemnify any Director or former director of the Company or any associated company against any liability and may purchase and maintain for any Director or former director of the Company or any associated company insurance against any liability.

## 7 MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES

Other than as provided by the Takeover Code and Chapter 28 of the Companies Act 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Shares.

### 7.1 *Mandatory bid*

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Panel on Takeovers and Mergers (the “**Takeover Panel**”)) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person interested in (together with its concert parties) shares which in aggregate carry not less than 30 per cent. of the voting rights in the Company but does not hold more than 50 per cent. of such voting rights in the Company, if the effect of such acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

“Interest in shares” is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

In particular, a person will be treated as having an interest in shares if:

- (A) he or she owns them;
- (B) he or she has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or have general control of them;
- (C) by virtue of any agreement to purchase an option or derivative he or she:
  - (i) has the right or option to acquire them or call for their delivery; or
  - (ii) are under an obligation to take delivery of them,whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (D) he or she is a party to any derivative:

- (i) whose value is determined by reference to its price; and
- (ii) which results, or may result, in their having a long position in it.

“Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people will be presumed to be acting in concert with each other unless the contrary is established.

The Panel Executive has confirmed to the Company that it would treat:

- (i) each of the members of the Adeem/PW Controlling Shareholder Group to be acting in concert with one another; and
- (ii) each of the members of the Investindustrial Controlling Shareholder Group to be acting in concert with one another,

but would not treat the members of the Adeem/PW Controlling Shareholder Group and the members of the Investindustrial Controlling Shareholder Group to be acting in concert with one another, for the purposes of the Takeover Code.

At Admission, assuming no exercise of the Over-allotment Option, each of the Adeem/PW Controlling Shareholder Group and the Investindustrial Controlling Shareholder Group are separately expected to be interested in Shares which in aggregate carry not less than 30 per cent. of the voting rights in the Company but would not hold Shares amounting to more than 50 per cent. of such voting rights in the Company. This means that following Admission, under Rule 9 of the Takeover Code, if any member of either Controlling Shareholder Group acquires any interest in Shares and the effect of such acquisition is to increase the percentage of Shares carrying voting rights in the Company that the acquirer (together with the other members of the Adeem/PW Controlling Shareholder Group or Investindustrial Controlling Shareholder Group, as applicable) is interested, the acquirer and, depending on the circumstances, the Controlling Shareholder Group with whom they are treated as acting in concert would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for interests in Shares by the acquirer or its concert parties during the previous 12 months.

In addition, if the Over-allotment Option were exercised in full, the Investindustrial Controlling Shareholder Group would be expected to be interested in Shares which in aggregate carry less than 30 per cent. of the voting rights of the Company. In such circumstances, the requirement to make a cash offer under Rule 9 as described above will be triggered if the Investindustrial Controlling Shareholder Group acquires an interest in Shares which increases its aggregate holding to an interest in Shares carrying 30 per cent. or more of the voting rights in the Company.

#### *Rule 9 Disclosures*

##### *(A) Stabilisation arrangements in connection with the Offer*

Under the stabilisation arrangements described in section 7 of Part V (*Details of the Offer*) of this Prospectus, the Stabilising Manager may borrow Shares (representing in aggregate up to 10 per cent. of Shares comprising the Offer) from the Stock Lending Shareholders under the terms of the Stock Lending Agreement for the purposes of satisfying over-allotments of Shares. The Stabilising Manager will, within 30 calendar days of the date of the commencement of conditional dealings of the Shares on the London Stock Exchange, redeliver to the Stock Lending Shareholders any equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Shares to the Stock Lending Shareholders as the Stabilising Manager has borrowed from the Stock Lending Shareholders. The Stabilising Manager may also utilise the Over-allotment Option to acquire Shares representing in aggregate up to 10 per cent. of the Shares available in the Offer (prior to

the utilisation of the Over-allotment Option) from the Over-allotment Shareholders, whereupon the Over-allotment Shareholders will be obliged to transfer such Shares to the Stabilising Manager. Any Shares acquired under the Over-Allotment Option may be used by the Stabilising Manager to discharge its above obligation to redeliver equivalent securities to the Stock Lending Shareholder, which it may also do with Shares acquired by it through stabilising transactions in the market.

As a result of the effect of lending Shares pursuant to the Stock Lending Agreement, each Stock Lending Shareholder's holding in the Company can only remain the same as what its shareholding would be if it were not party to the Stock Lending Agreement. In particular, each Stock Lending Shareholder's holding in the Company will decrease by the number of Shares (if any) which the Stabilising Manager borrows from that Stock Lending Shareholder under the terms of the Stock Lending Agreement. At the end of the Stabilisation Period, each Stock Lending Shareholder's holding in the Company will increase again when the Stabilising Manager transfers back to that Stock Lending Shareholder the number of Shares lent to the Stabilising Manager under the Stock Lending Agreement. As a result of the effect of granting the Over-allotment Option, the Over-allotment Shareholders' holding in the Company can only decrease from what its shareholding would be if it were not party to the Over-allotment Option.

The Panel Executive has confirmed, on an ex parte basis, to the Company that no mandatory offer for the Company need be made as a result of any reduction in an Over-allotment Shareholder's shareholding in the Company or any reduction and subsequent increase in a Stock Lending Shareholder's shareholding in the Company as a result of the arrangements and transactions described above. In particular, the Panel Executive has confirmed that, pursuant to the definition of "interests in securities" in, and Notes 17 and 18 to Rule 9.1 of, the Takeover Code, the Stock Lending Shareholders will not be treated as having disposed of an interest in any Shares when they lend Shares to the Stabilising Manager under the Stock Lending Agreement and will not therefore be treated as having increased their interest in Shares upon the repayment of such loan.

An announcement will be made by the Company or by the Stabilising Manager on its behalf following utilisation of the Over-allotment Option, not later than one week after the end of the Stabilisation Period, and a further announcement will be made to record the movements that have taken place in the Over-allotment Shareholders' shareholding in the Company consequent upon the arrangements referred to above.

*(B) Share buy-back authorisations*

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Under Note 1 on Rule 37.1 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer under Rule 9 if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders.

The Investindustrial Controlling Shareholder Group is expected to hold between 66,433,025 and 71,608,407 Shares (representing between 29.5 per cent. (assuming full exercise of the Over-allotment Option) and 31.2 per cent. (assuming no exercise of the Over-allotment Option) of the total Shares in the Company) at the time of Admission and the Adeem/PW Controlling Shareholder Group is expected to hold between 79,170,350 and 82,183,378 Shares (representing between 34.5 per cent. (assuming full exercise of the Over-allotment Option) and 36.5 per cent. (assuming no exercise of the Over-allotment Option) of the total Shares in the Company), in each case based on the Offer Price and the Share Offer Size being within the Price Range and the Share Offer Size Range.

Both Controlling Shareholder Groups have had and currently have, and at the time of Admission will have,

representative directors appointed to the Board, with whom they will be presumed to be acting in concert.

Subject to certain limits, the Company has authority to purchase its own shares under the terms of the shareholder resolutions summarised in paragraph 5.7 of Part XV (*Additional Information*). The maximum number of shares that the Company may purchase under this authority is 22,000,000 shares. The authority is due to expire at the conclusion of the first annual general meeting of the Company (or, if earlier, on the close of business on 6 December 2019).

If, prior to such expiry:

- the Company were to exercise that authority in full;
- the aggregate percentage shareholding of the Investindustrial Controlling Shareholder Group is 31.2 per cent. (being the maximum contemplated position at the time of Admission)<sup>(1)</sup>;
- the aggregate percentage shareholding of the Adeem/PW Controlling Shareholder Group is 36.5 per cent. (being the maximum contemplated position at the time of Admission)<sup>(2)</sup>; and
- none of the Shares which the Controlling Shareholder Groups hold are purchased by the Company under that authority and no Shares have been issued by the Company between the date of Admission and the date that the authority to purchase its own shares fully exercised,

then:

- the Investindustrial Controlling Shareholder Group's shareholding would increase to approximately 34.6 per cent.<sup>(1)</sup>; and
- the Adeem/PW Controlling Shareholder Group's shareholding would increase to approximately 40.5 per cent.<sup>(2)</sup>

(1) Including for these purposes the maximum holdings of its current and former representative directors, as described above.

(2) Including for these purposes the maximum holdings of its current and former representative directors, as described above.

Notwithstanding the provisions of Rule 37 of the Takeover Code, the Panel Executive has confirmed to the Company that it would not require either of the Investindustrial Controlling Shareholder Group or the Adeem/PW Controlling Shareholder Group and any person presumed to be acting in concert with either such group to make a mandatory offer under Rule 9 of the Takeover Code on the grounds that their interest in the Company has increased only as a result of the purchase by the Company of its own shares pursuant to the shareholder resolution summarised above.

The Company currently expects to seek renewal of that authority from Shareholders at the first annual general meeting of the Company following Admission and to seek Shareholder consent to an equivalent waiver in respect of any renewed authority to purchase Shares that is sought. The granting of the waiver will then also be subject to renewed approval from the Takeover Panel, without which Rule 9 of the Takeover Code will apply with respect to increases in interests in the Shares caused by the purchase by the Company of its own shares.

## 7.2 **Squeeze-out**

Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the offer relates and not less than 90 per cent. of the voting rights carried by the Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Shares and then, six weeks later, it would execute a transfer of the outstanding Shares in its favour and pay the consideration for the outstanding Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this

procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

### 7.3 **Sell-out**

The Companies Act 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the Shares and not less than 90 per cent. of the voting rights carried by the Shares, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror is required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

## 8 **ORGANISATIONAL STRUCTURE**

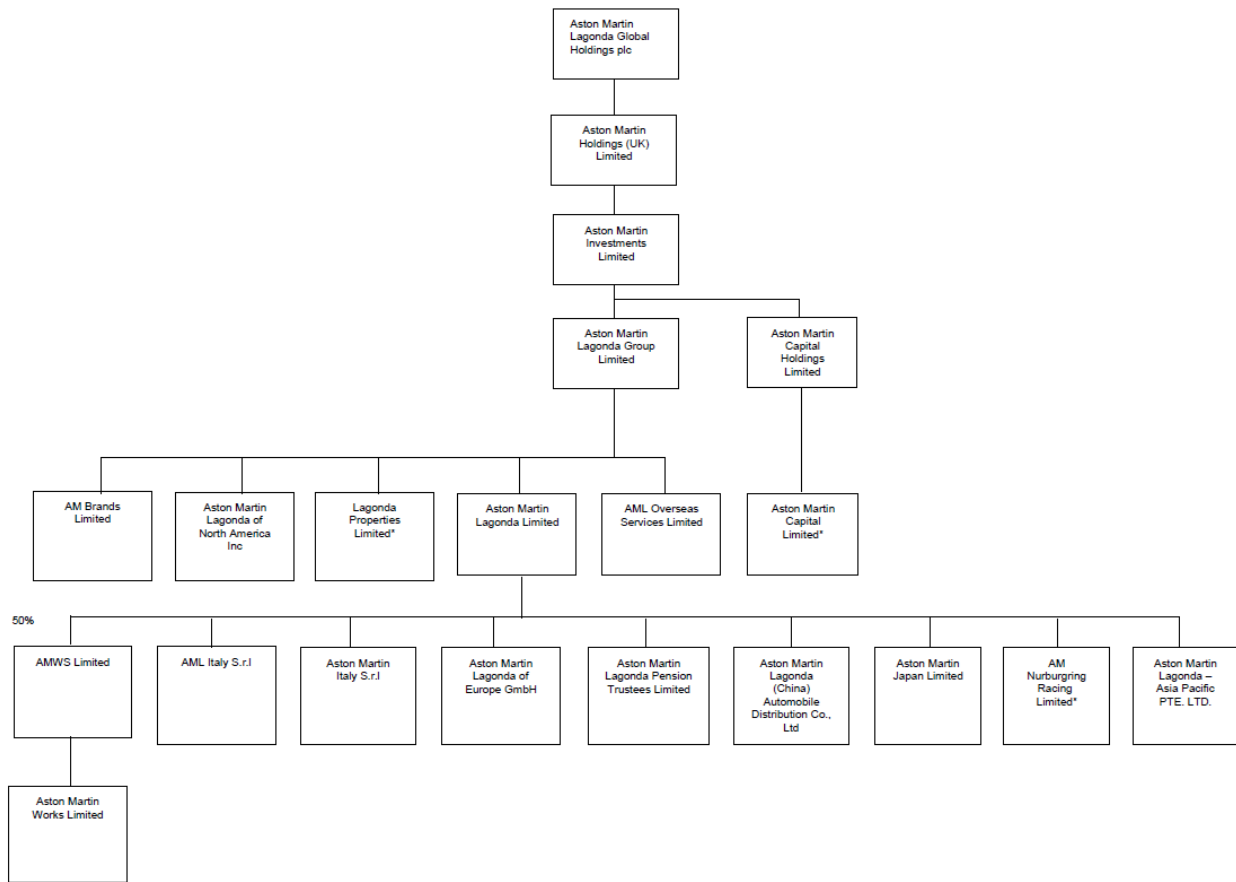
The Company is the principal holding company of Aston Martin Lagonda. The significant subsidiaries of the Company as at the date of this Prospectus are set out in the following table. Unless otherwise specified, each company is wholly-owned by a member of Aston Martin Lagonda.

<b>Company name (ownership interest)</b>	<b>Place of incorporation</b>	<b>Principal activity</b>
AM Brands Limited	Jersey	Grants licences to third parties for the use of the Aston Martin brand for non-automotive products worldwide
AM Nurburgring Racing Limited	U.K.	Dormant Company
AML Italy S.r.l	Italy	Dormant Company
AML Overseas Services Limited	U.K.	Dormant Company
AMWS Limited (50%)	Jersey	Holding Company
Aston Martin Capital Holdings Limited	Jersey	Financing company holding the Senior Secured Notes
Aston Martin Capital Limited	Jersey	Dormant Company - formerly the financing company that held the previous secured notes that were redeemed in 2017
Aston Martin Holdings (UK) Limited	U.K.	Holding Company
Aston Martin Investments Limited	U.K.	Holding Company
Aston Martin Italy S.r.l	Italy	Sale and servicing of luxury sports cars and the sale of parts
Aston Martin Japan GK	Japan	Operator of the sales office in Japan and certain other countries in the Asia Pacific region
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd	China	Luxury sports car distributor
Aston Martin Lagonda Group	U.K.	Holding Company

<b>Company name (ownership interest)</b>	<b>Place of incorporation</b>	<b>Principal activity</b>
Limited		
Aston Martin Lagonda of Europe GmbH	Germany	Provision of engineering and sales and marketing services
Aston Martin Lagonda of North America Incorporated	U.S.	Luxury sports car distributor
Aston Martin Lagonda Limited	U.K.	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda Pension Trustees Limited	U.K.	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Works Limited (50%)	U.K.	Servicing and restoration of Aston Martin Cars
Lagonda Properties Limited	U.K.	Dormant Company



A structure chart showing the Company and its subsidiaries is displayed below:



## 9 INTERESTS OF MAJOR SHAREHOLDERS, SELLING SHAREHOLDERS AND OTHER SELLING SHAREHOLDERS

### 9.1 Major Shareholders

As at the date of this Prospectus and insofar as it is known to the Company, the following Shareholders will, on Admission, be directly or indirectly interested in three per cent. or more of the voting rights of the Company (being the threshold for notification of voting rights that will apply to the Company and Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules). These shareholders do not and will not have different voting rights. Their expected interests both immediately prior to and immediately following Admission are disclosed in the table set out below.

	<i>Interests immediately prior to Admission<sup>(1)</sup></i>		<i>Interests immediately following Admission<sup>(2)</sup></i>	
	<i>No.</i>	<i>% of issued share capital of the Company</i>	<i>No</i>	<i>% of issued share capital of the Company</i>
Adeem Automotive Manufacturing Company Limited <sup>(3)</sup>	362,578	11.6	15,992,427	7.0
Asmar Limited <sup>(4)</sup>	440,140	14.1	19,413,496	8.5
Primewagon (Jersey) Limited <sup>(4)</sup>	827,030	26.5	6,701,392	3.0
Primewagon (U.K.) Limited <sup>(4)</sup>	151,933	4.9	36,478,265	16.1
Prestige Motor Holdings S.A. <sup>(5)</sup>	1,238,547	39.7	55,078,121	24.3
Preferred Prestige Motor Holdings S.A. <sup>(6)</sup>	-	-	15,036,695	6.6
Daimler <sup>(7)</sup>	-	-	9,529,739	4.2

(1) The D Shares and Preference Shares have been excluded for the purposes of the calculation of interests immediately prior to Admission, as these are non-voting shares. The D Shares will be redesignated and the Preference Shares converted to Shares at Admission and so are not relevant to the calculation of interest immediately following Admission.

(2) Assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option.

(3) Adeem Automotive Manufacturing Company Limited is a subsidiary of Adeem Investment and Wealth Management Company "Kuwait", the ultimate beneficial owners of which are Mrs. Maryam Al Khaled, Mr. Waleed Al Humaidhi and Mr. Najeeb Al Humaidhi (Mr. Najeeb Al Humaidhi is a non-executive Director of the Company).

(4) Asmar limited is a company controlled by Mr. Najeeb Al Humaidhi and Mr. Mohammed Youssef Al-Roumi. Primewagon (Jersey) Limited and Primewagon (UK) Limited are entities owned Mr Najeeb Al Humaidhi (a non-executive Director of the Company).

(5) Prestige Motor Holdings S.A. is an independently managed investment subsidiary of Investindustrial V L.P., a fund managed by Investindustrial Advisors Limited, an investment fund manager incorporated in England and Wales and authorised and regulated by the FCA.

(6) Preferred Prestige Motor Holdings S.A. is an independently managed investment subsidiary of Investindustrial V L.P., a fund managed by Investindustrial Advisors Limited, an investment fund manager incorporated in England and Wales and authorised and regulated by the FCA. Prior to Admission, Preferred Prestige Motor Holdings S.A. holds only Preference Shares (which are non-voting) but these shares will be converted to Shares at Admission.

(7) Prior to Admission, Daimler holds only D Shares (which are non-voting) but these shares will be redesignated as Shares at Admission.

## 9.2 Selling Shareholders and Other Selling Shareholders

The indicative interests in Shares of each of the Selling Shareholders and Other Selling Shareholders immediately prior to Admission, together with a corresponding estimate of its interests in Shares immediately following Admission, are set out in the table below (calculated on the basis that the Offer Price is at the mid-point of the Price Range and no exercise of the Over-allotment Option).

<i>Selling Shareholders / Other Selling Shareholders (including business address)</i>	<i>Interests immediately prior to Admission</i>	<i>Shares to be sold pursuant to the Offer</i>		<i>Interests immediately following Admission</i>	
	<i>No. and class of shares</i>	<i>No. and class of shares</i>	<i>% of shareholding</i>	<i>No.</i>	<i>% of issued share capital of the Company</i>
<b>PART A (Selling Shareholders)</b>					
Adeem Automotive Manufacturing Company Limited <sup>(1)</sup>	362,578 Ordinary Shares	5,399,675	2.4	15,992,427	7.0
Asmar Limited <sup>(1)</sup>	440,140 Ordinary Shares	6,554,764	2.9	19,413,496	8.5
Primewagon (Jersey) Limited <sup>(1)</sup>	827,030 Ordinary Shares	2,262,655	1.0	6,701,392	3.0
Primewagon (UK) Limited <sup>(2)</sup>	151,933 Ordinary Shares	12,316,505	5.4	36,478,265	16.1
Stehwaz Automotive Jersey Limited <sup>(1)</sup>	81,428 Ordinary Shares	1,212,662	0.5	3,591,590	1.6
Prestige Motor Holdings S.A. <sup>(3)</sup>	1,238,547 Ordinary Shares and 4,687,484 Preference Shares	18,596,552	8.2	55,078,121	24.3
Preferred Prestige Motor Holdings S.A. <sup>(3)</sup>	157,031,226 Preference Shares	5,076,983	2.2	15,036,695	6.6
Warwick European Credit Opportunities Fund L.P. <sup>(4)</sup>	3,448,307 Preference Shares	111,481	0.0	330,175	0.1
Warwick European Opportunities Fund Inc. <sup>(4)</sup>	6,551,693 Preference Shares	211,834	0.1	627,394	0.3
Warwick European Opportunities Fund II L.P. <sup>(4)</sup>	3,906,237 Preference Shares	126,294	0.1	374,049	0.2
York Global Finance Offshore BDH (Luxembourg) S.A.R.L. <sup>(5)</sup>	24,375,053 Preference Shares	788,080	0.3	2,334,086	1.0
<b>PART B (Other Selling Shareholders)</b>					
Dr. Ulrich Bez	21,714 Ordinary Shares	646,750	0.3	1,915,502	0.8
Estera Trust	-	3,471,557	1.5	2,699,442	1.2

(1) The business address of Adeem Automotive Manufacturing Company Limited, Asmar Limited, Primewagon (Jersey) Limited and Stehwaz Automotive Jersey Limited is The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 8SB.

(2) The business address of Primewagon (UK) Limited is 25 Upper Brook Street, London, England, W1K 7QD.

(3) The business address of Prestige Motor Holdings and Preferred Prestige Motor Holdings S.A. is 23 Avenue Monterey, L-2163, Luxembourg.

(4) The business address of Warwick European Credit Opportunities Fund L.P., Warwick European Opportunities Fund Inc. and Warwick European Opportunities Fund II L.P. is 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY 1-1108, Cayman Islands.

(5) The business address of York Global Finance Offshore BDH (Luxembourg) S.A.R.L. is 26 Boulevard Royal, L-2449, Luxembourg.

### 9.3 Confirmations

Other than as described in section 9 of this Part XV and as set out in the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement described at paragraphs 17.2 and 17.3 of this Part XV, respectively, as at the Latest Practicable Date and immediately after Admission, the Company is not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company and no Major Shareholder has or will have different voting rights.

## 10 DIRECTORS AND SENIOR MANAGERS

### 10.1 Directorships and partnerships outside Aston Martin Lagonda

The details of those companies and partnerships outside Aston Martin Lagonda which the Directors and Senior Managers are currently directors or partners, or have been directors or partners at any time during the five years prior to the publication of this Prospectus, are as follows:

<b>Name</b>	<b>Current directorships and partnerships</b>	<b>Previous directorships and partnerships</b>
<b>Directors</b>		
Penny Hughes	The Gym Group PLC iQSA SuperDry PLC	The Royal Bank of Scotland Group PLC Wm Morrison Supermarkets PLC
Dr. Andrew Palmer	Ashok Leyland Limited Secure by Design Limited Pod Point Limited	Nissan European Technology Centre Limited Nissan Motor Light Truck Limited Aston Martin Mena Limited
Mark Wilson	-	GCube Underwriting McLaren Automotive
Richard Solomons	-	InterContinental Hotels Group PLC Marks and Spencer Group PLC
Amr Ali Abdallah AbouelSeoud	Tejara Capital Limited Tejara Capital Investment Bank Limited CRC for Credit Rating & Collection Company Manazel Real Estate Developments Company The Investment Dar Grosvenor House Apartments Limited White Rose Automotive Limited Primewagon (UK) Limited Primewagon (Jersey) Limited NAMA Investments Limited	Aston Martin Mena Limited ADAM Capital Holding Company Investment Dar (UK) Limited SJT Estates Limited
Najeeb Al Humaidhi	Asmar Limited White Rose Automotive Limited Efad Holding Company (K.S.C.C.) Sawaf Real Estate Company (K.S.C.C.) Proman Egypt Project Management Egypt Najeeb AlHumaidhi Engineering Consultancy AlHumaidhi General Trading and Contracting Company (W.L.L)	Efad Egypt Holding Company (S.A.E) Adeem Investment & Wealth Management Company (K.S.C.C)
Saoud Al Humaidhi	Era Media (W.L.L) Circuit Plus Fitness (W.L.L)	Aston Martin Mena Limited
Lord Matthew Carrington	Arab British Chamber of Commerce CarringtonCrisp Ltd	Gatehouse Bank PLC
Mahmoud Samy Mohamed Ali El Sayed	Adeem Investment & Wealth Management Company (K.S.C.C) Asmar Limited White Rose Automotive Limited Grosvenor House Apartments Limited Manazel Development Company (K.S.C.C) Manazel Real Estate Development (S.A.E) Sawaf Real Estate Company (K.S.C.C) Wethaq Takaful Insurance Egypt (S.A.E)	Aston Martin Mena Limited

<b>Name</b>	<b>Current directorships and partnerships</b>	<b>Previous directorships and partnerships</b>
Peter Espenhahn	Happy Days EIBF Ltd Wilde West Ltd Opera Ventures Ltd	Bibendum Wine (Holdings) Ltd National Opera Studio Ltd
Dante Razzano	Artsana SpA B&B Italia SpA Sergio Rossi European Laboratory Solutions SRL Speciality Chemicals International Limited Investindustrial Services SA Investindustrial Services Limited Tiberio Limited Fondation Alta Mane	Banca Popolare di Milano Scarl Banca Akros SpA Permasteelisa SpA Ducati SpA
Peter Rogers	Investindustrial SA OSCS Group Limited	Babcock International PLC
Imelda Walsh	First Group PLC Mitchells & Butlers PLC	William Hill PLC Mothercare PLC NOW: Pension Trustees Ltd Charity Projects Ltd Institute of Employment Studies The Mentoring Foundation
Tensie Whelan	Globescan	-
Roberto Maestroni	Artsana SpA Morris Profumi SpA	B&B Italia SpA Selective Beauty Holdings S.A.S Polynt SpA Flos SpA AEB SpA Snaitech SpA Stroili Oro SpA

#### **Senior Managers**

<b>Name</b>	<b>Current directorships and partnerships</b>	<b>Previous directorships and partnerships</b>
David Jeremy King	Oxfordshire Cricket Board	-
Michael Francis Marecki	Aston Martin Financial Services Limited	Fordham University (USA) UK Programs Limited
Christian Marti	-	Jubilee Sailing Trust
Simon David Andrew Sproule	-	Renault-Nissan Alliance

## **10.2 Conflicts of interest**

Save as set out below, there are no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and the private interests and/or other duties that they may also have.

The Adeem/PW Representative Directors represent the Adeem/PW Controlling Shareholder Group and the Investindustrial Representative Directors represent the Investindustrial Controlling Shareholder Group. Amongst other things, either of these Controlling Shareholder Groups may from time to time acquire and hold interests in businesses that compete directly or indirectly with Aston Martin Lagonda, or with which the Group conducts business. Each of the Directors has a statutory duty under the Companies Act 2006 to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles and, as permitted by the Companies Act 2006, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles (as summarised in paragraph 6.12(k) above). In addition, under the terms of the Adeem/PW Relationship Agreement and the Investindustrial Relationship Agreement, each Controlling Shareholder Group shall procure that any of its respective representative directors shall not, unless the Board (excluding the representative directors in question) consents or agrees otherwise, vote or participate in any meeting of the Board that relates to any matter as between the Group and the relevant Controlling Shareholder Group and therefore constitutes a conflict matter. The relevant representative directors will also not receive information in respect of any such matter. The Chair, acting reasonably, will

determine whether a matter is a conflict matter if this is in dispute.

### 10.3 Directors and Senior Managers' confirmations

- (A) As at the date of this Prospectus, no Director or Senior Manager has during the last five years:
- (i) been convicted in relation to fraudulent offences;
  - (ii) been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company;
  - (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or
  - (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.
- (B) No Director was selected to act in such capacity pursuant to any arrangement or understanding with any shareholder, consumer, supplier or any other person having a business connection with Aston Martin Lagonda.
- (C) There are no family relationships between any of the Directors and/or the Senior Managers, save that Mr. Najeeb Al Humaidhi and Mr. Saoud Al Humaidhi are father and son, respectively.
- (D) There are no outstanding loans or guarantees granted or provided by any member of Aston Martin Lagonda for the benefit of any of the Directors or Senior Managers.

### 10.4 Interests of Directors and Senior Managers in the share capital of the Company

No Director or Senior Manager will have any interest in any class of share in the Company, immediately prior to Admission and immediately following Admission, save as set out below:

<i>Director/Senior Managers</i>	<i>Interests immediately prior to Admission</i>		<i>Interests immediately following Admission<sup>(1)(2)</sup></i>	
	<i>No.</i>	<i>% of issued share capital of the Company</i>	<i>No.</i>	<i>% of issued share capital of the Company</i>
Amr Ali Abdallah AbouelSeoud	15,610 <sup>(3)</sup>	0.48	713,518	0.3 <sup>(6)</sup>
Najeeb Al Humaidhi	1,173,691 <sup>(4)</sup>	35.73	51,793,631	22.8 <sup>(7)</sup>
Mahmoud Samy Mohamed Ali El Sayed	15,610 <sup>(5)</sup>	0.48	713,518	0.3 <sup>(8)</sup>
Dante Razzano	-	-	25,000	0.0
Roberto Maestroni	-	-	25,000	0.0
Dr. Andrew Palmer	-	-	1,395,468	0.6
Mark Wilson	-	-	195,365	0.1
Senior Managers	-	-	964,619	0.4

(1) Assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option.

(2) Certain of the Directors are eligible to participate in the Employee Offer and any Shares acquired under the Offer would be in addition to those disclosed above.

(3) Indirect shareholding held through Asmar Limited.

- (4) Indirect shareholding held through Asmar Limited, Adeem Automotive Manufacturing Company Limited, Primewagon (UK) Limited and Primewagon (Jersey) Limited.
- (5) Indirect shareholding held through Asmar Limited.
- (6) Includes indirect holdings referred to in (3) above.
- (7) Includes indirect holdings referred to in (4) above.
- (8) Includes indirect holdings referred to in (5) above.

Prior to Admission, each of the executive Directors and Senior Managers participated in a long-term incentive plan (the “LTIP”), which was summarised in Part 8.4 of Part X (*Additional Information*) of the Registration Document but which has since been amended with the approval of the shareholders of the Company, conditional on Admission, in order to ensure that the plan works more effectively on Admission.

The value being delivered under the LTIP is a percentage of the total value created for the pre-Admission shareholders of the Company and the Shares used to satisfy participants’ LTIP entitlements will be issued to an independent trustee in advance of Admission.

Under the amendments to the LTIP, it has been agreed that the value will be delivered in Shares and a fixed holding period schedule has been introduced to ensure that all of the Shares (after the sale, as part of the Offer, of a sufficient number to cover tax and social security deductions and of 20 per cent. of the net number of LTIP Shares) are subject to lock-up arrangements with release in four equal instalments on successive anniversaries of Admission over a four-year period. During this period, leaver provisions will apply to incentivise retention of critical talent. A “bad leaver” will lose all entitlement to any remaining locked-up Shares. If the Company’s pre-Admission shareholders’ aggregate holdings fall below 10 per cent. of the Company’s issued share capital, all remaining Shares subject to the lock-up will be released immediately. No changes have been made to quantum since the Registration Document.

Aston Martin Lagonda Limited (being the employer of the LTIP participants) will pay employer social security liabilities on the LTIP Shares, and the Company has also agreed to bear the cost of any stamp duty, SDRT and underwriting commission (and related income tax and social security costs) incurred in relation to LTIP Shares which are sold as part of the Offer. Assuming that the Offer Price is at the mid-point of the Price Range and no exercise of the Over-allotment Option, stamp duty and underwriting commission (including related income tax and social security costs) incurred on: (i) the sale of shares for tax and employee social security liabilities, and (ii) the sale of 20 per cent. of the net number of LTIP Shares after such sale, would be equal to £2,082,934 in aggregate.

A number of Shares, representing unallocated amounts under the LTIP, will be issued prior to Admission and made available to satisfy share awards granted in the future under the Company’s New Plans (described in section 12 of Part XV (*Additional Information*)). It is not possible to calculate this number until the Offer Price is known but, assuming that the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option, the total number of Shares issued for such purposes will be 143,990.

Each of Najeeb Al-Humaidhi, Amr Ali Abdallah AboeulSeoud, Dante Razzano, Roberto Maestroni and Mahmoud Samy Mohamed Ali El Sayed will, on or before Admission, become entitled to Shares in the Company worth £500,000 in recognition of past services provided to Aston Martin Lagonda prior to Admission, calculated by reference to the Offer Price. In addition to payments to these Directors, equivalent payments will also be made, on or before Admission, to four former directors of Aston Martin Holdings (UK) Limited, also in recognition of past services provided to Aston Martin Lagonda, subject to their entry into lock-up arrangements equivalent to those which apply to the Directors. Aston Martin Holdings (UK) Limited will pay employer social security liabilities on such Shares,

The interests of the Directors and Senior Managers together immediately following Admission are expected to represent 1.2 per cent. (excluding any indirect interests held through the Selling Shareholders and assuming the Offer Price is set at the mid-point of the Price Range and no exercise of the Over-allotment Option).

Save as set out above, no Director or Senior Manager has any interests (beneficial or non-beneficial) in the share capital of the Company. Save as set out above, no Director or Senior Manager holds an interest in any other securities of the Company.

## 11 DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

### 11.1 Executive Directors

On 19 September 2018, Aston Martin Lagonda Limited entered into new service contracts with Dr. Andrew Palmer, who has been employed by Aston Martin Lagonda Limited as Chief Executive Officer since 1 October 2014, and Mr Mark Wilson, who has been employed by Aston Martin Lagonda Limited as Chief Financial Officer since 8 June 2015. The new service contracts will take effect from Admission. The principal terms of these contracts are as follows:

#### (A) General terms

The executive Directors are each entitled to a remuneration package comprising annual basic salary, a discretionary performance-related bonus and participation in a performance share plan, personal pension contributions (or a cash allowance in lieu of pension contributions) and participation in Aston Martin Lagonda's benefit plans (including private medical cover, travel insurance, dental insurance, life insurance, car plans and private mileage entitlement). Further details are set out in paragraph 11.4 of this Part XV (*Additional Information*).

In addition to normal public holidays, the executive Directors are entitled to 26 working days of paid holiday in each complete holiday year. They will each become entitled to an additional day of holiday for each complete five years' service (starting on the date on which the executive Directors' continuous period of employment began) up to a maximum of six additional days.

#### (B) Termination provisions

The service contracts of the executive Directors can be terminated by not less than 12 months' notice by either party.

Aston Martin Lagonda Limited may put each of the executive Directors on garden leave during his notice period. During this period, the executive Director remains an employee of Aston Martin Lagonda Limited and is subject to certain restrictions.

Where either party has served notice to terminate, Aston Martin Lagonda Limited may elect to terminate employment immediately by making a payment in lieu of notice equivalent to the executive Director's salary for the notice period. It may elect to make any such payment in monthly instalments which will continue until the expiry of the notice period or the date on which the executive Director obtains an alternative remunerated position (excluding any non-executive directorship). If he finds an alternative remunerated position, the monthly payments will be reduced by the amount of remuneration received by him pursuant to that alternative remunerated position.

In addition, the employment of each executive Director employment is terminable with immediate effect in certain circumstances, including where he: (i) is guilty of gross misconduct; (ii) becomes bankrupt or enters into any arrangement or composition with or for the benefit of his creditors generally; (iii) is convicted of any criminal offence (other than a motoring offence for which no custodial sentence is given to him); or (iv) refuses or neglects to carry out any of his duties or comply with lawful orders given to him by his employer.

In the event of termination, the service contract of each executive Director imposes post-termination restrictions, including those described as follows. For a period of 12 months following his termination (less any period spent on garden leave immediately prior to termination), the executive Director may not: (i) solicit or deal with the Group's customers or solicit the Group's prospective customers with a view to any business concern which is operated by certain specified named competitors providing goods or services to those customers or prospective customers; (ii) interfere with the Group's suppliers; (iii) solicit any management level employee who worked closely with the executive Director in the previous 12 months or regularly used confidential information or was able to influence the Group's relationships with its customers or employees; (iv) be concerned in certain restricted activities with certain specified named competitors; or (v) employ any management level employee who worked closely with the executive Director in the previous 12 months or regularly used confidential information or was able to influence the Group's relationships with its customers or employees in a business concern operated by certain specified named competitors.



Save as disclosed in this paragraph 11.1, there are no existing service contracts between any executive Director and any member of the Group, which provide for benefits upon termination.

## 11.2 Non-Executive Directors

On Admission, the Company will have 12 non-executive Directors: the Chair, five independent non-executive Directors and six non-executive Directors who are not determined to be independent. The non-executive Directors (including the Chair) were appointed by letter of appointment. The principal terms of these agreements are as follows:

### (A) General terms

Name	Title	Date of appointment to the Board
Penny Hughes	Chair	Date of Admission
Richard Solomons	Senior Independent Non-Executive Director	Date of Admission
Amr Ali Abdallah AbouelSeoud	Non-Executive Director	7 September 2018
Najeeb Al Humaidhi	Non-Executive Director	7 September 2018
Saoud Al Humaidhi	Non-Executive Director	7 September 2018
Lord Matthew Carrington	Independent Non-Executive Director	Date of Admission
Mahmoud Samy Mohamed Ali El Sayed	Non-Executive Director	7 September 2018
Peter Espenhahn	Independent Non-Executive Director	Date of Admission
Dante Razzano	Non-Executive Director	7 September 2018
Peter Rogers	Non-Executive Director	Date of Admission
Imelda Walsh	Independent Non-Executive Director	Date of Admission
Tensie Whelan	Independent Non-Executive Director	Date of Admission

The Chair is entitled to receive an annual fee of £350,000. The base annual fee for each non-executive Director is £75,000. Additional fees will be payable as follows: £20,000 per annum to the senior independent non-executive Director, £20,000 per annum for chairing a board committee and £10,000 per annum for serving on a board committee.

In addition, each non-executive Director is entitled to be reimbursed for reasonable expenses necessarily incurred arising from the performance of their duties. They may not participate in any pension or share scheme, or be entitled to any bonus, operated by the Company.

### (B) Termination provisions

The appointment of the Chair and of each independent non-executive Director is terminable by either party on three months' notice.

The appointment of the Chair and each independent non-executive Director may also be terminated with immediate effect by the Company if he or she: (i) commits a material breach of his or her duties under the letter of appointment or commits any serious breach or non-observance of his or her obligations to the Company (which includes his or her obligations not to breach statutory, fiduciary, contractual or common law duties); or (ii) fails to be re-appointed or re-elected, or vacates his or her office, or otherwise stops being a director in accordance with the Articles.

The appointment of each non-independent non-executive Director is terminable in accordance with the relevant Relationship Agreement (summarised at paragraphs 17.2 and 17.3 of this Part XV (*Additional*

*Information*)) by the relevant shareholder that appointed them. The Company may also terminate such non-executive Director's appointment if the relevant Relationship Agreement is terminated.

There are no existing service contracts between any non-executive Director and any member of the Group which provide for benefits upon termination.

### 11.3 Directors' and Senior Managers' remuneration

The aggregate value of the remuneration paid (including salary, fees, incentives and other benefits) to the Directors and Senior Managers who served during the year ended 31 December 2017, in respect of the year ended 31 December 2017, was £7,439,539, of which £3,754,563 comprised salaries/fees, £415,818 retirement benefits or cash in lieu of pension, £3,085,000 annual variable remuneration, £184,159 taxable benefits and nil share-based payments.

Details of the remuneration paid to the Directors for the year ended 31 December 2017 are set out below:

Director	Salary and Fees (£)	Retirement benefits or cash in lieu of pension (£)	Annual variable remuneration (£)	Taxable benefits (£)	Share-based payments (£)	Total (£)
Dr. Andrew Palmer	1,000,000	105,448	2,000,000	20,218	-	3,125,667
Mark Wilson	290,000	29,332	145,000	11,680	-	476,012
Amr Ali Abdallah AbouelSeoud	100,600	-	-	-	-	100,600
Najeeb Al Humaidhi	100,000	-	-	-	-	100,000
Mahmoud Samy Mohamed Ali El Sayed	130,000	-	-	-	-	130,000
Dante Razzano	100,000	-	-	-	-	100,000
Roberto Maestroni	100,000	-	-	-	-	100,000

### 11.4 Overview of remuneration strategy and policy

Prior to Admission, there has been a review of the approach to remuneration for executive Directors and other members of the senior management team to ensure it continues to support the strategic ambitions of the Company post-listing. At the time of publication of the Prospectus this review remains ongoing. A summary of the approach to remuneration following Admission is provided below and further details will be provided in the Company's first Directors' Remuneration Report.

Talent is key to the success of Aston Martin Lagonda and the remuneration framework needs to continue to attract and retain executives of the right calibre to successfully execute the Group's business strategy. Aston Martin Lagonda is a unique British luxury brand operating on a global basis with few comparisons. Remuneration practices at UK listed and global luxury brand and automotive peer groups are considered on a holistic basis and judgement is used in the best interests of the Company when determining pay structure and levels. Overall remuneration packages for the executive Directors have been set at levels that are considered appropriate given the calibre of talent and criticality of the individuals to continued growth.

Pay practices in the listed environment are different from those typically seen in a private company and governance best practices have been taken into account when designing the remuneration policy.

Pay for performance and rewarding sustainable success delivered over the longer term have always been central to Aston Martin Lagonda's remuneration philosophy and they will continue to be as the Company moves to the listed environment. The proposed approach incentivises management to deliver Aston Martin Lagonda's key goals and continue to generate longer term shareholder value. The vesting of the LTIP awards on Admission, and the lock-up arrangements that have been agreed, result in the current executive Directors retaining significant shareholdings in the Company. These are well above the minimum shareholding expected as good governance practice in the UK and ensure that the executive Directors are incentivised to successfully execute the strategy to generate long-term, sustainable value for shareholders. When considering the ongoing approach to remuneration, these shareholdings will be taken into account.

The information below and in paragraphs 11.1 and 11.2 above, together with the details of the share-based incentive plans set out in section 12 of this Part XV (*Additional Information*), summarises the key

components of the executive Director and non-executive Director remuneration arrangements which will apply from Admission.

The Company will formally propose a remuneration policy for approval by Shareholders at the first annual general meeting of the Company following Admission, in accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended).

That policy will allow implementation of the remuneration strategy through a combination of base salary, benefits, an annual bonus and a performance share plan. The policy will be designed to ensure that the Remuneration Committee can operate with sufficient flexibility to respond appropriately to market developments and changes in talent.

An overview of the key elements of the directors' remuneration policy that will operate from Admission is provided below.

### ***Base salary***

The current executive Directors' salaries will, on Admission, be £1,200,000 and £425,000 for the Group Chief Executive Officer and Chief Financial Officer respectively.

Base salaries will typically be reviewed annually and any increases will take into account increases awarded to the wider workforce, individual performance and market data as appropriate. No increases will be made to the Group Chief Executive Officer's salary until January 2022 at the earliest, when his salary will next be reviewed.

### ***Pension and benefits***

Executive Directors are eligible to participate in the Group's defined contribution pension scheme, with a maximum contribution of 12 per cent. of salary. Alternatively, they may opt to receive a cash allowance in lieu of employer pension contributions currently at a rate of approximately 10.3 per cent. of salary. The approach to pension arrangements for the executive Directors is in line with the wider workforce.

Other market typical benefits for executive Directors are provided and these may include private medical cover, travel insurance, dental insurance, life insurance, car plans and a private mileage entitlement.

### ***Annual bonus***

Executive Directors will be eligible to participate in an annual bonus plan. Awards made under the plan must not have a maximum bonus opportunity which exceeds 200 per cent. of salary. For 2019, the maximum bonus opportunities are 200 per cent. of salary for the Group Chief Executive Officer and 150 per cent. of salary for the Chief Financial Officer.

The approach to performance measurement is still being considered; however it is anticipated that the majority of the bonus (at least 80 per cent.) will be based on financial measures, with the remainder based on personal and/or strategic measures.

Appropriate levels of retrospective disclosure on the targets used to determine annual bonus payouts will be included in the relevant Directors' Remuneration Report.

The Remuneration Committee will consider whether or not to operate mandatory bonus deferral for the current executive Directors, in the context of the incumbents' significant personal shareholdings. In the event that a new executive director is appointed, it is anticipated that annual bonus deferral will apply. Where such deferral is required, up to 50 per cent. of the annual bonus would be deferred into shares in the Company that would vest on the third anniversary of grant, subject to the leaver provisions set out in the rules of the relevant plan and malus and clawback provisions. The key terms are still subject to discussion by the Remuneration Committee and will be fully disclosed in the first Directors' Remuneration Report.

To ensure there is no change to the approach mid-way through the performance period, there will be no deferral on the annual bonus in respect of the 2018 financial year.

### ***Performance Share Plan***

The Board has adopted the Aston Martin Lagonda Performance Share Plan 2018 (the “PSP”), a new long-term incentive plan, conditional on Admission. It is expected that the first awards made under the PSP will be in the 2019 financial year and shareholders will be consulted on the proposed performance measures and weightings prior to awards being made.

Under the PSP, it is intended that awards will be in the form of conditional free shares or nil or nominal cost options. The limit under the PSP rules on the face value of awards that can be made in any year to an individual is 300 per cent. of salary. The annual awards granted to the Group Chief Executive Officer and Chief Financial Officer will be 300 per cent. of salary and 200 per cent. of salary respectively.

The Remuneration Committee will consider the appropriate performance measures to apply to the first awards to be made in 2019. It is anticipated that financial measures aligned to the creation of longer term shareholder value will be applied. Full details will be disclosed in the first Directors’ Remuneration Report.

It is envisaged that awards granted to executive Directors under the PSP will have a three year performance period and a further post-vesting holding period of up to two years.

A summary of the principal terms of the PSP is set out in paragraph 12.1 of this Part XV (*Additional Information*).

### ***Malus and clawback***

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of both the annual bonus and PSP where it considers that there are exceptional circumstances. Such exceptional circumstances for malus may include serious reputational damage, a failure of risk management, an error in available financial information which led to the award being greater than it would otherwise have been or personal misconduct. For clawback to be applied, exceptional circumstances may include serious reputational damage, a failure of risk management or personal misconduct.

### ***Share ownership guidelines***

It is intended that the Remuneration Committee will adopt shareholding guidelines that require the executive Directors to build and maintain a shareholding in the Company. The incumbent Group Chief Executive Officer and Chief Financial Officer of the Company will be subject to a shareholding requirement of 800 per cent. and 300 per cent. of base salary, respectively. It is anticipated that the Group Chief Executive Officer and Chief Financial Officer will substantially exceed this requirement at Admission.

To recognise that any new appointments may not have participated in the LTIP in place prior to Admission, and so will not have large existing holdings, the shareholding guideline that would apply to new executive Directors would be 300 per cent. of salary for a new Group Chief Executive Officer and 200 per cent. of salary for any other executive Director, which they would be expected to build up over a period of five years from appointment to the Board.

### ***Recruitment policy***

Consistent with best practice, new senior management hires (including those promoted internally) will be offered packages in line with the remuneration policy in force at the time.

The Company recognises that it may be necessary in some circumstances to provide compensation for amounts forfeited from a previous employer (“**Buyout Awards**”). Generally, any Buyout Awards will be made on a like-for-like basis in terms of both value and timing of receipt to ensure they reflect the incentives they are replacing. Buyout awards will not count towards the annual or long-term incentive plan policy limits for incoming executive Directors.

### ***Termination policy***

In the event of termination, service contracts provide for payments of base salary, pension and benefits

only over the notice period. Should the employer decide to terminate employment prior to the end of the notice period, it can do so by making a payment in lieu of salary for the notice period (or the remainder of the notice period). There is no contractual right to any bonus payment in the event of termination although in certain “good leaver” circumstances the Remuneration Committee may exercise its discretion to pay a bonus for the period of employment, excluding any period on garden leave, and based on performance assessed after the end of the financial year in which the employee ceased to be employed.

The default treatment for any share-based entitlements under the PSP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances or at the discretion of the Remuneration Committee “good leaver” status can be applied. In these circumstances a participant’s awards will usually vest subject to the satisfaction of the relevant performance criteria and, ordinarily, on a time pro-rata basis, with the balance of the awards lapsing.

## 12 SHARE-BASED INCENTIVE PLANS

Following Admission, the Company will have two discretionary executive share plans: the Aston Martin Lagonda Performance Share Plan 2018 (the “**PSP**”) and the Aston Martin Lagonda Deferred Share Bonus Plan 2018 (the “**DSBP**”). There will also be two all-employee share ownership plans: a share incentive plan (the “**SIP**”) and a sharesave plan (the “**SAYE Plan**”). The PSP, DSBP, SIP and SAYE Plan are, together, the “**New Plans**”.

The New Plans will be available for operation at the Company’s discretion, subject in each case to the recommendation of the Remuneration Committee and, as set out in paragraphs 17.2 and 17.3 of this Part XV (*Additional Information*), the prior approval of at least two-thirds of all members of the Board present and entitled to vote.

The main features of the New Plans are set out in paragraphs 12.1 to 12.4 below.

The Company also intends to offer a one-off cash award to certain employees of the Group (excluding Directors and participants in the LTIP) with the intention of enabling them to buy Shares in the Company following Admission. Details are set out in paragraph 12.5 below.

References in this section to the Board include any designated committee of the Board.

### 12.1 Performance Share Plan

The PSP was adopted by the Board on 19 September 2018, conditional on Admission.

#### **Status**

The PSP is a discretionary executive share plan.

Under the PSP, the Remuneration Committee may, within certain limits and subject to any applicable performance conditions, grant to eligible employees:

- nil or nominal cost options over Shares (“**PSP Options**”); and/or
- conditional awards (i.e. a right to receive free Shares) (“**PSP Conditional Awards**”)

(together “**PSP Awards**”).

No payment is required for the grant of a PSP Award.

#### **Eligibility**

All employees (including executive Directors) will be eligible for selection to participate in the PSP at the discretion of the Remuneration Committee. However, it is currently expected that awards will be made only to executive Directors and senior management.

### **Limits**

The PSP may operate over new issue Shares, treasury Shares or existing Shares purchased in the market.

The rules of the PSP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the PSP and under any other employees' share scheme adopted by the Company. Of this, not more than 5 per cent. may be issued under the PSP and under any other executive share scheme adopted by the Company.

Shares issued out of treasury under the PSP will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted under the LTIP before Admission will not count towards these limits.

### **Grant of PSP Awards**

The Remuneration Committee may grant PSP Awards with a maximum total market value of up to 300 per cent. of annual base salary to an individual in any financial year.

PSP Awards may be granted: (i) within 42 days of the announcement by the Company of its results for any period; or (ii) at any other time that the Remuneration Committee, at its discretion, deems there are exceptional circumstances which justify the granting of PSP Awards.

However, no PSP Awards may be granted more than 10 years after the date when the PSP was adopted. PSP Awards are not transferable other than to the participant's personal representatives in the event of his death. The benefits received under the PSP are not pensionable.

### **Performance and other conditions**

The Remuneration Committee will impose performance conditions on the vesting of PSP Awards which are granted to executive Directors. The Remuneration Committee may also, at its discretion, decide to impose performance conditions on the vesting of PSP Awards which are granted to employees other than executive Directors. In exceptional circumstances, any performance conditions applying to PSP Awards may be varied if the Remuneration Committee considers that it would be appropriate to amend such performance conditions provided the Remuneration Committee considers that the new performance conditions are fair and reasonable and are not materially less or more challenging than the original conditions would have been had these circumstances not arisen.

PSP Awards will be subject to an underpin to ensure payouts reflect the performance of the Company.

Employees who are not executive Directors may also be granted PSP Awards which are not subject to performance conditions.

Where performance conditions are specified for PSP Awards, the underlying measurement period for such conditions will ordinarily comprise at least three years.

### **Vesting and exercise**

PSP Awards will normally vest on the third anniversary of the date of granting the PSP Award to the extent that any applicable performance conditions have been satisfied, in normal circumstances subject to continued service (except where the holder's employment within the Group ceases for a PSP Good Leaver Reason (as defined in "Cessation of Employment" below)) and to the extent permitted under any operation of malus or clawback.

PSP Options will normally become exercisable at the end of the holding period (or, if no holding period applies, the vesting date) for a 12-month period (or for such shorter period as the Remuneration Committee may, at its discretion, decide on or before grant). Shares subject to PSP Conditional Awards will be delivered to participants within 30 days of the end of the holding period (or, if no holding period applies, the vesting date) and Shares subject to PSP Options will be delivered to participants within 30 days of the date of exercise.

### ***Holding period***

The Remuneration Committee will grant PSP Awards subject to a holding period of up to two years following vesting, unless it decides not to impose a holding period in any particular circumstance. Holders will only lose vested PSP Awards during the holding period if they are dismissed in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms or if malus applies as explained below. Where any tax or social security contributions arise on vesting of the PSP Award then the holding period will only apply to the Shares remaining (or that would have remained) after sale of sufficient Shares to meet such tax or social security contribution liabilities.

### ***Malus***

The Remuneration Committee may decide, at any time prior to the end of the applicable holding period (or, if no holding period applies, the vesting date), that the number of Shares subject to a PSP Award shall be reduced (including to nil) on such basis that the Remuneration Committee in its discretion considers to be fair, reasonable and proportionate where, in its opinion, there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management, an error in available financial information which led to the award being greater than it would otherwise have been or personal misconduct.

### ***Clawback***

The Remuneration Committee may decide, within three years of the end of the vesting date, that the PSP Award will be subject to clawback where, in its opinion, there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management or personal misconduct.

The clawback may be satisfied by way of: (i) a reduction in the amount of any future PSP payments or payments under discretionary bonus plans or other incentive arrangements; (ii) a reduction in the vesting of any subsisting or future share awards or PSP Awards; (iii) a reduction in the number of Shares under any vested but unexercised option granted under certain share incentive plans; and/or (iv) a requirement to make a cash payment. In the event of a change of control of the Company, the Remuneration Committee must determine whether this will affect the ability of the Remuneration Committee to require clawback of a PSP Award.

### ***Cessation of employment***

#### ***(i) Unvested PSP Awards and unexercised PSP Options***

For these purposes, if a participant ceases employment because of his ill-health, injury or disability (in each case, evidenced to the satisfaction of the Remuneration Committee), or retirement with the agreement of the Company, or his employing company or the business for which he works being transferred out of the Group, or in other circumstances at the discretion of the Remuneration Committee, it will be a “**PSP Good Leaver Reason**”.

As a general rule, an unvested PSP Award (and, where a participant is dismissed in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms, any vested but unexercised PSP Options) will lapse immediately upon a participant ceasing to be employed by or hold office with the Group (or on the date that notice of termination of employment is given or received, if earlier).

However, if a participant ceases employment for a PSP Good Leaver Reason then his PSP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director (or earlier at the Remuneration Committee’s discretion), subject to: (i) the satisfaction of any applicable performance conditions measured over the original performance period (or, at the Remuneration Committee’s discretion, as at the date of cessation of employment); (ii) the operation of malus or clawback; and (iii) (unless the Remuneration Committee decides otherwise) pro-rating to reflect the reduced period of time between grant and the participant’s cessation of employment as a proportion of the normal vesting period.

The PSP Award will remain subject to the holding period (unless the Remuneration Committee, in its absolute discretion, decides otherwise). The Remuneration Committee can delay its decision on whether a participant has ceased to be a Group employee or director for a PSP Good Leaver Reason until the normal vesting date and base its decisions on all relevant circumstances (e.g. achievement of applicable performance conditions over the full performance period, whether restrictive covenants have been complied with and/or whether a person has remained in retirement).

If a participant dies, his PSP Award will vest on the date of his death (unless the Remuneration Committee decides that his PSP Award will vest on the normal vesting date, in which case the normal vesting provisions for leavers (see above) will apply) but will not be subject to a holding period (unless the Remuneration Committee, in its absolute discretion, decides otherwise). The extent to which a PSP Award will vest in these situations will depend upon: (i) the extent to which any applicable performance conditions have been satisfied at the date of cessation (unless the Remuneration Committee decides in its discretion to measure satisfaction of any performance conditions at some other time); (ii) the operation of malus or clawback; and (iii) (unless the Remuneration Committee decides otherwise) pro-rating by reference to the proportion of the vesting period that has then elapsed.

To the extent that PSP Options vest in accordance with the above provisions, they may be exercised for a period of 12 months following the end of the holding period (or, if no holding period applies, the vesting date) and will otherwise lapse at the end of that period. To the extent that a participant who leaves in circumstances other than dismissal in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms, or dies, held vested PSP Options, they may be exercised for a period of 12 months following the end of the holding period (or, if no holding period applies, the vesting date) and will otherwise lapse at the end of that period.

#### *(ii) Vested PSP Awards*

If a participant whose PSP Award has already vested ceases to be employed by or hold office with the Group during an applicable holding period, the Shares subject to such PSP Award will not lapse unless the holder is dismissed in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms. Where a vested PSP Award does not lapse on termination, the Remuneration Committee may, in its absolute discretion, determine that it will no longer be subject to the holding period.

#### **Corporate events**

In the event of a takeover or winding up of the Company (other than an internal reorganisation), PSP Awards will vest early subject to: (i) the extent that any applicable performance conditions have been satisfied at that time (which may include regard to projected performance over the full period); (ii) the operation of malus or clawback; and (iii) (unless the Remuneration Committee decides that it is inappropriate in the particular circumstances or that it should be carried out on some other basis) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed. The holding period will no longer apply.

In the event of an internal corporate reorganisation, PSP Awards may (with the consent of the acquiring company) be replaced by equivalent new PSP Awards over Shares in the acquiring company unless the Remuneration Committee decides that PSP Awards should vest as in the case of a takeover.

If a demerger, special dividend or other corporate event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Shares to a material extent and it is not appropriate or practicable to adjust the number or class of Shares under PSP Awards as detailed below, the Remuneration Committee may decide that PSP Awards will vest as in the case of a takeover.

To the extent that PSP Options vest in accordance with the above provisions, they may be exercised for a period of one month and will otherwise lapse at the end of that period. To the extent that a participant already held vested PSP Options, they may be exercised for a period of one month from the relevant event and will otherwise lapse at the end of that period.

In the event that there is a change of control of the Company, any discretions reserved to the Remuneration



Committee by the rules of the DSBP will be exercisable by the Remuneration Committee in place prior to the change of control.

### ***Variation of capital***

If there is a variation of share capital of the Company or, in the event of a demerger, payment of a special dividend or other corporate event which materially affects the market price of the Shares, then the Remuneration Committee may make such adjustments as it considers appropriate to the number or class of Shares under PSP Awards in order to retain the economic value of the PSP Awards as it was immediately prior to such event.

### ***Dividend equivalents***

Unless the Remuneration Committee decides otherwise, participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under their PSP Awards by reference to dividend record dates falling between the time when the relevant PSP Awards were granted and the end of the applicable holding period (or, if no holding period applies, the vesting date). This amount may assume the re-investment of dividends and may exclude or include special dividends.

### ***Rights attaching to Shares***

PSP Awards will not confer any rights on any employee holding such PSP Awards until: (i) the Shares subject to the relevant PSP Conditional Award have been released or the relevant PSP Option has been exercised; and (ii) the employee in question has received the underlying Shares. Any Shares issued when a PSP Option is exercised or a PSP Conditional Award is released will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment or release).

### ***Alternative settlement***

At its discretion, the Remuneration Committee may decide to satisfy PSP Awards with a cash payment equal to any gain that a participant would have made had the PSP Awards been satisfied with Shares in the usual manner.

### ***Amendments***

The Remuneration Committee may, at any time, amend the provisions of the PSP in any respect, except that:

- the prior approval of shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Shares or cash provided under the PSP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for: (i) any minor amendment to benefit the administration of the PSP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries, or (ii) any permitted alteration to the performance conditions or any other conditions; and
- amendments to the material disadvantage of participants (other than a permitted alteration to the performance conditions or any other conditions) may only be made in respect of subsisting rights if such disadvantaged participants are invited to agree such amendment and the majority (assessed by reference to the size of affected awards) of those who respond consent to such amendment.

### ***Overseas plans***

The Remuneration Committee may, at any time, establish further plans for overseas territories, any such plan to be similar to the PSP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the

limits on individual and overall participation in the PSP.

## 12.2 Deferred Share Bonus Plan

The DSBP was adopted by the Board on 19 September 2018, conditional on Admission.

### **Status**

The DSBP is a discretionary executive share plan.

Under the DSBP, the Remuneration Committee may, within certain limits and on a discretionary basis, grant to eligible employees:

- nil or nominal cost options over Shares (“**DSBP Options**”); and/or
- conditional awards (i.e. a right to receive free Shares) (“**DSBP Conditional Awards**”)

(together “**DSBP Awards**”).

No payment is required for the grant of a DSBP Award.

### **Eligibility**

All employees (including executive Directors) are eligible for selection to participate in the DSBP at the discretion of the Remuneration Committee. However, it is currently expected that awards will be made only to executive Directors and senior management.

### **Limits**

The DSBP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the DSBP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company’s issued ordinary share capital may be issued under the DSBP and under any other employees’ share scheme adopted by the Company.

In addition, the rules of the DSBP provide that, in any period of 10 calendar years, not more than 5 per cent. of the Company’s issued ordinary share capital may be issued under the DSBP and under any other executive share scheme adopted by the Company.

Shares issued out of treasury under the DSBP will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted under the LTIP before Admission will not count towards these limits.

### **Grant of DSBP Awards**

The Remuneration Committee may determine that a proportion of a participant’s annual bonus will be deferred into Shares. If the Remuneration Committee makes such a determination, a DSBP Award will be granted to the participant over Shares with a total market value not exceeding the amount of the bonus being deferred.

DSBP Awards may be granted: (i) within 42 days of the announcement by the Company of its results for any period; or (ii) at any other time that the Remuneration Committee, at its discretion, may deem there are exceptional circumstances which justify the granting of DSBP Awards.

However, no DSBP Awards may be granted more than 10 years after the date when the DSBP was adopted. DSBP Awards are not transferable other than to the participant’s personal representatives in the event of his death. The benefits received under the DSBP are not pensionable.

### **Vesting and exercise**

DSBP Options will normally become exercisable, and DSBP Conditional Awards will normally vest, on the

third anniversary of the date of granting the DSBP Award to the extent permitted under any operation of malus or clawback. DSBP Options will normally remain exercisable for 12 months (or such shorter period as the Remuneration Committee may, at its discretion, decide on or before grant) of the date of vesting of the DSBP Option.

Shares will be delivered to participants within 30 days of exercise of a DSBP Option or vesting of a DSBP Conditional Award.

### ***Malus***

The Remuneration Committee may decide, at any time prior to the earlier of the vesting of DSBP Awards and the third anniversary of the date of grant, that the number of Shares subject to a DSBP Award shall be reduced (including to nil) on such basis that the Remuneration Committee in its discretion considers to be fair, reasonable and proportionate where, in its opinion, there are exceptional circumstances. Such exceptional circumstances may include where there has been serious reputational damage, failure of risk management, an error in available financial information which led to the award being greater than it would otherwise have been or personal misconduct.

### ***Clawback***

The Remuneration Committee may decide, within three years of the date of granting the DSBP Award, that the DSBP Award will be subject to clawback, in its opinion, where there are exceptional circumstances. Such exceptional circumstances may include serious reputational damage, a failure of risk management or personal misconduct.

The clawback may be satisfied by way of: (i) a reduction in the amount of any future bonus; (ii) a reduction in the vesting of any subsisting or future share awards or DSBP Awards; (iii) a reduction in the number of Shares under any vested but unexercised option granted under certain share incentive plans; and/or (iv) a requirement to make a cash payment. The Remuneration Committee may determine whether a change of control of the Company will affect the ability of the Remuneration Committee to require clawback of a DSBP Award.

### ***Cessation of employment***

As a general rule, a DSBP Award will not lapse upon a participant ceasing to be employed by or hold office with the Group. However, if a participant so ceases because of dismissal in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms or voluntary resignation, his unvested DSBP Awards (and, where a participant is dismissed in circumstances where the employer is entitled to terminate the employment contract summarily without payment in accordance with its terms, any vested DSBP Options) will lapse immediately upon that participant ceasing to be employed by or hold office within the Group (or on the date that notice of termination of employment is given or received, if earlier) unless the Remuneration Committee decides that the lapsing of his DSBP Awards would be inappropriate in the particular circumstances. If a participant so ceases in circumstances in which his unvested DSBP Award does not lapse (each a “**DSBP Good Leaver Reason**”), his DSBP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the operation of malus or clawback.

If a participant ceases to be a Group employee or director for a DSBP Good Leaver Reason, the Remuneration Committee can alternatively decide that his DSBP Award will vest early when he leaves. If a participant dies, his DSBP Award will vest on the date of his death (unless the Remuneration Committee decides, in exceptional circumstances, that his DSBP Award will vest on the date when it would have vested if he had not died, in which case the normal vesting provisions for leavers (see above) will apply). The extent to which a DSBP Award will vest in these situations will depend upon the operation of malus or clawback.

To the extent that DSBP Options vest in accordance with the above provisions, they may be exercised for a period of 12 months following vesting and will otherwise lapse at the end of that period. To the extent that a participant who leaves in circumstances other than dismissal in circumstances where the employer is entitled to terminate summarily without payment, or dies, held vested DSBP Options, they may

be exercised for a period of 12 months following the date of cessation and will otherwise lapse at the end of that period.

### ***Corporate events***

In the event of a takeover or winding up of the Company (other than an internal reorganisation), DSBP Awards will vest early subject to the operation of malus or clawback.

In the event of an internal corporate reorganisation, DSBP Awards may (with the consent of the acquiring company) be replaced by equivalent new DSBP Awards over Shares in the acquiring company unless the Remuneration Committee decides that DSBP Awards should vest as in the case of a takeover.

If a demerger, special dividend or other corporate event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Shares to a material extent, and it is not practicable or appropriate to adjust the number or class of Shares under DSBP Awards as detailed below, the Remuneration Committee may decide that DSBP Awards will vest as in the case of a takeover.

To the extent that DSBP Options vest in accordance with the above provisions, they may be exercised for a period of one month and will otherwise lapse at the end of that period. To the extent that a participant already held vested DSBP Options, they may be exercised for a period of one month from the relevant event and will otherwise lapse at the end of that period.

In the event that there is a change of control of the Company, any discretions reserved to the Remuneration Committee by the rules of the DSBP will be exercisable by the Remuneration Committee in place prior to the change of control.

### ***Variation of capital***

If there is a variation of share capital of the Company or, in the event of a demerger, payment of a special dividend or other corporate event which materially affects the market price of the Shares, then the Remuneration Committee may make such adjustments as it considers appropriate to the number or class of Shares under DSBP Awards in order to retain the economic value of the DSBP Awards as it was immediately prior to such event.

### ***Dividend equivalents***

Unless the Remuneration Committee decides otherwise, participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under their DSBP Awards by reference to dividend record dates falling between the time when the DSBP Awards were granted and the time when the DSBP Awards vested or, if the Remuneration Committee so decides, such later time which shall not be later than the time when Shares are issued or transferred to participants. This amount may assume the re-investment of dividends and may exclude or include special dividends.

### ***Rights attaching to Shares***

DSBP Awards will not confer any rights on any employee holding such DSBP Awards until: (i) the relevant DSBP Conditional Award has vested or the relevant DSBP Option has been exercised; and (ii) the employee in question has received the underlying Shares. Any Shares allotted when a DSBP Option is exercised or a DSBP Conditional Award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### ***Amendments***

The Remuneration Committee may, at any time, amend the provisions of the DSBP in any respect, except that:

- the prior approval of shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the

terms of, Shares provided under the DSBP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the DSBP, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries; and

- amendments to the material disadvantage of participants may only be made in respect of subsisting rights if such disadvantaged participants are invited to agree such amendment and the majority (assessed by reference to the size of affected awards) of those who respond consent to such amendment.

### **Overseas plans**

The Remuneration Committee may, at any time, establish further plans for overseas territories, any such plan to be similar to the DSBP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the DSBP.

### **12.3 Share Incentive Plan**

The SIP was adopted by the Board on 19 September 2018, conditional on Admission.

#### **Status**

The SIP is an all-employee share ownership plan. The SIP has been designed to comply with the relevant legislation and HMRC requirements in order to provide Shares to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be:

- awarded up to £3,600 worth of free Shares ("**Free Shares**") each year;
- offered the opportunity to buy Shares with a value of up to the lower of £1,800 and 10 per cent. of the employee's pre-tax salary a year ("**Partnership Shares**");
- given up to two free Shares ("**Matching Shares**") for each Partnership Share bought; and/or
- allowed or required to purchase Shares using any dividends received on Shares held in the SIP ("**Dividend Shares**").

The limits set out above are the current limits under the applicable SIP legislation. The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect.

#### **SIP Trust**

The SIP operates through a UK-resident trust (the "**SIP Trust**"). The SIP Trust purchases or subscribes for Shares that are awarded to or purchased on behalf of employees under the SIP.

An employee will be the beneficial owner of any Shares held on his behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue. If an employee ceases to be employed by the Group, he will be required to withdraw his Free, Partnership, Matching and Dividend Shares from the SIP Trust (or the Free Shares or Matching Shares may be forfeited as described below).

#### **Eligibility**

Each time that the Board decides to operate the SIP, all UK resident tax-paying employees (including executive Directors) must be offered the opportunity to participate. Other employees may be permitted to participate. Employees invited to participate must have completed a minimum qualifying period of employment before they can participate. That period must not exceed 18 months or, in certain circumstances, six months.

## **Limits**

The SIP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the SIP provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme adopted by the Company. Shares issued out of treasury for the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted under the LTIP before Admission will not count towards these limits.

No awards of any Free, Partnership, Matching or Dividend Shares may be granted more than 10 years after the date the SIP was adopted.

## **Free Shares**

Up to £3,600 worth of Free Shares may be awarded to each employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and/or objective performance criteria. The award of Free Shares can, if the Company so chooses, be subject to the satisfaction of a pre-award performance target which measures the objective success of the individual, team, division or business.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Free Shares from the SIP Trust (or otherwise dispose of the Free Shares) unless the employee leaves employment with the Group.

At its discretion, the Board may provide that some or all of the Free Shares will be forfeited if the employee leaves employment with the Group other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company out of the Group, on retiring, on death or based on such other reason as the Company may specify (each a "**SIP Good Leaver Reason**"). Forfeiture can only take place within three years of the Free Shares being awarded.

## **Partnership Shares**

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10 per cent. of pre-tax salary in any tax year. If a minimum amount of deductions is set, it shall not be greater than £10. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the "**Accumulation Period**") or Partnership Shares can be purchased out of deductions from the employee's pre-tax salary when those deductions are made. In either case, Partnership Shares must be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay. If there is an Accumulation Period, the number of Shares purchased shall be determined by reference to: (i) the market value of the Shares at the start of the Accumulation Period; (ii) the market value of the Shares at the acquisition date set by the trustee of the SIP Trust; or (iii) the lower of the two.

An employee may stop and start (or, with the agreement of the Company, vary) deductions at any time. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time (subject to the deduction of income tax and National Insurance contributions) and will not be capable of forfeiture.

## **Matching Shares**

The Board may offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Matching Shares from the SIP Trust unless the employee leaves employment with the Group.

The Board can, at its discretion, provide that the Matching Shares will be forfeited if the associated

Partnership Shares are withdrawn by the employee (other than where the employee leaves employment with the Group for a SIP Good Leaver Reason) or if the employee leaves employment with the Group other than for a SIP Good Leaver Reason. Forfeiture can only take place within three years of the Matching Shares being awarded.

### ***Re-investment of dividends***

The Board may allow or require an employee to re-invest the whole or part of any dividends paid on Shares held in the SIP. Dividend Shares must be held in the SIP Trust for three years, unless the employee leaves employment with the Group. Once acquired, Dividend Shares are not capable of forfeiture.

### ***Corporate events***

In the event of a general offer being made to Shareholders – or a similar takeover event taking place – during a holding period, employees will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate re-organisation, any Shares held by employees may be replaced by equivalent shares in a new holding company.

### ***Rights issue***

Shares acquired on a rights issue of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time. In the event of a rights issue during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in respect of their Shares held in the SIP.

### ***Rights attaching to Shares***

Any Shares allotted under the SIP will rank equally with Shares then in issue (except for rights arising by reference to a record date before their allotment).

### ***Amendments***

The Board (with the consent of the trustees of the SIP Trust) may at any time amend the rules of the SIP.

The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Shares provided under the SIP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries or the trustees of the SIP Trust.

Awards under the SIP are not pensionable.

### ***Overseas plans***

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SIP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.

## **12.4 SAYE Plan**

The SAYE Plan was adopted by the Board on 19 September 2018, conditional on Admission.

### ***Status***

The SAYE Plan is an all-employee share ownership plan. The SAYE Plan has been designed to comply with the relevant legislation and HMRC requirements in order to provide Shares to UK employees under the SAYE Plan in a tax-efficient manner.

Under the SAYE Plan, the Board may within certain limits:

- grant UK tax-favoured options over Shares to UK tax-resident eligible employees; and
- at its discretion, grant options over Shares to other eligible employees

(the “**SAYE Options**”).

No payment is required for the grant of an SAYE Option.

### ***Eligibility***

Each time that the Board decides to operate the SAYE Plan, all UK resident tax-paying employees (including executive Directors) must be offered the opportunity to participate. Other employees may be permitted to participate at the discretion of the Board. The Board may require employees to have completed a qualifying period of employment of up to five years before granting SAYE Options.

### ***Limits***

The SAYE Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the SAYE Plan provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company’s issued ordinary share capital may be issued under the SAYE Plan and under any other employees’ share scheme adopted by the Company. Shares issued out of treasury for the SAYE Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted under the LTIP before Admission will not count towards these limits.

### ***Grant of SAYE Options***

The Board may, in its absolute discretion, issue invitations to eligible employees to apply for the grant of SAYE Options. Invitations may be issued during the period of 42 days following:

- the announcement of the Company’s interim or final results for any period;
- the announcement of a new prospectus for certified sharesave savings arrangements certified by HMRC; or
- the announcement of amendments to be made to applicable sharesave legislation or the coming into force of such amendments.

Invitations may also be issued following a determination by the Board that exceptional circumstances have arisen which justify the issue of invitations outside the usual invitation periods. However, no invitation may be issued at any time if it would be unlawful or in breach of Regulation (EU) No.596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it is in force at the relevant time or any other regulation or guidance with which the Company complies.

If the Board receives applications for the grant of SAYE Options over Shares which in aggregate exceed the number of Shares which has been made available for the purpose of that issue of invitations, the applications will be scaled down accordingly.

No SAYE Options may be granted more than 10 years after the date when the SAYE Plan was adopted. SAYE Options are not transferable other than to the participant’s personal representatives in the event of his death. The benefits received under the SAYE Plan are not pensionable.

It is a condition of participation in the SAYE Plan that an eligible employee enters into a savings contract under a “certified contractual savings scheme” (as defined in the relevant legislation) maturing after three or five years.

Shares subject to an SAYE Option granted under the SAYE Plan may be acquired only out of the proceeds (including any interest or bonus) due under the related savings contract. The number of Shares subject to



an SAYE Option is that number which, at the exercise price per Ordinary Share under the SAYE Option, may be acquired out of the expected proceeds of the related savings contract (including any interest or bonus).

The minimum amount which an employee may save under a savings contract is currently £10 per month and the maximum amount is £500 per month pursuant to the applicable sharesave legislation. The Board may determine that different limits shall apply in the future subject to the relevant legislation.

### ***Exercise price***

An SAYE Option will entitle the holder to acquire Shares at a price determined by the Board, which may not be less than the higher of:

- 80 per cent. of the price which a Share might reasonably be expected to fetch on a sale in the open market; and
- the nominal value of a Share.

### ***Exercise of SAYE Options***

Options may normally only be exercised during the six-month period following the bonus date (being the third or fifth anniversary of the commencement of the related savings contract).

### ***Cessation of employment***

As a general rule, an SAYE Option will lapse immediately upon a participant ceasing to be employed by the Group. However, if a participant so ceases because of his injury, disability, redundancy, retirement, or his employing company or the business for which he works being transferred out of the Group, his SAYE Option will be exercisable for six months from the date of cessation to the extent of any savings made up to the point of exercise.

If a participant dies, his SAYE Option will be exercisable for 12 months from the extent of any savings made up to the point of exercise.

If SAYE Options are not so exercised, they will lapse at the end of the relevant period.

### ***Corporate events***

In the event of a change of control (by way of general offer) or an arrangement or compromise sanctioned by the Court, employees will be able to exercise their SAYE Options for six months from the date of the relevant event occurring. Alternatively, if, as a result of the change of control (by way of general offer) or an arrangement or compromise sanctioned by the Court, Shares will no longer satisfy the relevant legislative requirements, SAYE Options may be exercised within 20 days following the change of control provided that they may not be exercised later than this date. If the Board reasonably expects a change of control event to occur, it may make arrangements permitting SAYE Options to be exercised during a period of 20 days ending with the date of such event.

If a resolution for voluntary winding up of the Company is passed, options may be exercised for 60 days following such resolution. If there is a compulsory acquisition to acquire the Shares, options remain exercisable at any time when a person is bound to acquire such Shares.

In the event of a corporate reorganisation, any SAYE Options held by employees over Shares in the Company may be exchanged for equivalent options over shares in the new holding company provided certain conditions are met which ensure that such exchange is a "qualifying exchange" for the purposes of the applicable sharesave legislation.

### ***Variation of capital***

If there is a variation of share capital of the Company, or in the event of any capitalisation, rights issue, consolidation, subdivision or reduction, then the Board may make such adjustments as it considers

appropriate to the number of Shares under SAYE Option and the exercise price may be varied in such manner as the Board considers appropriate, provided that following any adjustment the Shares shall continue to satisfy the conditions set out in the applicable sharesave legislation.

### ***Rights attaching to Shares***

SAYE Options will not confer any rights on any employee holding such SAYE Options until the relevant SAYE Option has been exercised and the employee in question has received the underlying Shares. Any Shares allotted when an SAYE Option is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date before their allotment).

### ***Amendments***

The Board may at any time amend the rules of the SAYE Plan.

The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Shares provided under the SAYE Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the SAYE Plan, to take account of any change in legislation, to ensure that the SAYE Plan can qualify or continue to qualify under applicable sharesave legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, the Company and/or its subsidiaries.

Options are not pensionable.

### ***Overseas plans***

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SAYE Plan but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SAYE Plan.

## **12.5 IPO Awards**

The Company has decided to grant a one-off cash award (an "**IPO Award**") to certain employees of the Group (excluding Directors and participants in the LTIP) with the intention of enabling recipients to buy Shares in the Company following Admission.

In order to be eligible for IPO Awards, employees were required, as of certain cut-off dates, to be permanent members of staff and not to be under notice or subject to formal disciplinary proceedings.

Each eligible employee within the management team (being the level below the Senior Managers (as defined in this Prospectus), of whom there are approximately 70) will receive a payment equal to his or her annual salary, payable, conditional on Admission taking place during 2018 and on the satisfaction of financial and personal performance conditions, in the following instalments:

- 20 per cent. no later than the first quarter of 2019;
- 40 per cent. no later than the first quarter of 2020; and
- 40 per cent. no later than the first quarter of 2021.

All other eligible employees (of whom there are approximately 2,200) will receive:

- £1,000 (or, if they commenced employment on or after 1 February 2018, a time pro-rated proportion of £1,000 which reflects the number of whole calendar months for which they had been employed by the Group as at 31 August 2018), to be paid on 31 October 2018; and
- two weeks' salary, to be paid on 31 January 2020.

All IPO Awards will be conditional on Admission and on the relevant employee remaining in employment until the date of payment (except in certain cases where the employee is treated as a "good leaver"), and will be paid subject to necessary deductions for tax and social security contributions.

### 13 PENSIONS

The Group provides retirement benefits to certain of its current and former employees through a number of pension arrangements. These include the operation of a U.K. defined benefit pension scheme (the "U.K. DB Plan"). The U.K. DB Plan closed to new entrants on 31 May 2011 but remains open to future benefit accrual for existing active members. The U.K. DB Plan ceased final salary accrual from 31 December 2017 and adopted a Career Average Revalued Earnings (CARE) benefit structure from 1 January 2018, breaking the link to final salary as at 31 December 2017.

As at 31 December 2017, the U.K. DB Plan had a deficit of £46.9 million for the purposes of International Accounting Standard 19.9.

The U.K. DB Plan undergoes triennial actuarial valuations. The latest actuarial valuation of the U.K. DB Plan as at 6 April 2017 showed a deficit in the scheme of £48.6 million on a scheme-specific funding basis. On 5 July 2018 the Company agreed a schedule of contributions with the Trustee of the U.K. DB Plan under which it will make recovery contributions in the following amounts: contributions will increase from £2,750,000 *per annum* to £4,000,000 *per annum* through to 31 March 2020 and £7,100,000 *per annum* thereafter through to 31 July 2025.

The Group also operates a defined contribution pension scheme which opened in June 2011. The total expense relating to this scheme in the year to 31 December 2017 was £3.7 million.

### 14 EMPLOYEES

As at 30 June 2018, Aston Martin Lagonda employed 2,913 people (including Directors and contractors). The average monthly number of employees (including Directors and contractors) employed by Aston Martin Lagonda for the years ended 31 December 2015, 2016 and 2017 was 2,033, 2,057 and 2,507, respectively.

As at 30 June 2018, approximately 15 per cent. of Aston Martin Lagonda's employees, including permanent, international and temporary employees, were unionised and were members of Unite. The Directors believe that Aston Martin Lagonda has a good relationship with the union and with its employees generally.

### 15 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period covering the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

### 16 RELATED PARTY TRANSACTIONS

Save as disclosed in Note 4 (acquisition of AM Brands Limited from Prestige Motor Holdings S.A. and Asmar Limited) and Note 7.2 to the Historical Financial Information (set out in Part B of Part XIII (*Historical Financial Information*)), no member of Aston Martin Lagonda entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) between 1 January 2015 and the date of this Prospectus.

### 17 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (i) within the two years immediately preceding publication of this Prospectus which are material to the Company or any member of the Group, and (ii) at any time and contain any provision under which the Company or any member of the Group has any obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

## 17.1 **Underwriting Agreement**

The Company (for itself and acting as agent for the Other Selling Shareholders), the Directors, the Selling Shareholders and the Banks have entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement and related arrangements:

- the Company (for itself and acting as agent for and on behalf of the Other Selling Shareholders) and the Selling Shareholders have agreed, subject to certain conditions (including, inter alia, Admission), to sell, at the Offer Price, the Shares to be sold by them in connection with the Offer;
- the Banks have agreed, subject to certain conditions (including, inter alia, Admission) to procure purchasers for (or, failing which, to purchase themselves) the Shares (in such proportions as set out in the Underwriting Agreement) being sold pursuant to the Offer;
- subject to Admission occurring, the Company (for itself and acting as agent for and on behalf of the Other Selling Shareholders) and each Selling Shareholder has agreed to pay to the Banks a commission of 1.5 per cent. of the amount equal to the product of the Offer Price and the aggregate number of Shares sold by it pursuant to the Offer. Subject to Admission occurring, each Over-allotment Shareholder, as provider of the Over-allotment Option, has also agreed to pay to the Banks a commission of 1.5 per cent. of the amount equal to the product of the Offer Price and the aggregate number of Shares sold by it pursuant to the Over-allotment Option;
- subject to Admission occurring, the Company (for itself and acting as agent for and on behalf of the Other Selling Shareholders) and each Selling Shareholder may in their discretion, acting jointly, as to payment and allocation, pay the Banks an additional commission of up to 1.0 per cent. of the amount equal to the product of the Offer Price and the aggregate number of Shares sold by them pursuant to the Offer. Subject to Admission occurring, the Over-allotment Shareholders may in their discretion, acting jointly, as to payment and allocation, pay the Banks an additional commission of up to 1.0 per cent. of the amount equal to the product of the Offer Price and the aggregate number of Shares sold by them pursuant to the Over-allotment Option;
- the obligations of the Banks to procure purchasers for or, failing which, themselves to purchase the Shares to be sold in connection with the Offer on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any material breach of warranty under the Underwriting Agreement, there having been no material adverse change since the date of the Underwriting Agreement and Admission having occurred not later than 8.00 a.m. on 8 October 2018 or such later time and/or such date (not later than 8.00 a.m. (London time) on 22 October 2018) as the Selling Shareholders and Company may agree with the Joint Global Coordinators (on behalf of themselves and the other Banks);
- In addition, the Joint Global Coordinators (on behalf of themselves and the other Banks) have the discretionary right, having consulted with the Company to the extent practicable in the circumstances and acting in good faith, to terminate the Underwriting Agreement, exercisable in certain circumstances prior to Admission. These circumstances, which are typical for agreements of this nature, include certain material changes in financial, political or economic conditions;
- the Company has agreed to pay the costs, charges, fees and expenses incurred by the Banks in connection with the Offer, Admission and the arrangements contemplated by the Underwriting Agreement;
- the Selling Shareholders and Other Selling Shareholders have agreed to pay to and reimburse the Banks in respect of any stamp duty and/or SDRT arising on the initial sale of Shares by Selling Shareholders and Other Selling Shareholders under the Offer, subject to certain limitations;
- each of the Company, the Selling Shareholders, the Other Selling Shareholders and the Directors has given certain warranties and undertakings to the Banks. The liabilities of the Company under the Underwriting Agreement are not limited as to amount or by time. The liabilities of the Directors, the Selling Shareholders and the Other Selling Shareholders under the Underwriting Agreement and related arrangements are limited as to time and amount;

- the Company has given an indemnity to the Banks in a form that is typical for an agreement of this nature; and
- the Company, the Selling Shareholders, the Other Selling Shareholders and the Directors have agreed to lock-up arrangements, which are further explained in Part V (*Details of the Offer*) of this Prospectus.

### 17.2 **Adeem/PW Relationship Agreement**

On 20 September 2018, the Company and the Adeem/PW Controlling Shareholder Group entered into the Adeem/PW Relationship Agreement, effective on Admission. The principal purpose of the Adeem/PW Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently from the Adeem/PW Controlling Shareholder Group and any of their Associates (as defined in Appendix I to the Listing Rules).

Under the Adeem/PW Relationship Agreement, until the agreement terminates, each member of the Adeem/PW Controlling Shareholder Group undertakes that it shall (and shall procure that its Associates shall):

- conduct all transactions and relationships with the Company and the Group at arm's length and on normal commercial terms;
- take no action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
- exercise its voting rights to ensure that the Company is capable of carrying on its business for the benefit of the shareholders of the Company as a whole and independently; and
- not exercise voting rights in favour of any amendment to the Articles of Association of the Company in a manner which would be contrary to the principles of independence of the Company.

The Adeem/PW Relationship Agreement provides for certain board and committee appointment rights, as summarised in paragraph 2.2 of Part IX (*Directors, Senior Managers, Corporate Governance and Remuneration*).

Throughout the term of the Agreement, the Company agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of the Board present at a meeting and entitled to vote. These matters are:

- any suspension, cessation or abandonment of any material activity of the Company or any Group company, any material change to the nature, primary focus of or geographical area of the business or the closing of any material operating establishment of the business;
- any material acquisition or disposal, in one or a series of related transactions, by the Company or any Group company of: (a) any undertaking, business, company or securities of a company; or (b) any assets or property (other than in the ordinary course of business);
- the adoption of, or making any amendments to, the Group's annual budget or its business plan;
- incurring, issuing, guaranteeing or assuming any indebtedness or approving capital expenditure in excess of £10,000,000 (other than any indebtedness or capital expenditure provided in or contemplated by the Group's annual budget or its business plan previously approved by at least two-thirds of all members of the Board present and entitled to vote);
- issuing any securities, or granting any person rights to be issued any securities, on a non-pre-emptive or non-pro-rata basis (other than in accordance with any equity incentive scheme approved by the Board on recommendation of the Company's Remuneration Committee), subject at all times to the provisions of applicable law;
- approving any recommendation to the shareholders to change the size of the Board;

- approving any change in the size and composition of the Company's Nomination Committee;
- appointing or dismissing any executive Directors; and
- granting any equity incentive awards to employees of the Group under any of the Aston Martin Lagonda Performance Share Plan 2018, the Aston Martin Lagonda Deferred Share Bonus Plan 2018, the Aston Martin Lagonda Share Incentive Plan 2018 and the Aston Martin Lagonda SAYE Plan 2018 as described in this Prospectus.

The Board cannot propose an amendment to the Articles which would be in conflict with the provisions of the Adeem/PW Relationship Agreement without the prior written consent of the Adeem/PW Controlling Shareholder Group.

The Adeem/PW Relationship Agreement will terminate upon the Adeem/PW Controlling Shareholder Group (and its Affiliates) ceasing to hold seven per cent. of the voting rights attaching to the Shares or upon the Shares ceasing to be admitted to the Official List. The Adeem/PW Relationship Agreement also contains restrictions on the Adeem/PW Controlling Shareholder Group acquiring or disposing of Shares for a period of 180 days following Admission, subject to certain customary exceptions and subject also to the ability to grant security over the Shares on the same basis as described in section 13 of Part V (*Details of the Offer*). While the Adeem/PW Relationship Agreement is in force, the members of the Adeem/PW Controlling Shareholder Group must inform the Company before making any disposal of Shares.

### 17.3 **Investindustrial Relationship Agreement**

On 20 September 2018, the Company and the Investindustrial Controlling Shareholder Group entered into the Investindustrial Relationship Agreement, effective on Admission. The principal purpose of the Investindustrial Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently from the Investindustrial Controlling Shareholder Group and any of their Associates (as defined in Appendix I to the Listing Rules).

Under the Investindustrial Relationship Agreement, until the agreement terminates, each member of the Investindustrial Controlling Shareholder Group undertakes that it shall (and shall procure that its Associates shall):

- conduct all transactions and relationships with the Company and the Group at arm's length and on normal commercial terms;
- take no action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
- exercise its voting rights to ensure that the Company is capable of carrying on its business for the benefit of the shareholders of the Company as a whole and independently; and
- not exercise voting rights in favour of any amendment to the Articles of Association of the Company in a manner which would be contrary to the principles of independence of the Company.

The Investindustrial Relationship Agreement provides for certain board and committee appointment rights, as summarised in paragraph 2.2 of Part IX (*Directors, Senior Managers, Corporate Governance and Remuneration*).

Throughout the term of the Agreement, the Company agrees not to take any action in relation to certain matters without prior approval of at least two-thirds of members of the Board present at a meeting and entitled to vote. These matters are:

- any suspension, cessation or abandonment of any material activity of the Company or any Group company, any material change to the nature, primary focus of or geographical area of the business or the closing of any material operating establishment of the business;
- any material acquisition or disposal, in one or a series of related transactions, by the Company or any Group company of (a) any undertaking, business, company or securities of a company; or (b)

any assets or property (other than in the ordinary course of business);

- the adoption of, or making any amendments to, the Group’s annual budget or its business plan;
- incurring, issuing, guaranteeing or assuming any indebtedness or approving capital expenditure in excess of £10,000,000 (other than any indebtedness or capital expenditure provided in or contemplated by the Group’s annual budget or its business plan previously approved by at least two-thirds of all members of the Board present and entitled to vote);
- issuing any securities, or granting any person rights to be issued any securities, on a non-pre-emptive or non-pro-rata basis (other than in accordance with any equity incentive scheme approved by the Board on recommendation of the Company’s Remuneration Committee), subject at all times to the provisions of applicable law;
- approving any recommendation to the shareholders to change the size of the Board;
- approving any change in the size and composition of the Company’s Nomination Committee;
- appointing or dismissing any executive Directors; and
- granting any equity incentive awards to employees of the Group under any of the Aston Martin Lagonda Performance Share Plan 2018, the Aston Martin Lagonda Deferred Share Bonus Plan 2018, the Aston Martin Lagonda Share Incentive Plan 2018 and the Aston Martin Lagonda SAYE Plan 2018 as described in this Prospectus.

The Board cannot propose an amendment to the Articles which would be in conflict with the provisions of the Investindustrial Relationship Agreement without the prior written consent of the Investindustrial Controlling Shareholder Group.

The Investindustrial Relationship Agreement will terminate upon the Investindustrial Controlling Shareholder Group (and its Affiliates) ceasing to hold seven per cent. of the voting rights attaching to the Shares or upon the Shares ceasing to be admitted to the Official List. The Investindustrial Relationship Agreement also contains restrictions on the Investindustrial Controlling Shareholder Group acquiring or disposing of Shares for a period of 180 days following Admission, subject to certain customary exceptions and subject also to the ability to grant security over the Shares on the same basis as described in section 13 of Part V (*Details of the Offer*). While the Investindustrial Relationship Agreement is in force, the members of the Investindustrial Controlling Shareholder Group must also inform the Company before making any disposal of Shares.

## 18 PROPERTY, PLANT AND EQUIPMENT

The Group leases its head offices and manufacturing facility in Gaydon. This facility was opened in 2003 and is Aston Martin Lagonda’s corporate headquarters, where all senior management are based, and is its primary production and design facility, where all current core models are built. In addition, most administrative functions are located at the Gaydon facility. Details of Aston Martin Lagonda’s material property interests are listed below:

<b>Facility / Held by</b>	<b>Location</b>	<b>Tenure / Quality of Title</b>	<b>Term</b>	<b>Major encumbrances</b>
Gaydon HQ and manufacturing facility / AML	Banbury Road, Gaydon, Warwick CV35 0DB	Leasehold / Title absolute	Six leases of 999 years from 9 March 2007 to 8 March 3006	None
St. Athan manufacturing facility / AML	The Super Hangar, St Athan, Barry, Wales	Leasehold / Title absolute	30 years from 24 November 2017 to 23 November 2047	None
Wolverton Mill storage and distribution centre / AML	Unit 40 and Unit 50-60, High Park Drive, Wolverton Mill, Milton Keynes MK12 5TT	Leasehold / Title absolute	Unit 40: from 23 December 2014 to 22 December 2029 Unit 50-60: from 27 April 2016 to 22 December	None

<i>Facility / Held by</i>	<i>Location</i>	<i>Tenure / Quality of Title</i>	<i>Term</i>	<i>Major encumbrances</i>
Newport Pagnell Works service centre / Aston Martin Works Limited	Tickford Street, Newport Pagnell, MK16 9AN	Leasehold / Unregistered	2029 Previous lease expired in February 2018 and Aston Martin Works Limited occupies on a rolling basis. Negotiations for a new lease are ongoing	None
Wellesbourne warehouse and distribution (Unit 1), prototype build (Unit 2), production (Unit 8) and Special Vehicle Operations (Unit 20) facilities / AML	Unit 1, Unit 2, Unit 8 and Unit 20, M40 Distribution Centre, Loxley Road, Wellesbourne, Warwick	Unit 1 and Unit 2: Leasehold / Title absolute Unit 8: Interest under an agreement for lease Unit 20: Leasehold / Unregistered	Unit 1: from 20 April 2015 to 20 December 2031 Unit 2: 15 years from 21 December 2016 to 20 December 2031 Unit 8: an agreement for lease was exchanged on 19 April 2018 and a lease to 20 December 2031 is expected to complete in January 2019 following completion of landlord works Unit 20: from 19 April 2018 to 1 December 2018, with an option to renew to 2 June 2020	None
Milton Keynes design studio and warehouse / AML	Futura House, Bradbourne Drive, Tilbrook, Milton Keynes MK7 8AZ	Leasehold / Unregistered	Five years from 18 January 2018 to 17 January 2023	None
Dover Street shop / AML	Ground Floor Shop, 8-9 Dover Street, London W1S 4LG	Leasehold / Title absolute	15 years from 18 September 2015 to 17 September 2030	None
Chase Point purchasing and Rapide manufacturing facility / AML	Unit 1, Mallory Way, Gallagher Business Park, Coventry CV6 6PB	Leasehold / Title absolute	10 years from 12 March 2012 to 11 March 2022	None
Silverstone / AML	Stowe Complex Building, Silverstone Racing Circuit, Silverstone, Towcester, Northampton	Interest under an agreement for lease	An agreement for lease was exchanged on 11 June 2018 and a lease to 15 October 2023 is expected to complete on 16 October 2018	None

The Group also has offices and meeting rooms in London and regional offices in the U.S., Frankfurt, Tokyo, Shanghai and Singapore, which have short-term leases that are up for renewal from time to time.

## 19 ENVIRONMENTAL MATTERS

The Directors believe that Aston Martin Lagonda has no material environmental compliance costs or environmental liabilities.

## 20 WORKING CAPITAL STATEMENT

The Company is of the opinion that, taking into account the banking and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.



## 21 SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 June 2018, being the date to which the Historical Financial Information set out in Part XIII (*Historical Financial Information*) was prepared.

## 22 CONSENTS

The Company has received the following written consents, which are available for inspection at the times and locations set out in section 26 of this Part XV, in connection with the publication of this Prospectus:

- (A) KPMG LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of the report set out in Part A of Part XIII (*Historical Financial Information*) in the form and in the context in which it appears and has authorised the contents of its report for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules. As the Shares have not been and will not be registered under the U.S. Securities Act, KPMG LLP has not filed and will not file a consent under the U.S. Securities Act.
- (B) In addition, each of Lazard, the Joint Global Co-ordinators and the Joint Bookrunners has given and not withdrawn their consent to the inclusion in this Prospectus of their name in the form and in the context in which they appear.

## 23 AUDITOR

The auditors of the Group for each of the financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 was KPMG LLP, whose registered office is at 15 Canada Square, London E14 5GL, United Kingdom. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

KPMG LLP has been the auditors for the Group since 2007. The Company is proposing to put its external audit services out to tender for the year ending 2019.

## 24 NON-STATUTORY ACCOUNTS

The financial information contained in this Prospectus, which relates to the Company and/or the Group, does not constitute statutory accounts as referred to in section 434(3) of the Companies Act 2006. Statutory accounts for each of FY2015, FY2016, and FY2017 have been delivered to the Registrar of Companies for England and Wales and each include an unqualified auditor's report.

## 25 NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group's websites do not form part of this Prospectus.

## 26 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at Banbury Road, Gaydon, Warwick CV35 0DB and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission.

- (A) the Articles;
- (B) the Historical Financial Information as set out in Part XIII ;
- (C) the written consent letters referred to in section 22 of this Part XV; and
- (D) a copy of this Prospectus.

For the purposes of Rule 3.2.4R of the Prospectus Rules, this Prospectus will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at Banbury Road, Gaydon,

Warwick CV35 0DB. In addition, the Prospectus will be published in electronic form and be available on the Group's website at [www.astonmartinlagonda.com](http://www.astonmartinlagonda.com).

## PART XVI - DEFINITIONS

<b>"Adeem/PW Controlling Shareholder Group"</b>	means Adeem Automotive Manufacturing Company Limited, Asmar Limited, Primewagon (Jersey) Limited, Primewagon (UK) Limited and Stehwaz Automotive Jersey Limited;
<b>"Adeem/PW Relationship Agreement"</b>	means the relationship agreement described in paragraph 17.2 of Part XV ( <i>Additional Information</i> );
<b>"Adeem/PW Representative Directors"</b>	means Amr Ali Abdallah AbouelSeoud, Najeeb Al-Humaidhi, Saoud Al-Humaidhi, and Mahmoud Samy Mohamed Ali El Sayed;
<b>"Adjusted EBIT"</b>	represents profit / (loss) for the period, before income tax (charge) / credit, net financing expense adjusted to remove the impact of profit and loss on the disposal of fixed assets, a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017 plus impairment charges of intangible and tangible assets of £30.2 million, £48.7 million and nil for the years ended 31 December 2015, 2016 and 2017, respectively;
<b>"Adjusted EBIT margin"</b>	represents Adjusted EBIT as a percentage of revenue;
<b>"Adjusted EBITDA"</b>	represents profit / (loss) for the period, before income tax (charge) / credit, net financing expense, profit and loss on the disposal of fixed assets, and depreciation, amortisation and impairment adjusted to remove the impact of a payment to a former director in relation to the settlement of shares in 2015, costs associated with the business rebalancing programme in 2015 and a non-recurring credit arising from the reduction in the pension scheme deficit in 2017;
<b>"Adjusted EBITDA margin"</b>	represents Adjusted EBITDA as a percentage of revenue;
<b>"Admission"</b>	means the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
<b>"AM Partnerships"</b>	which includes AM Brands Limited, refers to the part of the Aston Martin Lagonda business which has operational responsibility for all licensed partnerships (such as Real Estate and Apparel), Art of Living events and Motorsport Partnerships. AM Partnerships works in conjunction with Aston Martin Consulting to deliver consulting services to third parties;
<b>"Americas"</b>	means Canada, Chile, Mexico, Peru and the U.S.;
<b>"AMLNA"</b>	means Aston Martin Lagonda of North America, Inc;
<b>"APMs"</b>	means alternative performance measures, being a financial measure not defined or recognised under IFRS;
<b>"Article 50"</b>	means Article 50 of the 2009 Lisbon Treaty;
<b>"Articles"</b>	means the articles of association of the Company in force as of Admission;
<b>"Aston Martin Engine Plant"</b>	means the facility at the Ford Niehl Engine Plant in Cologne, Germany;
<b>"Aston Martin Lagonda Nominee Service"</b>	means the Company-sponsored nominee service the terms and conditions of which are set out in Part V ( <i>Details of the Offer</i> );
<b>"Aston Martin Lagonda Nominee Statement"</b>	means a statement confirming the number of Shares held on behalf of a Shareholder in the Aston Martin Lagonda Nominee Service;
<b>"Aston Martin Works"</b>	means Aston Martin Works Limited;
<b>"Asia Pacific"</b>	means Australia, China, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam;
<b>"Banks"</b>	means the Joint Global Co-ordinators, the Joint Bookrunners and the Co-

	Lead Managers;
"Board"	means the board of directors of the Company from time to time;
"Brexit"	means the U.K.'s planned exit from the EU;
"CAPEX Intensity"	represents capital expenditure as a percentage of revenue;
"Co-Lead Managers"	means CI Capital Investment Banking S.A.E., Houlihan Lokey Capital, Inc., Mediobanca – Banca di Credito Finanziario S.p.A and Numis Securities Limited;
"Companies Act 1985"	means the Companies Act 1985 of England and Wales;
"Companies Act 2006"	means the Companies Act 2006 of England and Wales, as amended from time to time;
"Companies Acts"	means the Companies Act 1985 and the Companies Act 2006;
"Company"	means Aston Martin Lagonda Global Holdings plc;
"Controlling Shareholders" or "Controlling Shareholder Groups"	means the Adeem/PW Controlling Shareholder Group and the Investindustrial Controlling Shareholder Group;
"Customer Offer"	means the offer to Eligible Customers under the Retail Offer, as described in Part V ( <i>Details of the Offer</i> ), being made by way of this Prospectus;
"Customer Permitted Denominations"	means the following permitted investment amounts: £10,000; £15,000; £20,000; £25,000; £30,000; £35,000; £40,000; £45,000; £50,000 (and in the case of Preferred Customers only: £60,000; £70,000; £80,000; £90,000; and £99,999);
"Daimler"	means Daimler AG;
"Data Protection Legislation"	means the Data Protection Act 2018 and the General Data Protection Regulation ((EU)2016/679);
"Directors"	means the directors of the Company as at the date of this Prospectus and those persons who will become directors of the Company on Admission, all of whose details are set out in Part VI ( <i>Directors, company secretary, registered office and advisers</i> );
"D Shares"	means the D shares of £0.001 each in the capital of the Company;
"EMEA"	means Europe, the Middle East and Africa;
"Eligible Customers"	means persons who are: (a) owners of an Aston Martin car and were detailed on Aston Martin Lagonda's CRM system as at 24 August 2018; and/or (b) members of the Aston Martin Owners Club (" <b>AMOC</b> ") and whom confirmed to AMOC that they wished to receive further information on the Offer by 12 p.m. (midday) (U.K. time) on Monday 17 September 2018; and (c) resident in the U.K., as described in Part V ( <i>Details of the Offer</i> );
"Eligible Employees"	means: (i) all permanent employees of Aston Martin Lagonda, as at 31 August 2018, who are resident in the U.K.; and (ii) non-executive Directors subject to restrictions under relevant securities laws;
"Eligible Retail Investors"	means Eligible Customers and Eligible Employees;
"Employee Offer"	means the offer of Shares to Eligible Employees under the Retail Offer, as described in Part V ( <i>Details of the Offer</i> ), being made by way of this Prospectus;
"Employee Permitted Denominations"	means the following permitted investment amounts: £250; £500; £750; £1,000; £1,500; £2,000; £2,500; £3,000; £4,000; £5,000; £6,000; £7,000; £8,000; £9,000; and £10,000;
"EPA"	means the U.S. Environmental Protection Agency;
"ESP"	means the Primrosecove Limited Employee Share Plan;
"Estera Trust"	means the LTIP trustee;
"E.U."	means the European Union;

<b>"European Economic Area"</b>	means the EU, Iceland, Norway and Liechtenstein;
<b>"FCA"</b>	means the Financial Conduct Authority;
<b>"Ford"</b>	means Ford-Werke GmbH;
<b>"Forward-looking Statements"</b>	means any forward-looking statements, including forecasts, estimates, projections and opinions;
<b>"FSMA"</b>	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time;
<b>"GDPR"</b>	means the EU General Data-Protection Regulation;
<b>"Group" or "Aston Martin Lagonda"</b>	means the Company and each of its subsidiaries from time to time (and "subsidiary" shall have the meaning ascribed to it in the Companies Act 2006) and in the context of historical financial information and other financial information in this Prospectus, means Aston Martin Holdings (UK) Limited and its subsidiaries;
<b>"Historical Financial Information"</b>	means the information set out in Part XIII ( <i>Historical Financial Information</i> );
<b>"HNWI"</b>	means high net worth individual;
<b>"IFRS"</b>	means the International Financial Reporting Standards, as adopted by the EU;
<b>"Institutional Offer"</b>	means the offer of Shares to certain institutional investors, as described in Part V ( <i>Details of the Offer</i> ), being made by way of this Prospectus;
<b>"Investindustrial Controlling Shareholder Group"</b>	means Prestige Motor Holdings S.A. and Preferred Prestige Motor Holdings S.A.;
<b>"Investindustrial Relationship Agreement"</b>	means the relationship agreement described in paragraph 17.3 of Part XV ( <i>Additional Information</i> );
<b>"Investindustrial Representative Directors"</b>	means Dante Razzano and Peter Rogers;
<b>"IP"</b>	means Aston Martin Lagonda's intellectual property, whether registered or unregistered, including patents, registered trademarks, registered designs and other industrial or intellectual property rights (including certain confidential know-how, trade secrets, database rights and copyrights);
<b>"Joint Bookrunners"</b>	means Merrill Lynch International, Credit Suisse Securities (Europe) Limited, HSBC Bank plc and UniCredit Bank AG, Milan Branch;
<b>"Joint Global Co-ordinators"</b>	means Deutsche Bank AG, Goldman Sachs International and J.P. Morgan Cazenove;
<b>"KPI"</b>	means key performance indicator;
<b>"Latest Practicable Date"</b>	means 18 September 2018;
<b>"London Stock Exchange"</b>	means the London Stock Exchange plc;
<b>"LTIP"</b>	means the long term incentive plan in which the Group Chief Executive Officer, the Chief Financial Officer and the Senior Managers participated prior to Admission, as described in paragraph 10.4 of Part XV ( <i>Additional Information</i> );
<b>"Major Shareholder"</b>	means each of the persons directly or indirectly interested in 3 per cent. or more of the voting rights of the Company, as set out in paragraph 9.1 of Part XV ( <i>Additional Information</i> );
<b>"NHTSA"</b>	means the National Highway Traffic Safety Administration;
<b>"Offer"</b>	means the offer of Shares under the Institutional and Retail Offer, as described in Part V ( <i>Details of the Offer</i> ), being made by way of this Prospectus;

<b>"Offer Price"</b>	means the price at which the Shares are to be offered, to be set out in the Pricing Statement;
<b>"Official List"</b>	means the Official List of the FCA;
<b>"Other Selling Shareholders"</b>	means the Shareholders set out in Part B of paragraph 9.2 of Part XV ( <i>Additional Information</i> ), both of which are selling Shares under the Offer through the agency of the Company;
<b>"Ordinary Shares"</b>	means the ordinary shares of £0.001 each in the capital of the Company;
<b>"Over-allotment Option"</b>	means the option granted to the Stabilising Manager by the Over-allotment Shareholders under which up to 5,738,030 Shares may be acquired at the Offer Price;
<b>"Over-allotment Shareholders"</b>	means the Selling Shareholders;
<b>"PCAOB"</b>	means the Public Company Accounting Oversight Board of the U.S.;
<b>"PFIC"</b>	means a passive foreign investment company;
<b>"Preference Shares"</b>	means the Preference Shares of £0.01 each in the capital of the Company;
<b>"Preferred Customers"</b>	means those Eligible Customers who are also, as at 24 August 2018, members of Aston Martin Lagonda's Hennessey Club, as described in Part V ( <i>Details of the Offer</i> );
<b>"Price-Range"</b>	means the price range for the Offer Price, being between £17.50 and £22.50;
<b>"Pricing Statement"</b>	means the pricing statement to be published on or around 3 October 2018 by the Company detailing the Offer Price and the Share Offer size;
<b>"Prospectus Directive"</b>	means the EU Prospectus Directive Regulation (2004/809/EC);
<b>"Prospectus Rules"</b>	means the prospectus rules of the FCA made under section 73A of FSMA;
<b>"Prospectus"</b>	means this document;
<b>"Receiving Agent" or "Registrar"</b>	means Equiniti Limited;
<b>"Registered IP"</b>	means Aston Martin Lagonda's registered intellectual property, including patents, registered trademarks and registered designs;
<b>"Relationship Agreement"</b>	means either of the Adeem/PW Relationship Agreement or the Investindustrial Relationship Agreement, and <b>"Relationship Agreements"</b> means both of them;
<b>"Relevant Member State"</b>	means each member state of the European Economic Area which has implemented the Prospectus Directive;
<b>"Representative Directors"</b>	means Amr AbouelSeoud, Najeeb Al Humaidhi, Saoud Al Humaidhi, Mahmoud El Sayed, Roberto Maestroni, Dante Razzano and Peter Rogers;
<b>"Retail Offer"</b>	means the offer to retail investors under the Customer Offer and the Employee Offer;
<b>"Retail Offer Closing Date"</b>	means 12 p.m. (U.K. time) on 28 September 2018;
<b>"Safety Act"</b>	means the National Traffic and Motor Vehicle Safety Act 1966, as amended;
<b>"SDRT"</b>	means U.K. stamp duty reserve tax;
<b>"Selling Shareholders"</b>	means the Shareholders set out in Part A of paragraph 9.2 of Part XV ( <i>Additional Information</i> );
<b>"Senior Managers"</b>	means the senior managers as at the date of this Prospectus, whose details are set out in Part VI ( <i>Directors, senior managers, corporate governance and remuneration</i> );
<b>"Share Offer Size"</b>	means the number of Shares to be sold pursuant to the Offer, to be set out in the Pricing Statement;
<b>"Share Offer Size Range"</b>	means the range within which the Share Offer Size is currently expected to be set, being between 56,305,622 Shares and 57,380,300 Shares;

<b>"Shareholder"</b>	means a registered holder of Shares from time to time;
<b>"Shares"</b>	means the ordinary shares in the capital of the Company, having the rights set out in the Articles;
<b>"Stabilising Manager"</b>	means Goldman Sachs International;
<b>"Stabilising Period"</b>	means the period commencing on the date of commencement of conditional dealings of the Shares on the London Stock Exchange's main market for listed securities and ending no later than 30 calendar days thereafter;
<b>"Stock Lending Shareholders"</b>	means Asmar Limited and Prestige Motor Holdings S.A.;
<b>"TFEU"</b>	means the Treaty on the Functioning of the European Union;
<b>"U.K. Corporate Governance Code"</b>	means the U.K. Corporate Governance Code published by the Financial Reporting Council, as in force at the date of this Prospectus;
<b>"U.K. DB Plan"</b>	means the Group's U.K. defined benefit pension scheme;
<b>"U.K. Money Laundering Regulations"</b>	means legislation under the U.K. anti-money laundering regime, including the Money Laundering Regulations 2017 and The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017;
<b>"Underwriting Agreement"</b>	means the underwriting agreement entered into between the Company, the Directors, the Selling Shareholders and the Underwriters on 20 September 2018;
<b>"UNECE"</b>	means the United Nations Economic Commission for Europe;
<b>"U.S. GAAS"</b>	means the auditing standards generally accepted in the United States of America;
<b>"U.S. Securities Act"</b>	means the U.S. Securities Act of 1933, as amended; and
<b>"VAT"</b>	means value added tax.

## PART XVII - GLOSSARY

<b>"APMs"</b>	means alternative performance measures, being non-IFRS measures;
<b>"BHP"</b>	means horse power;
<b>"CAFE"</b>	means corporate average fuel economy;
<b>"CAGR"</b>	means compound annual growth rate;
<b>"CO<sub>2</sub>"</b>	means carbon dioxide;
<b>"GDP"</b>	means gross domestic product;
<b>"GT"</b>	means grand tourer;
<b>"HLS"</b>	means high luxury sport;
<b>"LHPEV"</b>	means luxury high performance electric vehicle;
<b>"MISSION"</b>	means Aston Martin Lagonda's standardised new product introduction process;
<b>"NM"</b>	means Newton Metre;
<b>"OEM"</b>	means original equipment manufacturer;
<b>"RDE"</b>	means Real-world Driving Emissions;
<b>"SUV"</b>	means sports utility vehicle;
<b>"SVM"</b>	means small volume manufacturer;
<b>"Target Market Assessment"</b>	means the product approval process described on page 3 of this Prospectus.
<b>"xEV (BEV and PHEV)"</b>	means electric vehicle technology (including battery electric vehicles and plug-in hybrid electric vehicles).



# ASTON MARTIN LAGONDA

