This document comprises a registration document (the "**Registration Document**") relating to Aston Martin Holdings (UK) Limited (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority of the U.K. ("**FCA**") made under section 73A of the Financial Services and Markets Act 2000 ("**FSMA**"). This Registration Document has been approved by the FCA and made available to the public as required by Rule 3.2 of the Prospectus Rules and has been prepared to provide information with regard to the Company.

The directors of the Company, whose names appear on page 23 of this Registration Document (the "Directors"), and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document should be read in its entirety. See Part I (*Risk Factors*) for a discussion of certain risks relating to the Company and its Group.

ASTON MARTIN

LAGONDA

ASTON MARTIN LAGONDA

Aston Martin Holdings (UK) Limited

(incorporated in England and Wales under the Companies Act 1985 with registered number 06067176)

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This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules, under which a securities offering may in the future be made. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

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The contents of this Registration Document are not to be construed as legal, financial or tax advice. Each recipient of this Registration Document should consult his, her or its own legal, financial or tax adviser for advice.

Certain terms used in this Registration Document are defined in Part XI (*Definitions*).

The date of this Registration Document is 29 August 2018.

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PART I - RISK FACTORS

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 Registration Document. 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, could also adversely affect Aston Martin Lagonda's business, financial condition or results of operations.

This Registration Document 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 Registration Document. See "Forward-looking Statements" in Part II (Presentation of Information).

RISKS RELATING TO ASTON MARTIN LAGONDA'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 non-voting shares in the Company and the various agreements governing the shareholder and 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.***

In addition to its role as a key supplier to Aston Martin Lagonda, Daimler holds D Shares representing approximately 4.9 per cent. of the equity share capital of the Company. The D Shares are non-voting but rank *pari passu* with the Ordinary Shares in respect of rights to income and capital.

Daimler can terminate the umbrella agreement governing the commercial relationship between Daimler and the Company and the terms on which Daimler's D Shares are held following the occurrence of certain events, including where certain strategic Daimler competitors acquire any interest, or certain other restricted parties acquire an interest of 5 per cent. or more, in either case, in Aston Martin Lagonda, without Daimler's consent. In such circumstances, either party may also 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 sport ("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 cyclicality 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), together "**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 the intellectual property 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 intellectual property. Moreover, findings of infringements or other violations by courts or even the mere assertion of infringements or violations of intellectual property 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 intellectual property. 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 intellectual property 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 require 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 is owned by a number of shareholders whose interests may differ from among one another and may differ from the interests of Aston Martin Lagonda as a whole.***

Aston Martin Lagonda is owned by a number of shareholders who are, as at the date of this Registration Document, able to control matters requiring approval, including the election and removal of directors, corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions.

The existing shareholders have no contractual obligations to fund Aston Martin Lagonda’s business and may not have sufficient liquidity to do so if it encounters financial difficulties, is unable to pay its debts as they mature or otherwise requires additional funding.

Further, the interests of these controlling shareholders may differ from one another, and such differences could result in conflicting opinions regarding strategic or other decisions relating to Aston Martin Lagonda. Such conflicting opinions could render Aston Martin Lagonda unable to pursue certain strategic alternatives or take other actions that require ultimate approval or consensus from the controlling shareholders.

Additionally, certain of the shareholders are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with Aston Martin Lagonda, or with which it conducts business.

28 ***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. 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

29 ***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.

30 ***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.

31 ***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.

32 ***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.

33 ***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 affect 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.

34 ***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.

35 ***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 indicated that it intends to levy new import tariffs on goods produced outside the U.S. as part of its focus on tax policy, trade and tariffs, and in March 2018 the U.S. enacted tariffs on steel and aluminium, raising concerns of a trade war with China. These tariffs could have an adverse effect on Aston Martin Lagonda's position in the U.S. market and in the Chinese 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.

36 ***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.

37 ***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.

PART II - PRESENTATION OF INFORMATION

Presentation of financial information

Unless otherwise indicated, the financial information presented in this Registration Document has been derived from the historical consolidated financial information of Aston Martin Lagonda included elsewhere in this Registration Document.

The consolidated historical 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 included in Part B of Part IX (*Historical Financial Information*) of this Registration Document 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 B of Part IX (*Historical Financial Information*) of this Registration Document 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 B of Part IX (*Historical Financial Information*) of this Registration Document.

The Group's financial year runs from 1 January to 31 December. The consolidated historical financial information for Aston Martin Lagonda included in Part B of Part IX (*Historical Financial Information*) of this Registration Document is covered by the accountants' report included in Part A of Part IX (*Historical Financial Information*) of this Registration Document, 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 Registration Document 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 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 historical consolidated financial information of Aston Martin Lagonda included in this Registration Document are presented in pound sterling.

Alternative Performance Measures ("APMs")

This Registration Document contains financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBIT, Cash Conversion Ratio and CAPEX Intensity. The Group 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 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.

The Directors believe that the description of these APMs in this Registration Document 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 Registration Document. 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 in Part B of Part IX (*Historical Financial Information*) of this Registration Document.

For the definition of and a reconciliation to an appropriate measure calculated in accordance with IFRS of the APMs included in this Registration Document, see the section headed "Alternative Performance Measures ("APMs")" in Part VIII (*Operating and Financial Review*).

Adjusted EBITDA

Adjusted EBITDA, as used in this Registration Document, 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 Registration Document, represents Adjusted EBITDA as a percentage of revenue.

Adjusted EBIT

Adjusted EBIT, as used in this Registration Document, 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 Registration Document, represents Adjusted EBIT as a percentage of revenue.

Cash Conversion Ratio

Cash Conversion Ratio, as used in this Registration Document, represents the ratio of cash flow from operating activities to Adjusted EBITDA.

CAPEX Intensity

CAPEX Intensity, as used in this Registration Document, 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, Cash Conversion Ratio 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 Registration Document have been rounded. Discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. In addition, 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 Registration Document constitute the Directors' estimates, using underlying data from independent third parties. Market data and certain industry data and forecasts included in this Registration Document 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 Registration Document 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 Registration Document, 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 Registration Document to "pound sterling" or "£" are to the lawful currency of the U.K. and references to "U.S. dollar" or "$" are to the lawful currency of the U.S.

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. dollar 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 information and other financial information appearing in this Registration Document. 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 Friday 24 August 2018, was $1.2846 per £1.00.

Year	U.S. dollar per £1.00			
	High	Low	Average[1]	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[1]	Period end
January 2018	1.4242	1.3507	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 (through 24 August 2018)	1.3127	1.2697	1.2856	1.2846

[1] The average of the final exchange rates on each business day during the relevant period.

Forward-looking statements

This Registration Document includes certain forward-looking statements, forecasts, estimates, projections and opinions ("**Forward-looking Statements**"). When used in this document, 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, its 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 V (*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.

The Company does not 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 Registration Document, except as required by law.

In addition, this Registration Document 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 Registration Document. If any one or more of these assumptions turns 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 III - DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Dr. Andrew Charles Palmer (*President and Chief Executive Officer*) Amr Ali Abdallah AbouelSeoud (*Non-Executive Director*) Razam Mohammed Yousef Al-Roumi (*Non-Executive Director*) Najeeb Al Humaidhi (*Non-Executive Director*) Carlo Pasquale Campanini-Bonomi (*Non-Executive Director*) Roberto Maestroni (*Non-Executive Director*) Dante Razzano (*Non-Executive Director*) Mahmoud Samy Mohamed Ali El Sayed (*Non-Executive Director*) Alessandro Fogo (*Non-Executive Director*)
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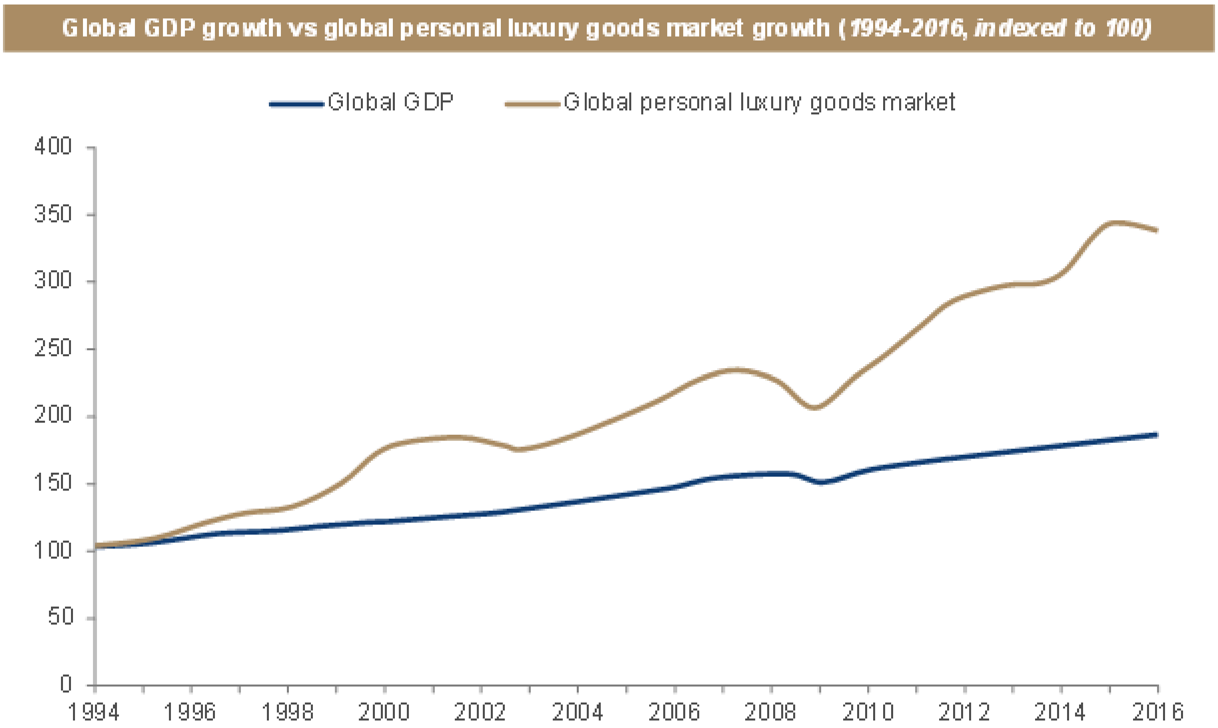
PART IV - MARKET OVERVIEW

This Part IV (Market Overview) should be read in conjunction with the more detailed information contained in this Registration Document, including the financial and other information in Part VIII (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:



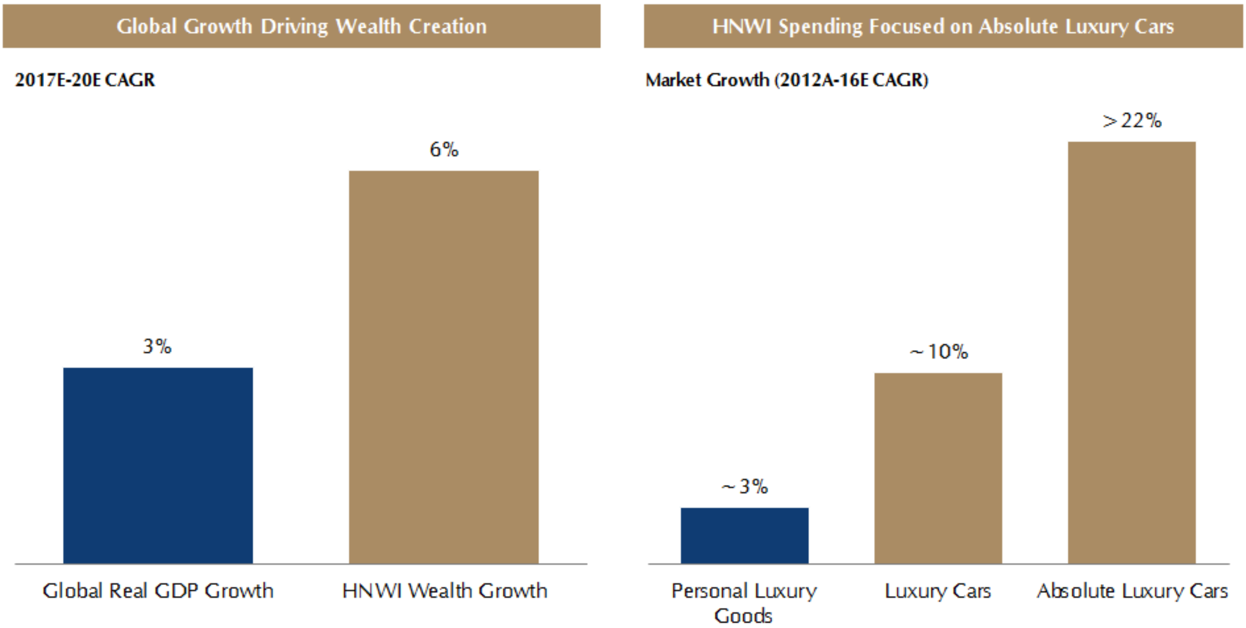
Note: Personal luxury goods refers to items such as handbags and jewellery, luxury hospitality, fine wines and spirits, fine art or designer furniture.

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.

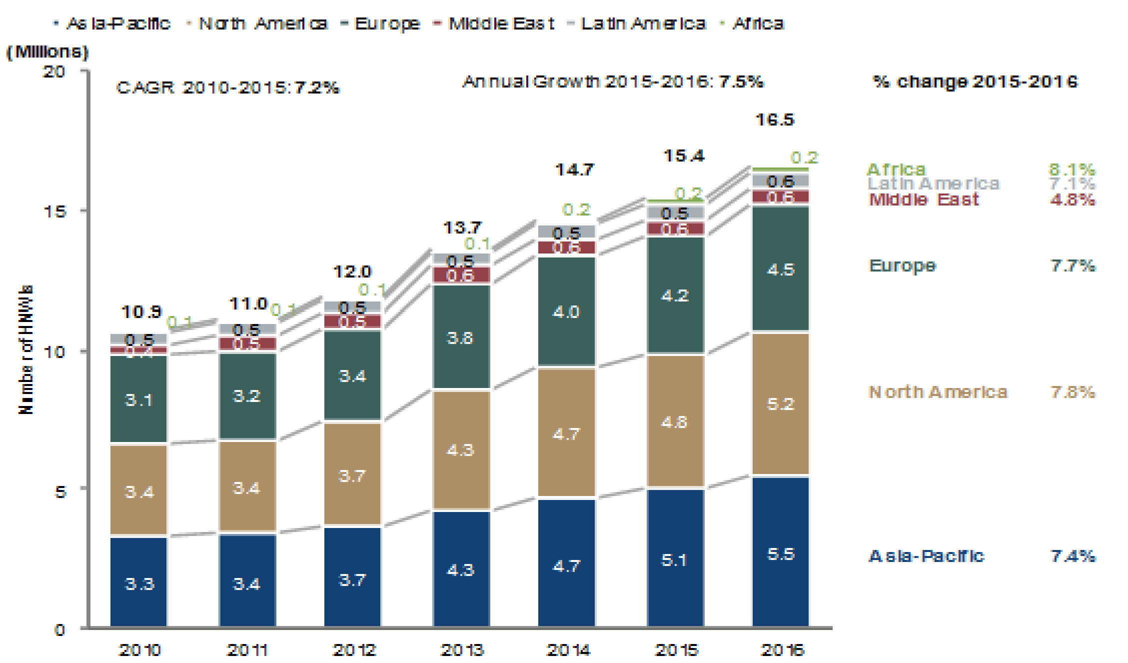
Due to the relatively small size of the HLS car segment, new product offerings tend to drive overall volume growth. Consequently, market share is not as relevant compared with other segments of the automotive market.

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:

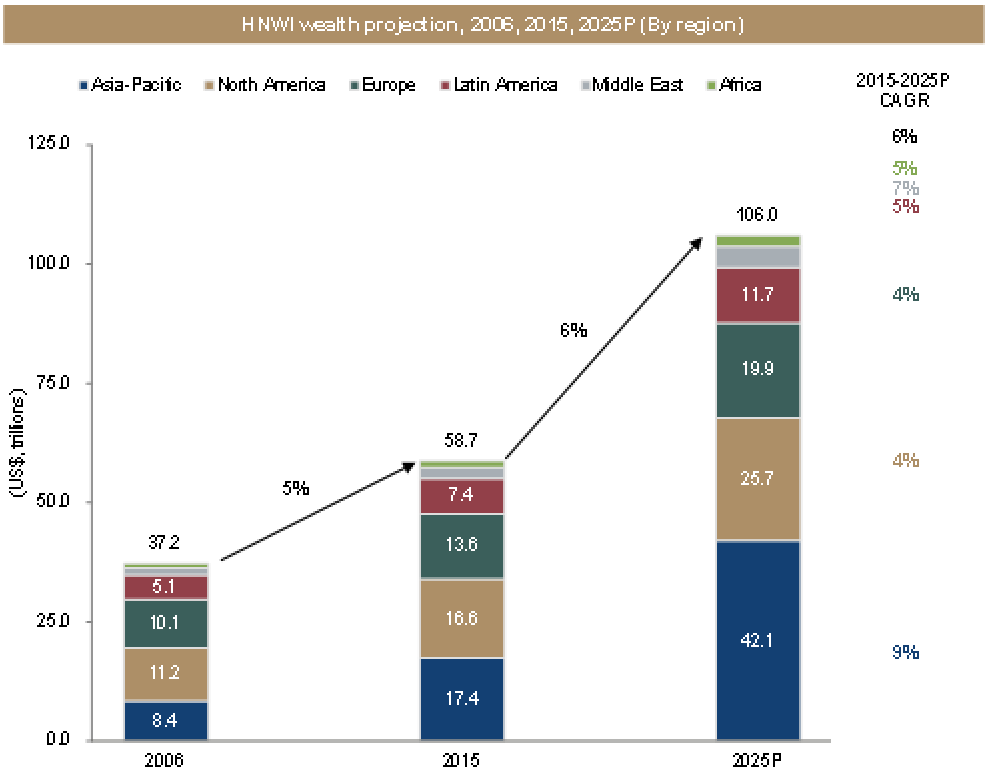
Number of HNWIs, 2010-2016 (By region)



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 HNWIs 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[1]	FUV		Urus	Bentayga	
Mid-Engine Supercar	AM9[1]	488	720S	Aventador		
Ultra-Luxury SUV	Lagonda SUV[1]					Cullinan
Ultra-Luxury Sedan	Lagonda Sedan[1]				Mulsanne	Phantom
Hypercar	Aston Martin Valkyrie	LaFerrari	Senna	Centenario		

1 These cars have not been launched. They are expected to 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 HNWIs. 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 V - 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 (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. 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, with production scheduled to commence in October 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. (including 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 the Company, 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 the Company 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 the Company 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 the AM Partnerships business 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 DB4 GT 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.

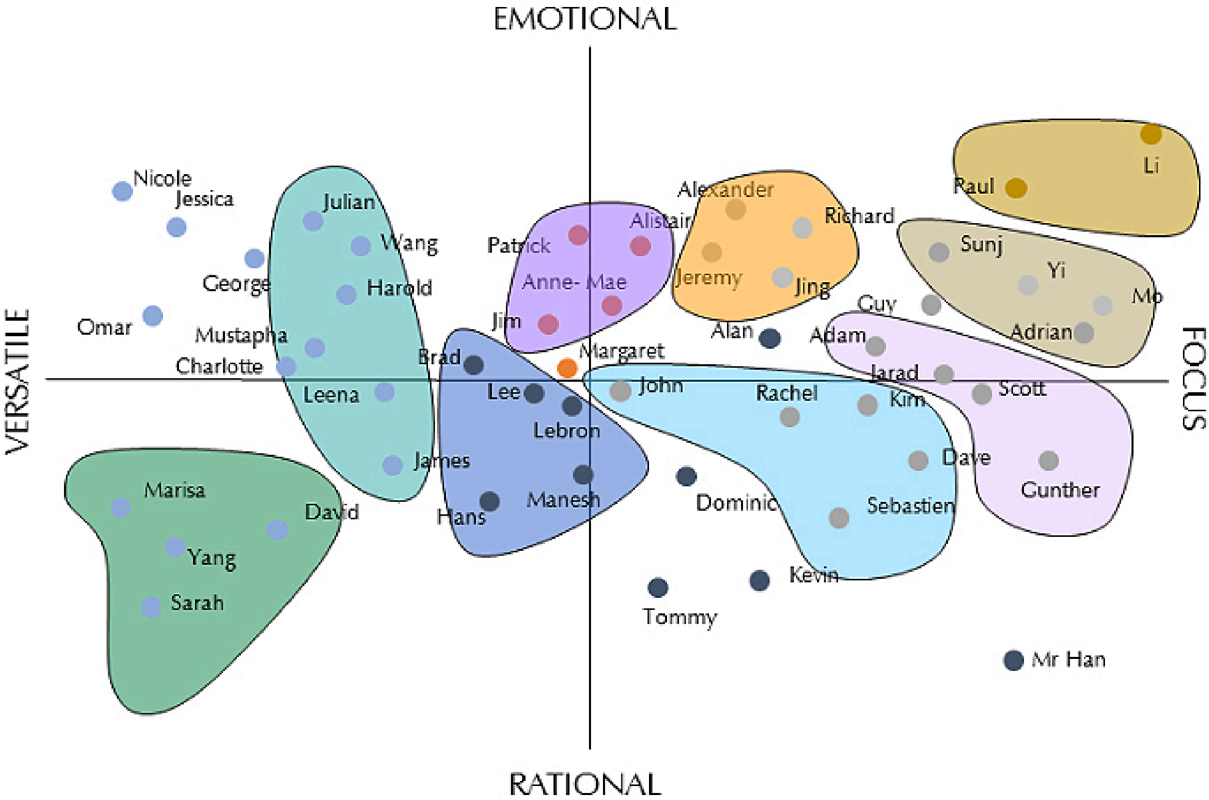
Aston Martin Lagonda taps into the passion and demand for its heritage cars through its continuation models, which blend traditional craftsmanship, with the sympathetic application of modern engineering advancements and performance enhancements. The DB4 GT Continuation, launched in 2017, has a limited 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.

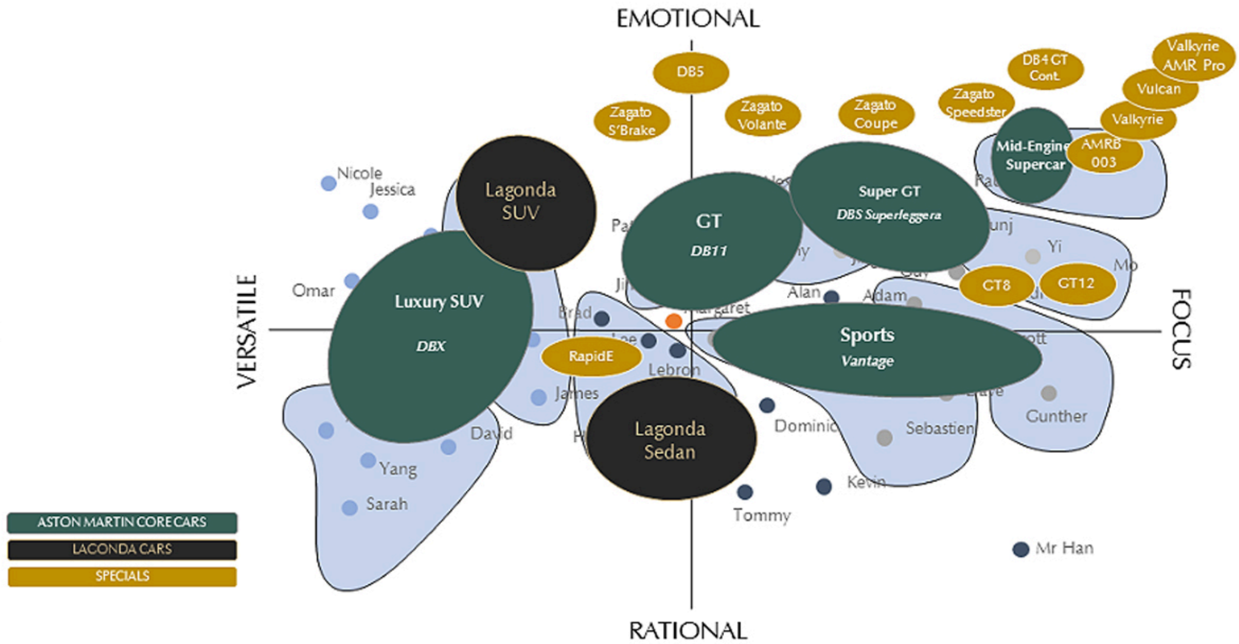
Optimally positioned to address the whole spectrum of the auto luxury market

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 HNWIs 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 HNWIs 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 proceeded by the launch of a special edition mid-engine supercar 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 (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_2**") 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_2 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_2 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_2 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^{TM}, 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 Chief Executive Officer, Dr. Andrew Palmer. Dr. 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**

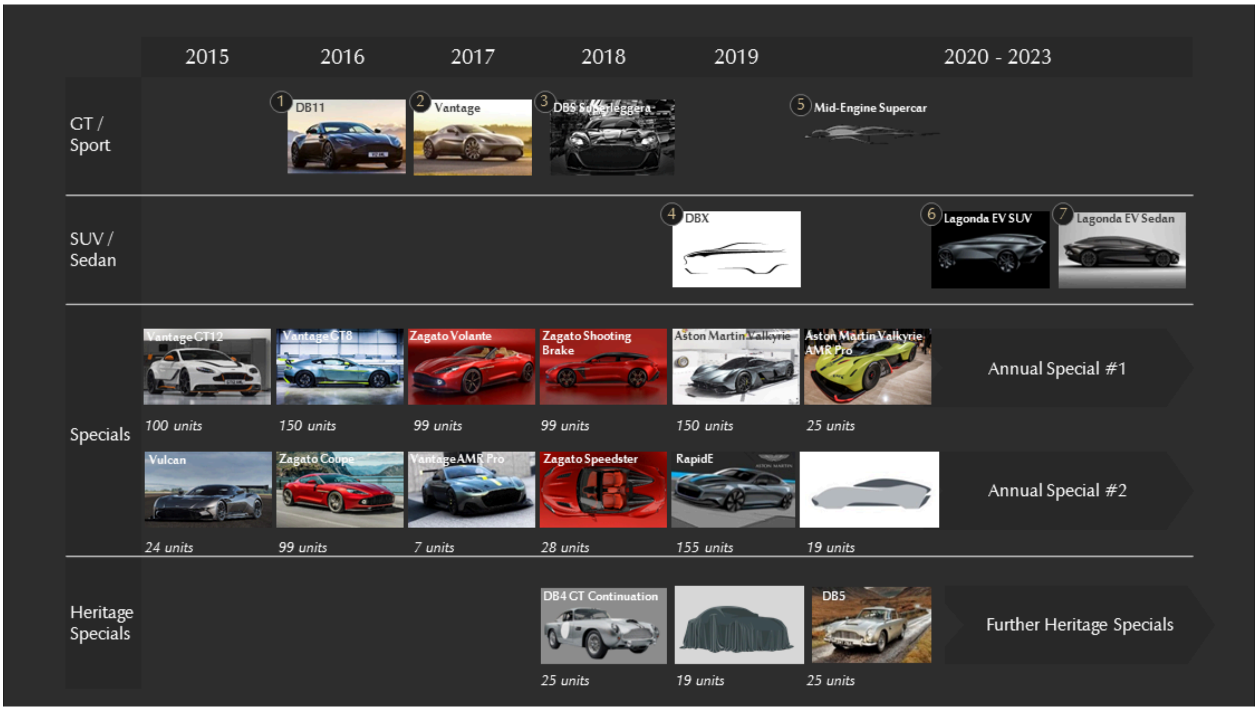
Aston Martin Lagonda is a leader in the performance and HLS car market because of its iconic brand, distinctive design and engineering capabilities, its business model (built around its Second Century Plan) and its experienced management team and supportive stakeholders. The Directors aim to achieve 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[1,2]:



1 Number of units beyond 2018 are considered as expected.

2 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 DB4 GT 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 HNWIs 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 HNWIs 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 12 "*AM Partnerships"* of this Part V (*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 V (*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.

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 date immediately prior to this Registration Document, 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 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_2 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 will begin 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, DB4 GT 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.

DB4 GT Continuation

Aston Martin Lagonda has also released a special edition DB4 GT 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 DB4 GT 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 DB4 GT 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 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, will commence in the second half of 2019 (with first deliveries expected to take place in 2020). RapidE 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 concept when it was originally unveiled in October 2015. RapidE 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, which is expected to begin production in the fourth quarter of 2019. 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.

6 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, 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, 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 DB4 GT 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 the Company's Shareholders. 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.

7 **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.

8 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 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
Europe	*41*	*46*
Middle East and North Africa	*14*	*19*
Americas	44	50
Asia Pacific	40	62
Asia Pacific excluding China	*23*	*34*
China	*17*	*28*
Total	**160**	**200**

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.

	Year ended 31 December		
Location	**2015**	**2016**	**2017**
U.K. and South Africa	999	1,108	1,538
EMEA	880	1,044	1,316
Europe	*744*	*847*	*1,162*
Middle East and North Africa	*136*	*197*	*154*
Americas	1,055	829	1,277
Asia Pacific	681	706	967
Asia Pacific excluding China	*489*	*530*	*643*
China	*192*	*176*	*324*
Total	**3,615**	**3,687**	**5,098**

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 the Company 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.

9 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.

10 **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.

11 **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.

12 **AM Partnerships**

Through the recent acquisition of AM Partnerships, 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.

13 **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.

14 **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.

15 **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.

16 **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_2 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 VI - DIRECTORS, SENIOR MANAGERS, CORPORATE GOVERNANCE AND REMUNERATION

1 DIRECTORS

The Directors and their principal functions within Aston Martin Lagonda, together with a brief description of their business experience and principal business activities outside Aston Martin Lagonda, are set out below. The business address of each of the Directors (in such capacity) is Banbury Road, Gaydon, Warwick CV35 0DB, U.K.

Dr. Andrew Charles Palmer – President and Group Chief Executive Officer

Dr. Palmer has been a Director of the Company (as President and Group Chief Executive Officer) since October 2014. He is a British-born chartered engineer, chartered manager and businessman with over 38 years of experience in the automotive industry, after starting his professional career as an 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. and was a member of the Nissan Executive Committee. Dr. Palmer graduated from Warwick University with a Master's Degree (MSc) in Product Engineering in 1990, and acquired a Doctorate (PhD) in Engineering Management from Cranfield University in 2004. 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 serves as an Honorary Group Captain with the RAF and holds various professor positions at universities. In 2012, Dr. Palmer was recognised by AutoExpress as the most senior Briton in the global automotive industry.

Mr. Amr Ali Abdallah AbouelSeoud – Non-Executive Director

Mr. AbouelSeoud has been a Director of the Company since March 2007. With a number of years of experience in the investment industry, mainly in the Middle East, Mr. AbouelSeoud also currently holds board positions at Tejara Capital Limited, Tejara Capital Investment Bank, Manazel Real Estate Developments Company, Al Dar Asset Management Company and Credit Rating & Collection Company. Mr. AbouelSeoud has a Bachelor of Commerce and Accounting from Cairo University and is a certified public accountant.

Mr. Razam Mohammed Yousef Al-Roumi – Non-Executive Director

Mr. Al-Roumi was the Chairman of the Company until February 2018 and has been a Director of the Company since 2007. He currently holds board positions in Park Lane Properties Limited and Asmar Limited. Mr. Al-Roumi holds a BSc in Commerce from the University of Kuwait, where he majored in Business Administration.

Mr. Najeeb Al Humaidhi – Non-Executive Director

Mr. Al Humaidhi has been a Director of the Company 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.

Mr. Carlo Pasquale Campanini-Bonomi – Non-Executive Director

Mr. Campanini-Bonomi has been a Director of the Company since April 2013. He is a non-executive director of La Lomellina di Gavi Societa' Agricola a Responsabilita' Limitata. He has previously been a lecturer on Industrial Techniques at the Faculty of Business and Economics at the University of Pavia. Mr. Campanini-Bonomi graduated in Economics and Business from Bocconi University in Milan, Italy.

Mr. Roberto Maestroni – Non-Executive Director

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 SNAItech 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.

Mr. Dante Razzano – Non-Executive Director

Mr. Razzano has been a director of the Company 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 worked at Manufacturers Hanover Trust in New York (today JP Morgan).

Mr. Mahmoud Samy Mohamed Ali El Sayed – Non-Executive Director

Mr. Ali El Sayed has been a Director of the Company since March 2007. He is the current Chief Executive Officer and Vice Chairman of Adeem Investment and Wealth Management Company and serves as the Chairman 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.

Mr. Alessandro Fogo – Non-Executive Director

Mr. Fogo has been a Director of the Company since 22 August 2018. He is a non-executive director of Flos S.p.A., Artsana S.p.A., Prenatal Retail Group S.p.A., B&B Italia S.p.A. and Arc Linea Arredamenti S.p.A. Mr. Fogo holds a M.Sc. in Economics from Ca' Foscari Venice University, Italy.

2 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 Banbury Road, Gaydon, Warwick CV35 0DB, U.K.

Mr. Mark Gerrard Wilson – Executive Vice-President and Chief Financial Officer

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.

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.

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.

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. 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. 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. 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. 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. 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. 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.

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. 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 Chief Executive Officer. Mr. Freedman graduated from Bath University, with a BSc (Hons) degree in Business Administration.

3 THE BOARD AND CORPORATE GOVERNANCE

As an unlisted company, the U.K. Corporate Governance Code does not apply to the Company as at the date of this Registration Document.

3.1 The Board

The Board is responsible for leading and controlling Aston Martin Lagonda and has overall authority for the management and conduct of the business of Aston Martin Lagonda. The Board is also responsible for approving strategic plans, financial statements, acquisitions and disposals, major contracts, projects and capital expenditure.

As at the date of this Registration Document, the Board consists of one executive director and eight non-executive directors.

3.2 Board committees

The Board has established a risk and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

4 REMUNERATION

Details regarding remuneration of Directors are set out in section 8.3 of Part X (*Additional Information*).

PART VII - SELECTED FINANCIAL INFORMATION

Except for the information which appears under the heading “Other Financial Data” below, the Selected Financial Information set out below has been extracted without material amendment from Part B of Part IX (*Historical Financial Information*) where it is shown with important notes describing some of the line items.

1. Consolidated income statement

	For the year ended 31 December			For the six months ended 30 June	
£m	**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)
Gross Profit	**164.9**	**221.6**	**379.8**	**159.1**	**200.4**
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)
Operating profit/(loss)	**(58.3)**	**(32.3)**	**148.8**	**55.0**	**64.4**
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)
Net financing expense	**(69.7)**	**(130.5)**	**(64.3)**	**(34.7)**	**(43.6)**
Profit/(loss) before tax	**(128.0)**	**(162.8)**	**84.5**	**20.3**	**20.8**
Income tax credit/(expense)	21.0	15.2	(7.7)	(4.2)	(9.3)
Profit/(loss) for the period	**(107.0)**	**(147.6)**	**76.8**	**16.1**	**11.5**
Profit/(loss) attributable to:					
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
Profit/(loss) for the period	**(107.0)**	**(147.6)**	**76.8**	**16.1**	**11.5**

2. Consolidated Statement of Financial Position

£m	As at 31 December 2015	2016	2017	As at 30 June 2018
Non-current assets:				
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
	894.1	**937.8**	**1,213.8**	**1,317.2**
Current assets:				
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
	215.1	**332.0**	**418.3**	**437.4**
Total assets	**1,109.2**	**1,269.8**	**1,632.1**	**1,754.6**
Current liabilities:				
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
	221.8	**388.1**	**529.5**	**622.6**
Non-current liabilities:				
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
	638.4	**824.1**	**966.5**	978.9
Total liabilities	**860.2**	**1,212.2**	**1,496.0**	**1,601.5**
Net assets	**249.0**	**57.6**	**136.1**	**153.1**
Capital and reserves				
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)
Equity attributable to owners of the group	**244.3**	**52.6**	**128.5**	**145.7**
Non-controlling interests	4.7	5.0	7.6	7.4
Total shareholders' equity	**249.0**	**57.6**	**136.1**	**153.1**

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
Operating activities					
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	-
Cash generated from operations	**76.1**	**165.7**	**344.5**	**95.1**	**66.7**
Income taxes paid	(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
Net cash inflow from operating activities	**75.2**	**164.6**	**343.8**	**94.5**	**62.0**
Cash flows from investing activities					
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)
Net cash used in investing activities	**(161.0)**	**(190.2)**	**(346.4)**	**(105.5)**	**(150.1)**
Cash flows from financing activities					
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)
Net cash inflow from financing activities	**62.8**	**53.6**	**69.9**	**33.1**	**(7.2)**
Net (decrease)/increase in cash and cash equivalents	**(23.0)**	**28.0**	**67.3**	**22.1**	**(95.3)**
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)
Cash and cash equivalents at the end of the period	**65.5**	**101.7**	**167.8**	**123.0**	**71.5**

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
EBITDA					
Exceptional items:					
- 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)	-	-
Adjusted EBITDA	**71.4**	**100.9**	**206.5**	**93.0**	**105.9**

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
Revenue	**510.2**	**593.5**	**876.0**	**410.3**	**444.9**

4 *Revenue by Geography*

£m, except percentages	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 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%
Revenue	**510.2**	**593.5**	**876.0**	**410.3**	**444.9**

5 *CAPEX Intensity*

£m, except percentages	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 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)
CAPEX Intensity	**32.0%**	**32.5%**	**33.6%**	**26.2%**	**34.3%**

6 *Average Core Model Prices*

	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Average core model sale price	£116,000	£137,000	£150,000	£149,000	£146,000

PART VIII - 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 Registration Document. 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 Registration Document.

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 margins 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.

All of 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.

Average core model prices

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, duties, 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 HNWIs

The principal driver of the HLS car market is growth in ultra-luxury markets as well as in the number of HNWIs with the resources available to purchase HLS cars. The pool of HNWIs 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 HNWIs 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 HNWIs 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 HNWIs 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 HNWIs 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 DB4 GT 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.

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.

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 Registration Document. 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 Registration Document.

This Registration Document contains financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBIT, Cash Conversion Ratio 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 Registration Document 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 Registration Document, 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 forth a reconciliation of Adjusted EBITDA to Aston Martin Lagonda's profit / (loss) for the periods discussed herein.

	For the year ended 31 December			For the six months ended 30 June	
(£ in millions)	**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)	–	–
Adjusted EBITDA..	**71.4**	**100.9**	**206.5**	**93.0**	**105.9**

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 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 DB4 GT 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 sale of a licensing contract for the use of certain intellectual property.

Adjusted EBIT

Adjusted EBIT, as used in this Registration Document, 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 forth a reconciliation of Adjusted EBITDA to Adjusted EBIT for the periods discussed herein.

	For the year ended 31 December			For the six months ended 30 June	
(£ in millions)	**2015**	**2016**	**2017**	**2017**	**2018**
				(unaudited)	
Adjusted EBITDA..	**71.4**	**100.9**	**206.5**	**93.0**	**105.9**
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	–	–	–
Adjusted EBIT...	**(17.9)**	**16.4**	**124.3**	**55.0**	**64.4**

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 IX (*Historical Financial Information*) of this Registration Document, 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)**
Consolidated statement of comprehensive income:	***(unaudited)***			
Revenue	410.3	100.0	444.9	100.0
Cost of sales	(251.2)	(61.2)	(244.5)	(55.0)
Gross profit	**159.1**	**38.8**	**200.4**	**45.0**
Selling and distribution expenses	(30.0)	(7.3)	(45.1)	(10.1)
Administrative and other expenses	(74.1)	(18.1)	(90.9)	(20.4)
Operating profit / (loss)	**55.0**	**13.4**	**64.4**	**14.5**
Finance income	23.1	5.6	2.3	1.0
Finance expense[(1)]	(57.8)	(14.1)	(45.9)	(10.3)

	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)**
Net finance expense	**(34.7)**	**(8.5)**	**(43.6)**	(9.8)
Profit / (loss) before tax	**20.3**	**4.9**	**20.8**	4.7
Income tax (charge) / credit	(4.2)	(1.0)	(9.3)	(2.1)
Profit / (loss) for the period	**16.1**	**3.9**	**11.5**	**2.6**
Other comprehensive income / (expense) for the period, net of income tax	(5.9)	(1.4)	8.6	1.9
Total comprehensive income / (expense) for the period	**10.2**	**2.5**	**20.1**	**4.5**

(1) Finance expense includes the coupon expense with respect to the Preference Shares. 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 DB4 GT models. In addition, 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.

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.

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. The increase in gross profit for the six months ended 30 June 2018 is primarily attributable to the launch of new models at higher wholesale prices coupled with the new revenue from partnerships including brand extending activities, Aston Martin Consulting and motorsport.

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 a new revenue stream from partnerships including brand extension activities, Aston Martin Consulting and motorsport. In the six months ended 30 June 2018 Aston Martin Lagonda also sold a licensing contract for £20.0 million for the use of certain intellectual property, which contributed £19.8 million in profit in this period.

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 IX (*Historical Financial Information*) of this Registration Document, 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)
Consolidated statement of comprehensive income:				
Revenue	593.5	100.0	876.0	100.0
Cost of sales	(371.9)	(62.7)	(496.2)	(56.6)
Gross profit	**221.6**	**37.3**	**379.8**	**43.4**
Selling and distribution expenses	(41.9)	(7.1)	(60.0)	(6.8)
Administrative and other expenses	(212.0)	(35.7)	(171.0)	(19.5)
Operating profit / (loss)	**(32.3)**	**(5.4)**	**148.8**	**17.0**
Finance income	2.5	0.4	35.6	4.1
Finance expense(1)	(133.0)	(22.4)	(99.9)	(11.4)
Net finance expense	**(130.5)**	**(22.0)**	**(64.3)**	**(7.3)**
Profit / (loss) before tax	**(162.8)**	**(27.4)**	**84.5**	**9.6**
Income tax (charge) / credit	15.2	2.6	(7.7)	(0.9)
Profit / (loss) for the year	**(147.6)**	**(24.9)**	**76.8**	**8.8**
Other comprehensive income / (expense) for the year, net of income tax	(53.3)	(9.0)	1.7	0.2
Total comprehensive income / (expense) for the year	**(200.9)**	**(33.9)**	**78.5**	**9.0**

(1) Finance expense includes the interest expense with respect to the Preference Shares. 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 DB4 GT 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 GT12 and the Vulcan. Special edition increases also supported by the first deliveries of DB4 GT 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 DB4 GT 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 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.

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 and exchange rate movements. 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 IX (*Historical Financial Information*) of this Registration Document, and shows these items as a percentage of revenue:

	For the year ended 31 December 2015		For the year ended 31 December 2016	
	(£ in millions)	(% of total revenue)	(£ in millions)	(% of total revenue)
Consolidated statement of comprehensive income data:				
Revenue	510.2	100.0	593.5	100.0
Cost of sales	(345.3)	(67.7)	(371.9)	(62.7)
Gross profit	**164.9**	**32.3**	**221.6**	**37.3**
Selling and distribution expenses	(32.1)	(6.3)	(41.9)	(7.1)
Administrative and other expenses	(191.1)	(37.5)	(212.0)	(35.7)
Operating profit / (loss)	**(58.3)**	**(11.4)**	**(32.3)**	**(5.4)**
Finance income	2.1	0.4	2.5	0.4
Finance expense(1)	(71.8)	(14.1)	(133.0)	(22.4)
Net finance expense	**(69.7)**	**(13.7)**	**(130.5)**	**(22.0)**
Profit / (loss) before tax	**(128.0)**	**(25.1)**	**(162.8)**	**(27.4)**
Income tax (charge) / credit	21.0	4.1	15.2	2.6
Profit / (loss) for the year	**(107.0)**	**(21.0)**	**(147.6)**	**(24.9)**
Other comprehensive income / (expense) for the year, net of income tax	6.9	1.4	(53.3)	(9.0)
Total comprehensive income / (expense) for the year	**(100.1)**	**(19.6)**	**(200.9)**	**(33.9)**

(1) Finance expense includes interest expense with respect to the Preference Shares. 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 DB9 GT 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 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 the Company 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 Partnerships. 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 the Company'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:

	For the year ended 31 December			For the six months ended 30 June	
(£ in millions)	**2015**	**2016**	**2017**	**2017 (unaudited)**	**2018**
Cash flow from operating activities:					
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[(1)]	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)
Cash and cash equivalents at the beginning of the period	**89.2**	**65.5**	**101.7**	**101.7**	**167.8**
Cash and cash equivalents at the end of the period	**65.5**	**101.7**	**167.8**	**123.0**	**71.5**

(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:

	For the year ended 31 December			For the six months ended 30 June	
(£ in millions)	**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[(1)]	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
Net cash inflow from operating activities	**75.2**	**164.6**	**343.8**	**94.5**	**62.0**

(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:

	For the year ended 31 December			For the six months ended 30 June	
(£ in millions)	**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)
Net cash used in investing activities	**(161.0)**	**(190.2)**	**(346.4)**	**(105.5)**	**(150.1)**

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 2015	2016	2017	For the six months ended 30 June 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)
Net cash inflow from financing activities	**62.8**	**53.6**	**69.9**	**33.1**	**(7.2)**

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 2015	2016	2017	For the six months ended 30 June 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)
Recognised as an expense	**10.6**	**10.8**	**11.1**	**3.0**	**7.6**

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.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 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 the Company'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 the Company 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.

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 IX (*Historical Financial Information*) of this Registration Document).

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 IX (*Historical Financial Information*) of this Registration Document).

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:

(£ in millions unless otherwise indicated)	For the year ended 31 December 2017	For the six months ended 30 June 2018
Finance expense before the accounting policy change	(97.7)	(43.6)
Finance expense following the accounting change	(99.9)	(45.9)
Impact of the accounting policy change on the income statement	**(2.2)**	**(2.3)**

(£ in millions unless otherwise indicated)	As at 31 December 2017	As at 30 June 2018
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)
Operating profit/loss	**(2.2)**	**(4.6)**

The adoption was fully retrospective.

There is no effect in 2015 and 2016.

PART IX - HISTORICAL FINANCIAL INFORMATION

PART A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION

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CV35 0DB

29 August 2018

Ladies and Gentlemen

Aston Martin Holdings (UK) Limited

We report on the financial information set out in Part B of Part IX (*Historical Financial Information*) of the registration document, 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 registration document dated 29 August 2018 of Aston Martin Holdings (UK) Limited 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 Holdings (UK) Limited 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 Item 1.2 of Annex I to the Prospectus Directive Regulation 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 registration document.

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 judgements 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 registration document dated 29 August 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

We are responsible for this report as part of the registration document 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 registration document 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 2015	2016	2017	For the six months ended 30 June 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)
Gross Profit		**164.9**	**221.6**	**379.8**	**159.1**	**200.4**
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)
Operating profit/(loss)		**(58.3)**	**(32.3)**	**148.8**	**55.0**	**64.4**
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)
Net financing expense		**(69.7)**	**(130.5)**	**(64.3)**	**(34.7)**	**(43.6)**
Profit/(loss) before tax		**(128.0)**	**(162.8)**	**84.5**	**20.3**	**20.8**
Income tax credit/(expense)	3.3	21.0	15.2	(7.7)	(4.2)	(9.3)
Profit/(loss) for the period		**(107.0)**	**(147.6)**	**76.8**	**16.1**	**11.5**
Profit/(loss) attributable to:						
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
Profit/(loss) for the period		**(107.0)**	**(147.6)**	**76.8**	**16.1**	**11.5**
Earnings per share (pence)						
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 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Profit/(loss) for the period		(107.0)	(147.6)	76.8	16.1	11.5
Other comprehensive income						
Items that will never be reclassified to profit or loss						
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
Items that are or may be reclassified to profit or loss						
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
Other comprehensive income for the period, net of income tax		**6.9**	**(53.3)**	**1.7**	**(5.9)**	**8.6**
Total comprehensive income for the period		(100.1)	(200.9)	78.5	10.2	20.1
Total comprehensive income for the period attributable to:						
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
Profit/(loss) for the period		**(100.1)**	**(200.9)**	**78.5**	**10.2**	**20.1**

Consolidated statement of financial position

£m	Note	As at 31 December 2015	2016	2017	As at 30 June 2018
Non-current assets:					
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
		894.1	**937.8**	**1,213.8**	**1,317.2**
Current assets:					
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
		215.1	**332.0**	**418.3**	**437.4**
Total assets		**1,109.2**	**1,269.8**	**1,632.1**	**1,754.6**
Current liabilities:					
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
		221.8	**388.1**	**529.5**	622.6
Non-current liabilities:					
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
		638.4	**824.1**	**966.5**	978.9
Total liabilities		**860.2**	**1,212.2**	**1,496.0**	**1,601.5**
Net assets		**249.0**	**57.6**	**136.1**	**153.1**
Capital and reserves					
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)
Equity attributable to owners of the group		**244.3**	**52.6**	**128.5**	**145.7**
Non-controlling interests	6.7	4.7	5.0	7.6	7.4
Total shareholders' equity		**249.0**	**57.6**	**136.1**	**153.1**

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
At 1 January 2015		**-**	**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)
Other comprehensive income								
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)
Total other comprehensive income		**-**	**-**	**-**	**-**	**1.0**	**5.8**	**6.8**
Total other comprehensive income for the period		**-**	**-**	**-**	**0.2**	**1.0**	**(101.3)**	**(100.1)**
Transactions with owners, recorded directly in equity								
Capital increase		-	11.4	-	-	-	-	11.4
Total transactions with owners		**-**	**11.4**	-	**-**	**-**	**-**	**11.4**
At 31 December 2015		**-**	**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
At 1 January 2016		**-**	**362.7**	**94.1**	**4.7**	**0.8**	**(213.3)**	**249.0**
Total comprehensive income for the period-profit/(loss)		-	-		0.3	-	(147.9)	(147.6)
Other comprehensive income								
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
Total other comprehensive income		**-**	**-**		**-**	**1.5**	**(54.8)**	**(53.3)**
Total other comprehensive income for the period		**-**	**-**		**0.3**	**1.5**	**(202.7)**	**(200.9)**
Transactions with owners, recorded directly in equity								
Capital increase		-	9.5		-	-	-	9.5
Total transactions with owners		**-**	**9.5**		**-**	**-**	**-**	**9.5**
At 31 December 2016		**-**	**372.2**	**94.1**	**5.0**	**2.3**	**(416.0)**	**57.6**

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
At 1 January 2017		**-**	**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
Other comprehensive income								
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)
Total other comprehensive income		**-**	**-**	**-**	**-**	**(0.6)**	**2.3**	**1.7**
Total other comprehensive income for the period		**-**	**-**	**-**	**2.6**	**(0.6)**	**76.5**	**78.5**
Transactions with owners, recorded directly in equity								
Capital increase		-	-		-	-	-	-
Total transactions with owners		**-**	**-**		**-**	**-**	**-**	**-**
At 31 December 2017		**-**	**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	Nnon-controlling interests	Translation reserve	Retained earnings	Total equity
At 1 January 2018		**-**	**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
Other comprehensive income									
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)
Total other comprehensive income		**-**	**-**	**(8.7)**	-	**(3.0)**	**0.3**	**16.9**	**5.5**
Total other comprehensive income for the period		**-**	**-**	**(8.7)**	-	**(0.2)**	**0.3**	**25.6**	**17.0**
Transactions with owners, recorded directly in equity		-	-	-	-	-	-	-	-
Capital increase		-	-	-	-	-	-	-	-
Total transactions with owners		**-**	**-**	-	-	**-**	**-**	**-**	**-**
At 30 June 2018		**-**	**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 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Operating activities						
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	-
Cash generated from operations		**76.1**	**165.7**	**344.5**	**95.1**	**66.7**
Income taxes paid		(0.9)	(1.1)	(0.7)	(0.6)	(4.7)
Net cash inflow from operating activities		**75.2**	**164.6**	**343.8**	**94.5**	**62.0**
Cash flows from investing activities						
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)
Net cash used in investing activities		**(161.0)**	**(190.2)**	**(346.4)**	**(105.5)**	**(150.1)**
Cash flows from financing activities						
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)
Net cash inflow from financing activities		**62.8**	**53.6**	**69.9**	**33.1**	**(7.2)**
Net (decrease)/increase in cash and cash equivalents		**(23.0)**	**28.0**	**67.3**	**22.1**	**(95.3)**
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)
Cash and cash equivalents at the end of the period	6.1	**65.5**	**101.7**	**167.8**	**123.0**	**71.5**

(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:

(£ in millions unless otherwise indicated)	For the year ended 31 December 2017	For the six months ended 30 June 2018
Finance expense before the accounting policy change	(97.7)	(43.6)

(£ in millions unless otherwise indicated)	For the year ended 31 December 2017	For the six months ended 30 June 2018
Finance expense following the accounting change	(99.9)	(45.9)
Impact of the accounting policy change on the income statement	**(2.2)**	**(2.3)**
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)
Operating profit/(loss)	**(2.2)**	**(4.6)**

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

The Group sells its vehicles exclusively through a network of franchised dealers. 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:

	Years
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:

	Years
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 2015	2016	2017	For the six months ended 30 June 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

Net revenues by geographic location

(£m)	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 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.

	As at 31 December 2015				
(£m)	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
China	-	-	1.5	-	1.5
	166.3	85.1	592.2	2.1	845.7

	As at 31 December 2016				
(£m)	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
China	-	-	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

	For the year ended 31 December			For the six months ended 30 June	
(£m)	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
Exceptional items:					
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)	-	-
Adjusted EBITDA	71.4	100.9	206.5	93.0	105.9

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

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017 (unaudited)	2018
	1,476	1,495	1,753	1,633	2,101

The aggregate payroll costs of these persons were as follows:

	For the year ended 31 December			For the six months ended 30 June	
(£m)	**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:

	For the year ended 31 December			For the six months ended 30 June	
(£m)	**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 Part 8.4 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.

	For the year ended 31 December			For the six months ended 30 June	
(£m)	**2015**	**2016**	**2017**	**2017 (unaudited)**	**2018**
Within administrative and other expenses:					
Restructuring costs including related consultancy costs[1]	7.6	-	-	-	-
Payment to a former director relating to the settlement of shares[2]	2.6	-	-	-	-
	10.2	**-**	**-**	**-**	**-**

(£m)	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Within cost of sales:					
Past service pension benefit[3]	-	-	(24.3)	-	-
Exceptional items included within Adjusted EBITDA	**10.2**	**-**	**(24.3)**	**-**	**-**
Within depreciation and amortisation expenses:					
Impairment of intangible assets	-	37.4	-	-	-
Impairment of tangible assets[4]	30.2	11.3	-	-	-
Exceptional items included within operating (loss)/profit	**40.4**	**48.7**	**(24.3)**	**-**	**-**

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 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Current tax expense					
U.K. corporation tax on profits	(0.1)	(0.1)	(3.1)	-	(2.8)
Overseas tax	(0.4)	(0.7)	(1.4)	-	(3.2)
Total current income tax	**(0.5)**	**(0.8)**	**(4.5)**	**-**	**(6.0)**
Deferred tax expense					
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)
Total deferred tax	**21.5**	**16.0**	**(3.2)**	**(4.2)**	**(3.3)**
Total tax credit/ (charge)	**21.0**	**15.2**	**(7.7)**	**(4.2)**	**(9.3)**

Tax relating to items charged in other comprehensive income

(£m)	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Actuarial gains and losses	(1.3)	11.2	(0.5)	1.0	(3.4)
Hedge accounting foreign exchange loss	-	-	-	-	1.5
	(1.3)	**11.2**	**(0.5)**	**1.0**	**(1.9)**

(£m)	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 2017 (unaudited)	2018
Reconciliation of effective tax rate					
(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	-
Total tax credit/(charge)	**(21.0)**	**(15.2)**	**7.7**	**4.2**	**9.3**

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
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
Net tax assets	**48.3**	**32.1**	**37.1**	**29.9**

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
Property, plant and equipment	-	-	(8.8)	(8.4)
Intangible assets	(86.0)	(42.6)	(51.8)	(51.8)
Employee benefits	-	-	-	-
Provisions	-	-	-	-
Losses	-	-	-	-
Net deferred tax liabilities	**(86.0)**	**(42.6)**	**(60.6)**	**(60.2)**

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
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
Net tax liabilities	**(37.7)**	**(10.5)**	**(23.5)**	**(30.3)**

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 2015	2016	2017	As at 30 June 2018
Tax losses	**26.8**	**33.0**	**18.9**	**18.9**

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:

	For the year ended 31 December			For the six months ended 30 June	
(£m)	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)	-	-
Loss)/profit attributable to ordinary shareholders	**(66.8)**	**(99.2)**	**49.8**	**16.4**	**8.7**
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
Dilutive weighted average number of shares	**3,285,891**	3,285,891	**3,441,942**	**3,441,942**	**3,441,942**

Basic earnings per share

	For the year ended 31 December			For the six months ended 30 June	
(pence)	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
Dilutive weighted average number of shares	3,285,891	3,285,891	3,441,942	3,441,942	3,441,942

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)
Net assets	**12.1**	**45.7**	**57.8**
Cash consideration			57.8
Cash acquired			(7.8)
Net cash outflow from acquisition			**50.0**

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
Cost				
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)

(£m)	Freehold land and buildings	Plant, machinery, fixtures, fittings and tooling	Motor vehicles	Total
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
Depreciation				
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
Carrying amounts				
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:

	As at 31 December			As at 30 June
(£m)	**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
Cost						
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
Amortisation						
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

(£m)	Brands	Technology	Dealer network and other	Deferred development cost	Goodwill	Total
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:

	As at 31 December			As at 30 June
(£m)	**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
	85.1	**84.9**	**84.9**	**84.8**

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.

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Aston Martin Lagonda Group Limited	242.6	242.6	242.6	242.6
AM Brands Limited	-	-	55.0	55.0
	242.6	**242.6**	**297.6**	**297.6**

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:

	For the year ended 31 December			For the six months ended 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Total research and development expenditure	132.6	127.3	224.3	**95.2**
Capitalised research and development	(122.0)	(116.5)	(213.2)	**(87.6)**
Recognised as an expense	**10.6**	**10.8**	**11.1**	**7.6**

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:

Rates Used	**For the year ended 31 December**			**For the six months ended 30 June**
	2015	**2016**	**2017**	**2018**
Pre-tax discount rate	12.0%	12.0%	12.3%	**12.3%**
Exchange rate: U.S. dollar to pound sterling	1.56	1.30	1.30	**1.40**
Sensitivity Analysis				
Pre-tax discount rate	16.3%	17.0%	17.0%	**15.2%**
Exchange rate U S Dollar to pound sterling	2.38	2.47	1.94	**1.62**

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

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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
	80.4	**117.2**	**127.8**	**169.9**

Inventories expensed in the income statement

	For the year ended 31 December			For the six months ended 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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
	265.9	**289.4**	**437.8**	**217.0**

Trade and other receivables

Non-current assets

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Other receivables	**2.1**	**2.3**	**2.1**	**1.8**

Current assets

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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
	69.1	**112.8**	**115.7**	**177.7**

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.

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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:

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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
	13.1	**14.4**	**19.5**	**13.2**

Provision for impairment of receivables

Management reviews trade receivables on an individual account basis and makes provision where recoverability is doubtful.

(£m)	**2015**	**2016**	**2017**	**2018**
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	-
At 31 December	**0.4**	**0.2**	**0.3**	**0.2**

Cash and cash equivalents

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Cash at bank and in hand	**65.5**	**101.7**	**167.8**	**71.5**

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 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

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Trade payables	63.6	93.1	54.9	93.7

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
Due to related parties	0.5	1.7	0.6	0.7
Accruals and other payables	116.2	246.1	427.6	470.8
	180.3	**340.9**	**483.1**	**565.2**

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	14.5
Current	6.3
Non-current	8.2
	14.5
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	13.7
Current	7.6
Non-current	6.1
	13.7
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	25.9
Current	12.0
Non-current	13.9
	25.9
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	26.1
Current	9.6
Non-current	16.5
	26.1

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.

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Cash and cash equivalents	65.6	101.7	167.8	**71.5**
Interest bearing loans and borrowings	(450.4)	(483.2)	(585.1)	**(610.3)**
Net bank debt	**(384.8)**	**(381.5)**	**(417.3)**	**(538.8)**
Preference Shares	(98.3)	(218.0)	(255.8)	**(276.6)**
Net debt	**(483.1)**	**(599.5)**	**(673.1)**	**(815.4)**

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

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Current				
Bank loans and overdrafts	16.6	5.2	13.5	29.7

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Non-current				
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
Total non-current borrowings	**532.1**	**696.0**	**827.5**	**857.2**

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.

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017		As at 30 June 2018	
(£m)	**Principal Value**	**Carrying Amount**	**Principal Value**	**Carrying Amount**	**Principal Value**	**Carrying Amount**	**Principal Value**	**Carrying Amount**
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

(£m)	As at 31 December 2015 Principal Value	Carrying Amount	As at 31 December 2016 Principal Value	Carrying Amount	As at 31 December 2017 Principal Value	Carrying Amount	As at 30 June 2018 Principal Value	Carrying Amount
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
	564.7	**548.7**	**722.9**	**701.2**	**868.3**	**841.0**	912.2	887.0
Interest payable		12.9		12.9		7.4		7.5
		561.6		714.1		848.4		894.5

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:

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
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
	20.0	**39.1**	**116.7**	**118.6**

6.4 Financial instruments

Other financial assets

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Derivative financial instruments				
Non-hedge accounted interest rate swaps	0.2	0.4	1.4	0.2
Structured deposit	-	-	-	12.5
Amount due from shareholder	-	-	5.6	5.6
	0.2	0.4	7.0	18.3

Other financial liabilities

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Derivative financial instruments				
Non-hedge accounted interest rate swaps	9.8	28.2	3.1	0.4
Hedge accounted interest rate swaps	-	-	-	2.3

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
	9.8	28.2	3.1	2.7
Amount due to shareholder	15.1	15.1	15.1	15.1
	24.9	43.3	18.2	17.8

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 2015	2016	2017	For the six months ended 30 June 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	-
Total finance income	**2.1**	**2.5**	**35.6**	**23.1**	**2.3**

Finance costs

(£m)	For the year ended 31 December 2015	2016	2017	For the six months ended 30 June 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
Finance expense before non-recurring finance expense	**71.8**	**133.0**	**87.0**	**44.9**	**45.9**
Exceptional finance expense:					
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**

Capitalised borrowing costs

There are no capitalised borrowing costs in any of the periods

Recognised in consolidated statement of other comprehensive income

	For the year ended 31 December			For the six months ended 30 June	
(£m)	**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:

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Fixed rate investments				
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
	548.7	**701.2**	**827.5**	**857.3**
Variable rate Instruments				
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 2015	2016	2017	For the six months ended 30 June 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							
Non-derivative financial liabilities							
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)	-
Derivative financial liabilities							
Foreign exchange contracts	(9.8)	(9.8)	-	(2.1)	(6.1)	(1.6)	-
	(753.9)	(1,187.7)	(10.0)	(204.7)	(28.2)	(540.2)	(404.6)

(£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							
Non-derivative financial liabilities							
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)		
Derivative financial liabilities							
Foreign exchange contracts	(28.2)	(28.2)	-	(3.6)	(15.0)	(9.6)	-
	(1,085.4)	(1,712.0)	(9.5)	(359.9)	(38.6)	(547.7)	(756.3)

(£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							
Non-derivative financial liabilities							
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)	-	-	-	-
Derivative financial liabilities							
Foreign exchange contracts	(3.1)	(3.1)	-	(1.8)	(1.3)	-	-
	(1,359.9)	(2,191.7)	(15.1)	(484.9)	(86.2)	(849.2)	(756.3)

(£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							
Non-derivative financial liabilities							
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)	-	-	-	-
Derivative financial liabilities							
Foreign exchange contracts.	(2.7)	(2.7)	-	(0.9)	(1.3)	(0.5)	-
	(1,488.6)	(2,123.3)	(15.1)	(594.0)	(57.8)	(699.1)	(756.3)

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, the Company 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 be currency below:

(£m)	**Pound sterling**	**U.S. dollars**	**Euros**	**Renminbi**	**Other**	**Total**
31 December 2015						
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)
	(511.9)	(133.6)	8.3	6.8	8.0	(622.4)

(£m)	**Pound sterling**	**U.S. dollars**	**Euros**	**Renminbi**	**Other**	**Total**
31 December 2016						
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)
	(691.8)	(178.7)	(31.8)	24.4	5.1	(872.8)

(£m)	**Pound sterling**	**U.S. dollars**	**Euros**	**Renminbi**	**Other**	**Total**
31 December 2017						

(£m)	Pound sterling	U.S. dollars	Euros	Renminbi	Other	Total
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.

	For the year ended 31 December			For the six months ended 30 June
(£m) Effect on profit after tax	**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:

	As at 31 December 2015		**As at 31 December 2016**		**As at 31 December 2017**		**As at 30 June 2018**	
(£m)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Derivative assets and liabilities								
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)
Non-derivative assets and liabilities								
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	65.5	65.5	101.7	101.7	167.8	167.8	71.5	71.5

(£m)	As at 31 December 2015 Carrying amount	As at 31 December 2015 Fair value	As at 31 December 2016 Carrying amount	As at 31 December 2016 Fair value	As at 31 December 2017 Carrying amount	As at 31 December 2017 Fair value	As at 30 June 2018 Carrying amount	As at 30 June 2018 Fair value
equivalents								
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)
	(622.3)	(622.3)	(873.2)	(863.2)	(1,095.3)	(1,053.1)	(1,265.1)	(1,245.7)

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
Allotted and called up				
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
	3,284,891	**3,284,891**	**3,284,891**	**3,284,891**

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., which is controlled by Investindustrial V L.P., for a consideration of £134,886,000 with a par value of £1,000, resulting in a share premium of £134,885,000.

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., which is controlled by 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)
At the end of the period	**4.7**	**5.0**	**7.6**	**7.4**

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)
Approved scheme								
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)
Unapproved scheme								
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

	Liabilities						
(£m)	**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)
Total changes from financing cash flows	(8.0)	-	(28.1)	-	-	-	87.5
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
Balance at 31 December 2015	16.6	-	300.0	-	-	133.8	98.3
Changes from financing cash flows:							
Interest paid	(4.5)	-	(28.1)	-	-	-	-
Movement in borrowings	(13.8)	-	-	-	-	-	-
New borrowings	-	-	-	-	-	-	90.5
Total changes from financing cash flows	(18.3)	-	(28.1)	-	-	-	90.5
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
Balance as at 31 December 2016	5.2	-	301.7	-	-	176.4	217.9
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)	-	-	-
Total changes from financing cash flows	2.9	1.3	(332.7)	267.1	310.2	(178.8)	-
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
Balance at 31 December 2017	13.5	1.3	-	274.5	295.9	-	255.8
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)	-	-	-
Total changes from financing cash flows	13.3	0.1	-	(8.3)	(9.3)	-	-
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
Balance at 30 June 2018	29.7	1.4	-	275.5	303.8	-	276.5

	Equity			
continued	**Share capital**	**Share premium**	**Share warrants**	**Non-controlling interest**
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	-	-	-	-
Total changes from financial cash flows	-	2.4	9.0	-
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	0.2
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
Balance at 31 December 2015	-	368.8	9.0	4.7
Changes from financing cash flows				
Interest paid	-	-	-	-
Movement in borrowings	-	-	-	-
New Borrowings	-	-	9.5	-
Total changes from financing cash flows	-	-	9.5	-
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	0.3
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
Balance at 31 December 2016	-	368.8	18.5	5.0
Changes from financing cash flows				
Interest paid	-	-	-	-
Adjustment to equity share issue	-	(5.6)	-	-
Movement in borrowings	-	-	-	-
New borrowings	-	-	-	-
Transaction fees on borrowings	-	-	-	-
Total changes from financing cash flows	-	(5.6)	-	-
Effect on changes in exchange rates	-	-	-	-
Share of profit	-	-	-	2.6
Exchange gain in finance income	-	-	-	-
Interest expense	-	-	-	-
Balance at 31 December 2017	-	363.2	18.5	7.6
Changes from financing cash flows	-	-	-	-
Interest Paid	-	-	-	-
Movement in borrowings	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	(3.0)
Transaction fees on borrowings	-	-	-	-
Total changes from financing cash flows	-	-	-	(3.0)
Effect of changes in exchange rates	-	-	-	-
Share of profit	-	-	-	3.5
Exchange loss in finance expense	-	-	-	-
Interest expense	-	-	-	-
Balance at 30 June 2018	-	363.2	18.5	8.1

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 2015	2016	2017	For the six months ended 30 June 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)		
Net pension liability	**(4.9)**		

(£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)		
Net pension liability	**(69.8)**		

(£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

(£m)			
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)		
Net pension liability	**(46.9)**		

(£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)		
Net pension liability	**(25.0)**		

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)

(£m)	
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)

(£m)	
At 31 December 2016	253.8
Interest on assets	6.9
Employer contributions	9.8
Contributions by employees	-

(£m)	
Actuarial gains	11.2
Benefits paid	(10.2)

(£m)	
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

(£m)	
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

(£m)	
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

(£m)	
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

(£m)	
Actuarial gains arising from changes in demographic assumptions	(6.4)

(£m)	
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)

(£m)	
At 30 June 2018	

Amounts recognised in the income statement

(£m)	
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)
Total expense recognised in the income statement	(10.0)

(£m)	
Period to 31 December 2016	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(9.0)
Past service cost	-
	(9.0)
Amount (charged)/ credited to finance (expense)/income : Net interest on the net defined liability	-
Total expense recognised in the income statement	(9.0)

(£m)	
Period to 31 December 2017	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(12.4)
Past service cost	24.3
	11.9
Amount (charged)/credited to finance (expense)/income : Net interest on the net defined liability	(1.7)
Total expense recognised in the income statement	10.2

(£m)	
Period to 30 June 2018	
Amounts (charged)/credited to operating (loss)/profit	
Current service cost	(4.0)
Past service cost	-
	(4.0)
Amount (charged)/credited to finance (expense)/income : Net interest on the net defined liability	(0.5)
Total expense recognised in the income statement	(4.5)

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%	**2.70%**
Rate of increase in salaries (see below)	3.20%	3.40%	3.20%	**3.10%**
Rate of revaluation in deferment	2.20%	2.40%	2.20%	**2.10%**

	As at 31 December			As at 30 June
	2015	2016	2017	2018
Rate of increase in pensions in payment attracting LPI	3.10%	3.20%	3.10%	**3.00%**
RPI inflation assumption	3.20%	3.40%	3.20%	**3.10%**
CPI inflation assumption	2.20%	2.40%	2.20%	**2.10%**

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

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Discount rate – decrease by 0.25%	227.3	346.9	340.4	**319.7**
Rate of inflation* – Increase by 0.25%	221.8	340.5	334.5	**316.3**
Life expectancy increased by approximately one year	219.8	335.8	331.3	**312.0**

* 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)	**(300.0)**
Fair value of scheme assets	208.3	253.7	271.5	**275.0**
Deficit in scheme	(4.9)	(69.8)	(46.9)	**(25.0)**
Actuarial adjustments arising on scheme liabilities	13.6	(97.0)	(15.0)	**25.5**
Actuarial adjustments arising on scheme assets	(6.5)	31.0	17.9	**(0.9)**

Consolidated statement of financial position reconciliation

	As at 31 December			As at 30 June
(£m)	**2015**	**2016**	**2017**	**2018**
Liability at the beginning of the period	(12.4)	(4.9)	(69.8)	**(46.9)**
Employer contributions	10.4	10.2	9.8	**6.1**
Amounts recognised in other comprehensive income in the financial period	7.1	(66.0)	2.9	**20.3**

(£m)	As at 31 December 2015	2016	2017	As at 30 June 2018
Amounts recognised in the income statement in the financial period	(10.0)	(9.1)	10.2	**(4.5)**
Liability at the end of the period	**(4.9)**	**(69.8)**	**(46.9)**	**(25.0)**

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
31 December 2015				
Prestige Motor Holdings SA	-	-	-	15.1
Aston Martin MENA Ltd	-	-	1.7	0.5
	-	-	1.7	15.6
31 December 2016				
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
31 December 2017				
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
30 June 2017				
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
30 June 2018				
Prestige Motor Holdings SA	-	5.6	-	15.1

(£m)	Sales	Amounts owed by related party	Purchases	Amounts owed to related party
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
31 December 2017				
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

Aston Martin Holdings (UK) Limited has no immediate parent company.

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.

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[1]	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[2]	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[3]	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%

Company	Country of incorporation	Class of share held	31 December 2015	31 December 2016	31 December 2017	30 June 2018
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.

Company	Principal activity
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 X - ADDITIONAL INFORMATION

1 RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 23 of this Registration Document, and the Company accept responsibility for the information contained in this Registration Document. 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 Registration Document 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 1985 as a private company limited by shares and under the name Primrosecove Limited on 25 January 2007 with registered number 06067176. On 7 November 2007, the Company changed its name to Aston Martin Holdings (UK) Limited.

The principal activity of the Company is to act as the ultimate holding company of Aston Martin Lagonda, however, it is proposed that a new holding company will soon be inserted as the ultimate parent company of the Group. The principal legislation under which the Company operates 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, U.K. The telephone number of the Company's registered office is +44 (0) 1926 644 644.

3 SHARE CAPITAL OF THE COMPANY

3.1 Issued share capital of the Company

The issued share capital of the Company as at the date of this Registration Document is as follows:

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 (partially 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

In addition, there are currently 137,776 warrants in issue for subscription for P Shares (or, in the context of an IPO, Ordinary Shares) in the Company on a one-for-one basis at a subscription price of £0.001 per share (the "**Warrants**").

3.2 History of the share capital

On 1 January 2015, the issued share capital of the Company comprised:

(A) 161,521 fully paid D Shares with a nominal value of £0.001 each;

(B) 3,101,656 fully paid Ordinary Shares with a nominal value of £0.001 each; and

(C) 21,714 partially paid Ordinary Shares with a nominal value of £0.001 each,

and the aggregate nominal value of the share capital of the Company was £3,284.891. Since then, the following changes have occurred in the Company's issued and fully paid share capital:

(A) on 29 April 2015, the aggregate nominal value of the Company's share capital was increased from

£3,284.891 to £1,003,284.891 by the issue of 100,000,000 Preference Shares with a nominal value of £0.01 each; and

(B) on 15 April 2016, the aggregate nominal value of the Company's share capital was increased from £1,003,284.891 to £2,003,284.891 by the issue of 100,000,000 Preference Shares with a nominal value of £0.01 each.

In addition, on 29 April 2015 and 15 April 2016, the Company issued 67,482 and 70,294 Warrants, respectively. The Warrants are exercisable on the business day following (i) the redemption by the Company of any Preference Shares; or (ii) the date specified in any notice given by the Company to convert the Preference Shares in the context of an IPO. The number of shares for which the holders of the Warrants have the right to subscribe is required to be adjusted in order to ensure that any (i) capitalisation of reserves to issue further Ordinary Shares (or other ordinary share capital, including D Shares and P Shares); or (ii) sub-division or consolidation of any class of Shares does not dilute the rights to which the holders of the Warrants would have been entitled but for such capitalisation, sub-division or consolidation. Further, a former employee holds an outstanding option to purchase 21,714 Ordinary Shares at an exercise price of £0.001 per Share.

4 SUMMARY OF ARTICLES OF ASSOCIATION

The articles of association of the Company (the "**Articles**"), which were adopted on 27 April 2017, contain (among others) provisions to the following effect.

4.1 Restricted objects

The principal objects of the Company include carrying on business as a manufacturer and supplier of, and dealer in, goods of all kinds and acting as an investment holding company. These objects are set out in full at clause 3 of the Company's memorandum of association on incorporation and form part of the Articles by virtue of section 28 of the Companies Act 2006, which are available for inspection at the Company's registered office at Banbury Road, Gaydon, Warwick CV35 0DB, U.K.

4.2 Limited liability

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

4.3 Change of name

The Articles allow the Company to change its name by resolution of the Directors. This is in addition to the Company's statutory ability to change its name by special resolution under the Companies Act 2006.

4.4 Share rights

Subject to the provisions of the Companies Act 2006 and to any rights attached to existing shares:

(A) shares may be issued with such rights and restrictions as the Company may by ordinary resolution determine; and

(B) redeemable shares may be issued and the Directors may determine the terms and conditions and the manner of redemption of any redeemable share so issued.

4.5 Share certificates

Every Shareholder, upon becoming the holder of any Shares, is entitled to one certificate for all the Shares of each class held by him or her. Every certificate is required to be executed under seal or to be signed by a Director and the secretary of the Company, or by two Directors, and is required to specify the number, class and distinguishing numbers (if any) of the Shares to which it relates and the amount or respective amounts paid up on the Share.

4.6 Liens over Shares

The Company has a lien over every Ordinary Share for all moneys due or to be due from the person in whose name such Share is registered, at a fixed time or called in respect of that Share.

The Company has a lien over each of the Preference Shares and Warrants issued on 29 April 2015 and each P Share, to the extent that such Warrant has been exercised, which is registered in the name of any person indebted or under any liability to the Company.

The liens take priority over any third party's interest in those Shares and extend to all dividends or other money payable or receivable by the Company. The Directors may at any time declare any Share to be wholly or in part exempt from these provisions.

4.7 Calls on Shares and forfeiture

Subject to the terms of allotment, the Directors may make calls upon the Shareholders in respect of any moneys unpaid on their Shares and each Shareholder must, with at least 14 clear days' notice, pay to the Company the amount called.

A person upon whom a call is made remains liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made. The joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share.

If a call remains unpaid after it has become due and payable, the Directors may give not less than 14 clear days' notice to the person from whom it is due requiring payment of the amount unpaid together with any interest which may have accrued. If the notice is not complied with, any Share in respect of which it was given may be forfeited by a resolution of the Directors. Subject to the provisions of the Companies Act 2006, a forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine.

4.8 Special rights attaching to Shares

4.8.1 Special rights attaching to D Shares

The rights, privileges and conditions attaching to the D Shares are as follows:

(A) Income

The D Shares are fully entitled to participate, on a *pro rata* basis with the Ordinary Shares by reference to the number of Ordinary Shares or D Shares held, in any dividend payment on Ordinary Shares determined by the Directors.

(B) Capital

The D Shares are fully entitled to participate, on a *pro rata* basis with the Ordinary Shares by reference to the number of Ordinary Shares or D Shares held, in any return of capital on a winding-up or other repayment of capital on Ordinary Shares.

(C) Voting

The holders of D Shares (in their capacity as holders of D Shares) are not entitled to receive notice of, nor to attend, speak or vote at, any general meeting of the Company in respect of those D Shares.

(D) Conversion

If, at any time, any D Shares are acquired by the Company (or such Shareholder as the Company nominates in writing) pursuant to an agreement in writing between the Company and the holders of the D Shares under which the consideration for such D Shares does not exceed £1.00 in aggregate (but in no other circumstances), such D Shares will automatically, and without the need for any resolution of the Shareholders, convert into Deferred Shares on a one for one basis.

(E) Redemption

The Company may, with the consent of the holders of the D Shares and on such terms as may be agreed with them, redeem all or any of the D Shares then in issue (if any).

4.8.2 **Special rights attaching to Preference Shares**

The rights, privileges and conditions attaching to the Preference Shares are as follows:

(A) Income

Subject to the Companies Act 2006 and the limitations, discretions and qualifications set out in the Articles, the holders of Preference Shares are entitled to be paid, in priority to the holders of any other issued class of Share ranking after the Preference Shares (including, but not limited to, holders of Ordinary Shares, D Shares and/or P Shares), a fixed cumulative preferential dividend at the rate of 15 per cent. *per annum* on the paid-up amount of £1.00 per Preference Share in accordance with the terms set out in the Articles.

(B) Capital

On a winding-up or other return of capital, the holders of Preference Shares are entitled to participate *pari passu* with any shares which may be issued by the Company which are expressed to rank equally with the Preference Shares, and in priority to the holders of any other class of Shares then in issue ranking after the Preference Shares (including, but not limited to, holders of Ordinary Shares, D Shares and/or P Shares), in payment to the holders of Preference Shares *pro rata* to such holder's shareholding of a sum equal to the aggregate of £1.00 per Preference Share; plus:

(i) if such return occurs on or before 29 October 2019, the present value at such date of all required remaining scheduled preferential dividends with respect to such Preference Share up to (and including) 29 October 2019 discounted on an annual basis from 29 October 2019 to such redemption date at a *per annum* interest rate equal to the gilt rate (as determined in accordance with the preference share subscription and shareholders' agreement dated 23 April 2015 and made between the then existing Shareholders, the subscribers for the Preference Shares and the Company (the "**Preference Share Subscription and Shareholders' Agreement**")) on such redemption date plus 0.5 per cent., as calculated by the Company or on behalf of the Company by such person as the Company designates; or

(ii) if later than 29 October 2019, a sum equal to all accrued and unpaid preferential dividends thereon on the basis that the calculation period runs from (and including) the relevant issue date of such Preference Share to (and including) the date of the commencement of the winding-up or other return of capital.

(C) Voting

The holders of Preference Shares are not entitled to attend or vote at any general meeting of the Company except where a resolution is to be proposed at the meeting varying or abrogating any of the rights, preferences, privileges, limitations or restrictions attached to any class of Shares of which the Preference Shares form part (and then only to speak and vote upon any such resolution).

Whenever holders of Preference Shares are entitled to vote on a resolution, on a show of hands every such holder who is present in person has one vote and every proxy present who has been duly appointed by a holder has one vote and on a poll every such holder who is present in person or by proxy has one vote in respect of each Preference Share held by him.

(D) Redemption

Mandatory redemption rights

Save for where early mandatory redemption is triggered following the occurrence of certain specified events (in accordance with the terms of the Articles and referred to therein as "Mandatory Redemption Events"), the Company is required to redeem all Preference Shares then in issue on 28 April 2025 and to pay the following amount in cash to each holder of Preference Shares in respect of each Preference Share to be redeemed:

(i) £1.00 per Preference Share; and

(ii) a sum equal to all accrued and unpaid preferential dividends on the basis that the calculation period runs from (and including) 29 April 2015 to (and including) 28 April 2025.

Voluntary redemption rights

At any time prior to 28 April 2025, the Company may, subject to the Companies Act 2006 and all other laws and regulations applying to the Company and in its absolute discretion, redeem all or a portion of the Preference Shares then in issue *pro rata* among holders of Preference Shares.

In such circumstance, the Company is required pay the amount in cash in respect of each Preference Share to be redeemed equal to £1.00 per Preference Share; plus:

(i) if such redemption occurs on or before 29 October 2019, the present value at such date of all required remaining scheduled preferential dividends with respect to such Preference Share up to (and including) 29 October 2019, discounted on an annual basis from 29 October 2019 to such redemption date at a *per annum* interest rate equal to the gilt rate (as determined in accordance with the Preference Share Subscription and Shareholders' Agreement) on such redemption date plus 0.5 per cent., as calculated by the Company or on behalf of the Company by such person as the Company designates; or

(ii) if later than 29 October 2019, a sum equal to all accrued and unpaid preferential dividends thereon on the basis that the calculation period runs from (and including) the relevant issue date of such Preference Share to (and including) the date of redemption.

(E) Purchase right

Subject to the Companies Act 2006, the Company may purchase or enter into a contract or contracts under which it may purchase Preference Shares, P Shares and/or Warrants from their holder(s) provided each such holder has been provided with an opportunity to sell such number of Preference Shares, P Shares and/or Warrants to the Company as is equal to the proportion which the number of Preference Shares, P Shares and/or Warrants held by that holder bears to the number of Preference Shares, P Shares and/or Warrants to be purchased by the Company.

(F) Limited conversion right at the option of the Company

The Company has the right to convert all or a *pro rata* amount of the Preference Shares then in issue into fully paid Ordinary Shares in the event of an IPO by serving notice on the holders of the Preference Shares in accordance with the Articles (such conversion to be subject to, and conditional upon, any IPO taking effect). The number of Ordinary Shares which arise on conversion of each Preference Share is required to be determined:

(i) if the notice is served prior to 29 October 2019, by dividing the paid up amount of £1.00 per Preference Share plus the present value at such date of all required remaining scheduled preferential dividends with respect to such Preference Share up to (and including) 29 October 2019, discounted on an annual basis from 29 October 2019 to such conversion date plus 0.5 per cent., as calculated by the Company or on behalf of the Company by such person as the Company designates, by the price per share at which each Share to be offered or sold in the IPO is to be so issued or sold; or

(ii) if the notice is served after 29 October 2019, by dividing the paid up amount of £1.00 per Preference Share plus an amount equal to all accrued and unpaid preferential dividends per Preference Share on the basis that the calculation period runs from the relevant issue date of such Preference Share to the date of conversion by the price per share at which each share to be offered or sold in the IPO is to be so issued or sold.

(G) Variation of rights

Except with the prior written consent of Shareholders who together hold at least 90 per cent. in nominal value of the Preference Shares then in issue, the rights attached to the Preference Shares may not be varied or abrogated.

(H) Further issues

The Company is entitled at any time and from time to time and without any consent or sanction of the holders of Preference Shares to create, allot and issue:

(i) further Preference Shares up to a total aggregate subscription amount of £50,000,000; and

(ii) Emergency Preference Shares (as such term is defined in, and in accordance with the provisions of, the Preference Share Subscription and Shareholders' Agreement).

Any other or further issue of Preference Shares requires the prior written consent of Shareholders holding at least 90 per cent. in nominal value of the Preference Shares then in issue.

4.8.3 **Special rights attaching to P Shares**

The rights, privileges and conditions attaching to the P Shares are as follows:

(A) Income

The P Shares are fully entitled to participate, on a *pro rata* and *pari passu* basis with the Ordinary Shares and D Shares by reference to the number of Ordinary Shares, D Shares or P Shares held, in any dividend payment determined by the Directors.

(B) Capital

The P Shares are fully entitled to participate, on a *pro rata* and *pari passu* basis with the Ordinary Shares and D Shares by reference to the number of Ordinary Shares, D Shares or P Shares held, in any return of capital on a winding-up or other repayment of capital.

(C) Voting

The holders of P Shares are not entitled to attend or vote at any general meeting of the Company except where a resolution is to be proposed at the meeting varying or abrogating any of the rights, preferences, privileges, limitations or restrictions attached to any class of shares of which the P Shares form part (and then only to speak and vote upon any such resolution).

Whenever holders of P Shares are entitled to vote on a resolution, on a show of hands every such holder who is present in person has one vote and every proxy present who has been duly appointed by a holder has one vote and on a poll every such holder who is present in person or by proxy has one vote in respect of each P Share held.

(D) Conversion on IPO

In the event of an IPO, all P Shares then in issue are required to be converted into Ordinary Shares by means of consolidating, consolidating and dividing or sub-dividing or reclassifying and/or re-designating such P Shares as Ordinary Shares in accordance with the provisions of the Companies Act 2006 and the Articles (such conversion to be subject to, and conditional upon, any IPO taking effect).

4.8.4 **Special rights attaching to Deferred Shares**

The rights, privileges and conditions attaching to the Deferred Shares are as follows:

(A) Income

The holders of Deferred Shares shall not be entitled to receive any dividend or distribution unless the Ordinary Shares receive a dividend in excess of £1,000 per share in any calendar year, in which case the Deferred Shares shall be entitled to a dividend per share of 0.01 per cent. of the amount per share paid in respect of the Ordinary Shares in excess of £1,000.

(B) Capital

On a return of assets, whether on liquidation or otherwise, the Deferred Shares shall entitle the holder thereof only to the repayment of the amounts paid up on such shares (including any premium) after repayment of the capital paid up on the Ordinary Shares plus the payment of £100,000 on each of the Ordinary Shares and the holders of the Deferred Shares (as such) shall not be entitled to any further participation in the assets or profits of the Company.

(C) Voting

The holders of Deferred Shares are not entitled to receive notice of, nor to attend, speak or vote at any general meeting of the Company.

(D) Redemption

The Company may, at its option at any time after the conversion of any D Shares into Deferred Shares, redeem all or any of the Deferred Shares then in issue, at a price not exceeding £0.01 for all the Deferred Shares redeemed, upon giving the registered holder of such share or shares not less than 28 days' prior notice in writing of its intention so to do, fixing a time and place for its/their redemption.

4.9 **Voting rights**

Subject to the special rights and restrictions attached to the Shares, every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself or herself a member entitled to vote, has one vote and on a poll every member has one vote for every Share of which he or she is the holder.

In the case of joint Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint Shareholders and, for this purpose, seniority is determined by the order in which the names stand in the register in respect of the joint holding.

4.10 **Restrictions**

No Shareholder is, unless the Directors otherwise determine, entitled to vote at any general meeting or class meeting in respect of any Share held by him or her if any call or other sum then payable by him or her in respect of that Share remains unpaid or if a Shareholder has been served with a restriction notice after an unpaid call has become due.

4.11 **Dividends and other distributions**

Subject to the provisions of the Companies Act 2006 and the special rights and restrictions as to income and capital which are given to the Shares set out above, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders, but no dividend is to exceed the amount recommended by the Directors.

Subject to the same qualifications as set out above, the Directors may also pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on Shares which confer deferred or non-preferred rights with regard to dividend as well as on Shares which confer preferential rights with regard to dividend, but no interim dividend is to be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith, they will not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attached to Shares, all dividends are required to be declared and paid regardless of the amounts paid up on the Shares on which the dividend is paid. If any Share is issued on terms providing that it ranks for dividend as from a particular date, that Share ranks for dividend accordingly.

4.12 **Transfer of shares**

Transfers of Ordinary Shares are subject to the tag along and drag along provisions as contained in the Articles.

Transfers of Preference Shares and P Shares are only permitted in accordance with the terms and conditions of the Preference Share Subscription and Shareholders' Agreement.

Save for a transfer to the Company, the Deferred Shares created upon the conversion of any D Shares into Deferred Shares in accordance with the Articles are non-transferable.

The Directors may refuse to register a transfer of a Share on which the Company has a lien. They may also refuse to register a transfer unless:

(i) it is lodged at the registered office or at such other place as the Directors may appoint and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Directors may reasonably require;

(ii) it is in respect of only one class of Share; and

(iii) it is in favour of not more than four such transferees.

If the Directors refuse to register a transfer of a Share, they are required within two months after the date on which the transfer was lodged with the Company to send to the transferee notice of the refusal.

4.13 **Tag along rights**

No transfer of Ordinary Shares may be made to a *bona fide* third party purchaser on arm's length terms, where such transfer would (either as a single transaction or a series of related transactions) result in a person (together with any connected persons or concert parties) other than each person whose name appeared on the Company's register of members on 30 April 2013 (or any of their affiliates), holding directly or indirectly, legally or beneficially, more than 10 per cent. in number of the Ordinary Shares in issue, unless:

(i) that third party purchaser has also made an offer to buy for cash all the Ordinary Shares on the terms set out in the Articles (the "**Tag Along Offer**"); and

(ii) that Tag Along Offer is or has become wholly unconditional.

4.14 **Drag along rights**

If any transfers of Ordinary Shares would result in a purchaser (other than a person whose name appeared on the Company's register of members on 30 April 2013 (together with any of their affiliates)) holding, directly or indirectly, legally or beneficially, 75 per cent. or more in number of the Ordinary Shares in issue (and comprise the transfer of both (a) a majority of the Ordinary Shares held by "Existing Investors", being each person whose name appeared on the Company's register of members on 29 April 2013 and any purchaser of Ordinary Shares from an Existing Investor who is not, at the time of purchase, a New Investor (as defined below), immediately prior to such transfer, and (b) a majority of the Ordinary Shares held by "New Investors", being the person whose name was entered into the Company's register of members on 30 April 2013 as being the holder of 1,142,696 Ordinary Shares and any purchaser of Ordinary Shares from a New Investor who is not, at the time of purchase, an Existing Investor, immediately prior to such transfer), that purchaser may, by serving a written notice on a holder of Ordinary Shares, require that holder of Ordinary Shares to transfer all, but not less than all, of the Ordinary Shares registered in his or her or its name to one or more persons identified in that notice. This transfer must be for cash or cash equivalent consideration per share not less than the amount per share payable in accordance with the transfer giving rise to the notice, and is subject to the provisions set out in the Articles.

4.15 **Alteration of share capital**

Subject to the special rights and restrictions which are given to the Shares and set out above, all Shares created by the increase of the Company's share capital, by consolidation, division or sub-division of its share capital shall be unclassified and subject to the provisions of the Articles.

Subject to the provisions of the Companies Act 2006, the Company may be special resolution reduce its share capital, any revaluation reserve, any capital redemption reserve and any share premium account in any way.

4.16 **Disapplication of pre-emption rights**

The pre-emption provisions of sections 561 and 562 of the Companies Act 2006 do not apply to any allotment of the Company's equity securities.

4.17 **General meetings**

All general meetings must be called by at least 14 clear days' notice, but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the Shareholders having a right to attend and vote being a majority together holding not less than 90 per cent. in nominal value of the Shares giving that right. Notice of a general meeting must be given in writing and must be sent to every member, to all persons entitled to a Share in consequence of the death or bankruptcy of a member, and to the Directors and auditors. It must specify the time and place of the meeting and the general nature of the business to be dealt with.

The Directors may call general meetings and, on the requisition of Shareholders pursuant to the provisions of the Companies Act 2006, are required to proceed forthwith to convene a general meeting in accordance with the provisions of the Companies Act 2006 but in any event for a date not later than 28 days after receipt of the requisition. If there are not within the U.K. sufficient Directors to call a general meeting, any Director or any Shareholder of the Company may call a general meeting.

No business is to be transacted at any meeting unless a quorum is present. Save in the case of the Company having a single Shareholder, two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a member or a duly authorised representative of a corporation, constitute a quorum.

Each Director is entitled to attend and speak at any general meeting.

4.18 **Directors**

(A) Number of Directors

Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate Directors) is not subject to any maximum and the minimum number is one. A sole Director may exercise all the powers and discretions expressed by the Articles to be vested in the Directors generally.

(B) Appointment and removal of Directors

The Directors may at any time and from time to time appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, and remove any Director from office, subject to any maximum for the time being in force, and any Director so appointed will hold office until he or she is removed in accordance with the Articles.

(C) Vacation of office

The office of a Director is vacated if:

(i) he or she ceases to be a Director by virtue of the Companies Act 2006 or he or she is prohibited by law from being a Director;

(ii) he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally;

(iii) he or she becomes, in the opinion of all his or her co-Directors, incapable by reason of mental disorder of discharging his or her duties as Director;

(iv) he or she resigns his or her office by notice to the Company; or

(v) he or she is absent for more than six consecutive months without the permission of the Directors from meetings of the Directors held during that period and his or her alternate Director (if any) has not during that period attended any such meetings instead of him or her, and the Directors resolve that his or her office is vacated.

(D) Alternate Director

Any Director may appoint any person to be his or her alternate, whether or not he or she is a Director of the Company, and may at his or her discretion remove such an alternate Director.

(E) Proceedings of the Board

Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director is required to, call a meeting of the Directors by giving notice of the meeting to each Director.

Questions arising at a meeting are to be decided by a majority of votes.

The quorum for the transaction of the business of the Directors may be fixed by the Directors and, unless so fixed at any other number, is two, except where there is only one Director.

The Directors may appoint one of their number to be the chairman of the Board and may at any time remove him or her from that office. The Director so appointed is to preside at every meeting of Directors at which he is present. But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting. The chairman is not entitled to a second of casting vote in the case of an equality of votes on any matter before the Directors.

(F) Directors' fees and expenses

Unless otherwise decided by the Company by ordinary resolution, the Company will pay to the Directors (but not alternate Directors) for their services as Directors such amount of aggregate fees as the Directors decide. The aggregate fees are to be divided among the Directors in such proportions as they decide or, if no decision is made, equally. A fee payable to a Director is distinct from any salary remuneration or other amount payable to him or her and accrues from day to day.

Each Director is entitled to reimbursement by the Company of all reasonable and documented costs and expenses incurred by him or her in connection with his or her office as a Director and as a member of any committee of the Directors (plus VAT or overseas equivalent).

(G) Directors' benefits

The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or a subsidiary, and his or her relations (including a spouse and former spouse) or dependants.

(H) Directors' interests

If a situation arises in which a Director (the "**Conflicted Director**") has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests (directly or indirectly) of the Company (including without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it) or would otherwise constitute a breach of duty under section 175 of the Companies Act 2006, the following provisions apply:

(i) the Directors (other than the Conflicted Director and any other Director with a similar interest who are not to be counted in the quorum at the meeting and may not vote on the resolution); or

(ii) the Shareholders (by ordinary resolution or by notice in writing given to the Company by the holders of a majority of the Ordinary Shares),

may resolve to authorise such situation and the continuing performance by the Conflicted Director of his duties and confirm that the existence of such situation will not give rise to a breach of the duty of the Conflicted Director pursuant to section 175 of the Companies Act 2006. Any such authorisation may be subject to such conditions as the Directors or Shareholders (as applicable) may consider necessary or desirable. The Directors or Shareholders (as applicable) may terminate any such authorisation at any time.

In the execution of his duty to promote the success of the Company, it is acknowledged that a Director is entitled to have regard to and take account of the interests of the person or party to entity who has appointed him (the **"Appointer"**) and in so doing such Director will not have infringed their duty to exercise independent judgement in accordance with section 173 of the Companies Act 2006.

The Articles provide that certain situations relating to the Director which do or may give rise to a conflict arising as a result of the Director's involvement with and relationship with his Appointer and the investment strategy and operations of the Appointer, are authorised without further approval being required by the Directors and/or the Shareholders (as appropriate), and consequently will not give rise to a breach of duty to avoid conflicts of interest and the Director is entitled to attend, be counted in the quorum and vote at any meeting of the Directors notwithstanding any such conflict or potential conflict.

(I) Indemnity of Directors

To the extent permitted by the Companies Act 2006 and subject to certain exceptions and limitations (as set out in the Articles), every person who is or was a Director or other officer of the Company (other than any person (whether or not an officer of the Company) engaged by the Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise) in relation to the Company or its affairs.

(J) Insurance

To the extent permitted by the Companies Act 2006, the Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of:

(i) a Director, alternate Director or secretary of the Company or of a company which is or was a subsidiary or in which the Company has or had an interest (whether direct or indirect); or

(ii) a trustee of a retirement benefits scheme or other scheme in which a person referred to in (J)(i) above is or has been interested,

including, without limitation, insurance against any liability incurred in respect of any act or omission in the actual or purported execution or discharge of his or her duties, powers or offices which may lawfully be insured against by the Company.

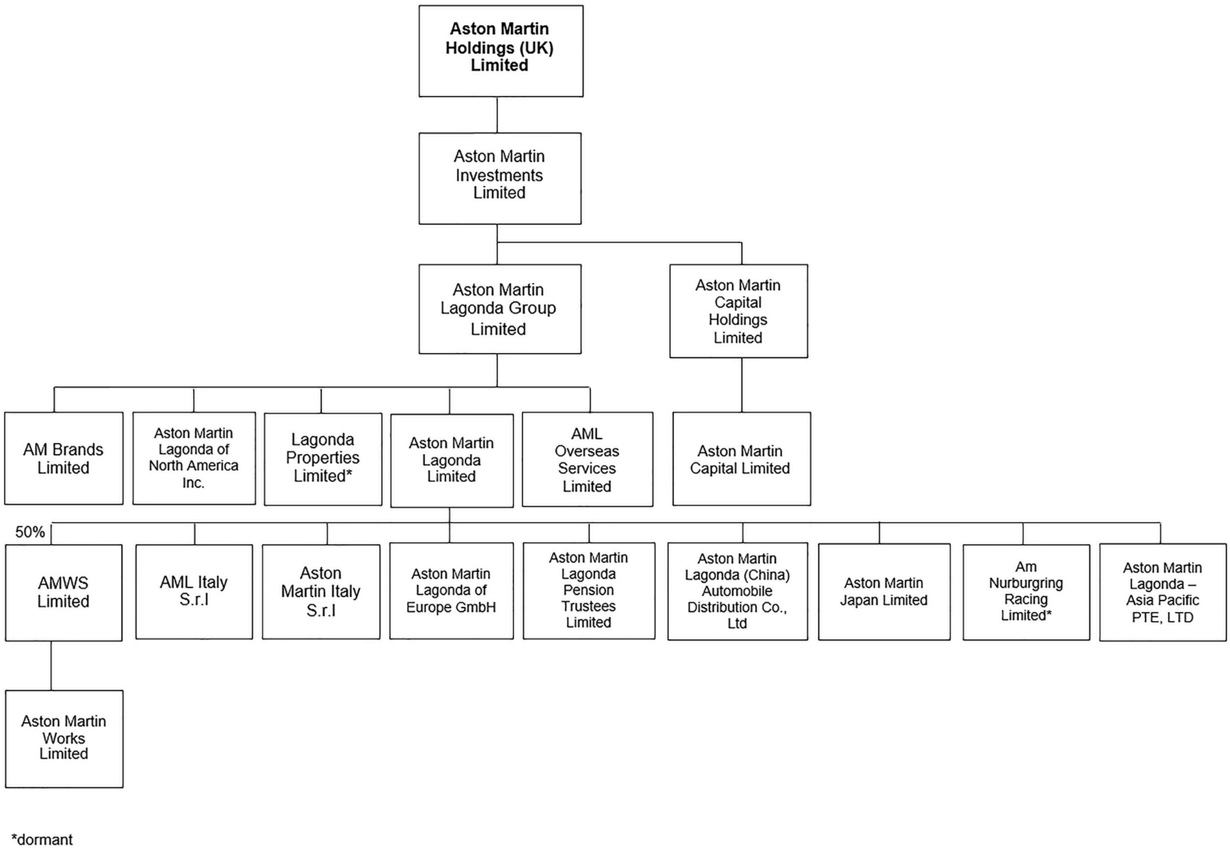
5 ORGANISATIONAL STRUCTURE

The Company is the principal holding company of Aston Martin Lagonda. The significant subsidiaries of the Company as at the date of this Registration Document are set out in the following table. Unless otherwise specified, each company is wholly-owned by a member of the Group.

Company name (ownership interest)	Place of incorporation	Principal activity
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 Senior Secured Notes that were repaid in 2017
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 Limited	U.K.	Holding company
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

Company name (ownership interest)	Place of incorporation	Principal activity
Lagonda Properties Limited	U.K.	Dormant company

A structure chart showing the Company and its subsidiaries is displayed below:



6 INTERESTS OF MAJOR SHAREHOLDERS

As at the date of this Registration Document and insofar as it is known to the Company, the following Shareholders are directly or indirectly interested in 3 per cent. or more of the voting rights of the Company (the "**Major Shareholders**"). These Major Shareholders do not have different voting rights. Other than as described below, the Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

Major Shareholder	*No. of Ordinary Shares*	*% of voting rights*(1)
Adeem Automotive Manufacturing Company Limited(2)	362,578	11.6
Asmar Limited(3)	440,140	14.1
Primewagon (Jersey) Limited(3)	827,030	26.5
Primewagon (U.K.) Limited(3)	151,933	4.9
Prestige Motor Holdings S.A(4)	1,238,547	39.7

(1) The D Shares and Preference Shares have been excluded for the purposes of this calculation, as these are non-voting shares.

(2) Adeem Automotive Manufacturing Company Limited is a subsidiary forming part of the EFAD Group, the ultimate beneficial owners of which are Najeeb Al Humaidhi and Razam Al-Roumi, and for certain of their connected persons (both of whom are Non-Executive Directors of the Company).

(3) Asmar limited is a Company controlled by Mr. Najeeb Al Humaidhi and Mr. Razam Al-Roumi. Mr Najeeb Al Humaidhi (a Non-Executive Director of the Company) is the ultimate beneficial owner of both Primewagon (Jersey) Limited and Primewagon (UK) Limited.

(4) Prestige Motor Holdings S.A. is an 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.

7 DIRECTORS AND SENIOR MANAGERS

7.1 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 document, are as follows:

Name	**Current directorships and partnerships**	**Previous directorships and partnerships**
Directors		
Andrew Charles Palmer	Ashok Leyland Ltd Secure by Design Ltd Pod Point Ltd	Nissan Motors Ltd Nissan Motor Light Truck Ltd Aston Martin Mena Limited
Amr Ali Abdallah AbouelSeoud	Tejara Capital Limited Tejara Capital Investment Bank Limited Q for Credit Rating & Collection Company Manazel Real Estate Developments Company The Investment Dar Grosvenor House Apartments Limited White Rose Automotive Limited	Aston Martin Mena Limited Adam Capital Holding Company Investment Dar (UK) Limited SJT Estates Limited
Razam Mohammed Yousef Al-Roumi	Asmar Limited Aston Martin Mena Limited	The Investment Dar Company (K.S.C.C)

Name	Current directorships and partnerships	Previous directorships and partnerships
	White Rose Automotive Limited Park Lane Properties Limited	
Najeeb Al Humaidhi	Asmar Limited Adeem Investment & Wealth Management Company (K.S.C.C) 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)
Carlo Pasquale Campanini-Bonomi	La Lomellina di Gavi Societa' Agricola a Responsabilita' Limitata	Supervisory Board of Alpha Beta Beheer – en Houdstermaatschappij B.V.
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
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
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
Alessandro Fogo	Flos SpA Artsana SpA Prenatal Retail Group SpA B&B Italia SpA	Morris Profumi SpA Selective Beauty Holdings Gruppo Coin SpA

Name	Current directorships and partnerships	Previous directorships and partnerships
	Arc Linea Arredamenti SpA Icon 1 S.A.R.L. Icon 2 S.A.R.L. Vaibo S.p.A. Vaimo SRL	
Senior Managers		
Mark Gerrard Wilson	-	GCube Underwriting
Michael Francis Marecki	Aston Martin Financial Services Limited	Fordham University (USA) UK Programs Limited
David Jeremy King	Oxfordshire Cricket Board	-
Simon David Andrew Sproule	-	Renault-Nissan Alliance
Christian Marti	-	Jubilee Sailing Trust
Michael Kerr	-	West Ham United Football Club

7.2 **Conflicts of interest**

Save as set out below or as disclosed in Note 7.2 of the historical financial information in Part B of Part IX (*Historical Financial Information*), 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:

(A) Carlo Pasquale Campanini-Bonomi, Roberto Maestroni, Dante Razzano and Alessandro Fogo all represent Prestige Motor Holdings S.A,. which is a Major Shareholder;

(B) Amr Ali Abdallah AbouelSeoud represents Primewagon (Jersey) Limited and Primewagon (U.K.) Limited, which are Major Shareholders;

(C) Najeeb Al Humaidhi and Mahmoud Samy Mohamed Ali El Sayed both represent Adeem Automotive Manufacturing Company Limited (a Major Shareholder) and Stehwaz Automotive Jersey Limited (a Shareholder); and

(D) Razam Mohammed Yousef Al-Roumi represents Asmar Limited, which is a Major Shareholder.

7.3 **Directors and Senior Managers' confirmations**

(A) Save as set out below, as at the date of this Registration Document, 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) There are no family relationships between any of the Directors and/or the Senior Managers.

(C) 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.

Between October 2015 and August 2017, three civil claims were brought by certain of The Investment Dar Company's creditors against the current and former directors of the company, requesting the appointment by the Kuwaiti Court of an expert to assess the performance of the board members following the 2010 restructuring of The Investment Dar Company in accordance with the Financial Stability Law in Kuwait. Mr. Al-Roumi was a board member of The Investment Dar Company between 1995 and August 2015 and, as such, is named (among others) in these claims. The initial compensation sought under each claim is KWD 5,001 (approximately £12,850), but this does not represent the final claim amount, which is determined following completion of the expert's report and, assuming the claimants decide, at that stage, to proceed with the claim for adjudication in Court. The report has not yet been completed and, as such, no indication can be given of likely quantum at this stage. The Investment Dar Company intends to defend the claims and has been advised by its independent legal advisers that the claims have no merit and that, in their view, the Kuwaiti courts are unlikely to render a verdict against the respondents (including Mr. Al-Roumi).

7.4 Interests of Directors and Senior Managers in the share capital of the Company

No Director or Senior Manager has any interest in any class of share in the Company, save as set out below.

Name	**Number of Ordinary Shares prior to Admission**	**Percentage of Ordinary Shares prior to Admission**
Amr Ali Abdallah AbouelSeoud	15,610(1)	0.50%
Razam Mohammed Yousef Al-Roumi	303,852(1)	9.73%
Najeeb Al Humaidhi	1,173,691(1)	35.73%
Mahmoud Samy Mohamed Ali El Sayed	15,610(1)	0.48%

(1) Includes holdings of connected persons (as defined in sections 222-255 of the Companies Act 2006).

8 DIRECTORS' SERVICE CONTRACTS AND TERMS OF APPOINTMENT

8.1 Executive Directors

Dr. Andrew Palmer is employed by Aston Martin Lagonda Limited as Chief Executive Officer under a service contract dated 2 August 2014. He was appointed to this position on 1 October 2014. The principal terms of his service contract are as follows:

(A) General terms

The Chief Executive Officer is entitled to a remuneration package comprising basic salary, discretionary performance-related bonus and long-term incentive plan, personal pension contributions and participation in Aston Martin Lagonda's benefits plans (including private medical cover, travel insurance, dental insurance, life insurance, car plans and private mileage entitlement).

In addition to normal public holidays, the Chief Executive Officer is entitled to 26 working days of paid holiday in each complete holiday year.

(B) Termination provisions

The Chief Executive Officer's service contract can be terminated by not less than six months' notice by either party.

Aston Martin Lagonda Limited may put the Chief Executive Officer on garden leave during his notice period. During this period, the Chief Executive Officer 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 Chief Executive Officer's salary for the notice period.

In addition, the Chief Executive Officer's employment is terminable with immediate effect in certain circumstances, including where he: (i) commits, after warning and an opportunity to cure, any serious or repeated breach of his obligations under his employment contract; (ii) fails to perform his role to the standard reasonably expected by the Board of someone with his skills and in his position; (iii) is guilty of gross misconduct, default or neglect in the course of his employment; (iv) is guilty of conduct tending to bring himself or Aston Martin Lagonda Limited or another Group company into disrepute; (v) is convicted of any criminal offence other than an offence under any road traffic legislation not punishable by imprisonment; (vi) is convicted of a driving offence of such a serious nature that it prevents or adversely impacts his ability to carry out his normal duties; or (vii) becomes bankrupt or makes any arrangement or composition with his creditors or takes advantage of any statute affording relief for instalment debtors.

In the event of termination, the Chief Executive Officer's service contract 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 Chief Executive Officer may not, without the prior written consent of Aston Martin Lagonda Limited: (i) in competition with any Group company, be engaged or interested in any business concern which is engaged in certain restricted business activities in any country in which a Group company was engaged in the 12 months preceding the termination date (the "**Restricted Period**"); (ii) in competition with any Group company, solicit any person or organisation who at any time in the Restricted Period was a customer or client with whom the Chief Executive Officer (or any employees reporting to him or under his direct control) had material dealings in the course of employment, or in respect of whom he had access to confidential information, or with whom he had regular substantial business dealings (a "**Restricted Organisation**"); (iii) solicit any supplier of a Group company with whom he had material dealings in the course of employment during the Restricted Period; (iv) in competition with any Group company conduct certain restricted business with any Restricted Organisation; or (v) procure (or attempt to procure) certain senior employees to leave or accept into employment or otherwise engage or use the services of such employees.

Save as disclosed in this section 8.1, there are no existing service contracts between any Executive Director and any member of the Group which provides for benefits upon termination.

8.2 Non-Executive Directors

The Company has eight Non-Executive Directors. The Non-Executive Directors (including the Chairman) do not have service contracts or letters of appointment. The terms of their appointment are governed by the Articles and Shareholders' Agreement entered into by the shareholders of the Company. The principal terms of their appointment are set out below:

(A) General terms

Name	Position	Date of appointment to the Board
Carlo Pasquale Campanini-Bonomi	Chairman	30 April 2013
Amr Ali Abdallah AbouelSeoud	Non-Executive Director	6 March 2007
Razam Mohammed Yousef Al-Roumi	Non-Executive Director	31 May 2007
Najeeb Al Humaidhi	Non-Executive Director	9 September 2010
Roberto Maestroni	Non-Executive Director	30 April 2013
Dante Razzano	Non-Executive Director	30 April 2013

Name	Position	Date of appointment to the Board
Mahmoud Samy Mohamed Ali El Sayed	Non-Executive Director	6 March 2007
Alessandro Fogo	Non-Executive Director	22 August 2018

The Board determines the fees to be paid to the Non-Executive Directors, subject to the overriding principle that each of the Directors shall be treated equally. Each Director is entitled to reimbursement by the Company or relevant Group company of all reasonable and documented costs and expenses incurred in connection with his office as a director and as a member of any committee of the board of any Group company.

(B) **Termination provisions**

The appointment of any Non-Executive Director may be terminated by the Board pursuant to the Articles or by the Non-Executive Director stepping down from the Board. In addition, if a Non-Executive Director holds his position as nominee of a shareholder(s) of the Company pursuant to the Shareholders' Agreement, his appointment may be terminated by the relevant shareholder(s).

No minimum notice period applies in respect of the termination of appointment of any Non-Executive Director, and he shall not be entitled to any benefits on termination, save for any accrued fees, costs and expenses.

8.3 Directors' and Senior Managers' remuneration

The aggregate remuneration paid (including salary, fees, incentives and other benefits) to the Directors and Senior Managers for the year ended 31 December 2017 was £7,253,776, of which £4,123,501 comprised salaries/fees, £147,457 retirement benefits or cash in lieu of pension, £2,811,654 annual variable remuneration, £171,164 taxable benefits and nil share-based payments.

The highest paid Director in the year ended 31 December 2017 received for that period £2,923,977 total remuneration, of which £1,000,000 comprised salaries/fees, £105,448 retirement benefits or cash in lieu of pension, £1,800,000 annual variable remuneration, £18,529 taxable benefits and nil share-based payments.

8.4 Bonus arrangements

The Chief Executive Officer and a number of members of the senior executive team participate in a long-term incentive plan (the "**LTIP**"), which was put in place, in the case of the Chief Executive Officer, on 2 August 2014 (and amended on 20 February 2018) and, in the case of the other participants, on 5 September 2017 (and amended on 20 February 2018).

Corporate events

Under the LTIP, participants become entitled to a payment following certain corporate events, being:

(A) the admission of any of the Company's shares to the Official List becoming effective and the admission of any of the Company's shares to trading on the London Stock Exchange's market for listed securities, the admission of any of the Company's shares on the Alternative Investment Market of the London Stock Exchange becoming effective, or the equivalent admission to trading or permission to deal on any other Recognised Investment Exchange becoming effective in relation to any of the Company's shares (a "**Listing**"); or

(B) a sale or sales of the share capital of the Company or any of its subsidiaries, or of its or their assets, such that a significant majority (meaning more than 35 per cent.) of the Aston Martin Lagonda business is carried on by an entity or entities not under the joint ownership or control of the shareholders of the Company immediately prior to such sale(s).

If such a corporate event occurs in relation to any new holding company of the Group, that would also trigger payments under the LTIP.

On such an event, participants will become entitled to a cash payment calculated by reference to a percentage of the amount by which the equity value of the Company and distributions made to shareholders ("**Proceeds**") exceed certain amounts invested by certain existing investors ("**Capital Gain**" and "**Existing Investors**" respectively).

The percentage of Capital Gain to which participants in the LTIP become entitled varies depending on extent to which the Proceeds exceed certain thresholds.

If, on a corporate event of the type listed above, the Existing Investors receive consideration for their shares in the Company otherwise than in cash or, in the case of a Listing, if the Existing Investors do not sell all of their shares as part of the Listing, the thresholds and, in the case of a Listing, the equity value of the Company will be reduced accordingly.

On each subsequent occasion on which the Existing Investors sell their shares in the Company following a Listing or receive cash consideration in respect of non-cash consideration received on a transaction other than a Listing, participants in the LTIP will be eligible to receive further payments, calculated as if such shares had been sold, or cash consideration received, at the time of the relevant transaction.

If the Existing Investors have not sold all of their shares within five years of a Listing, participants in the LTIP will be eligible to receive a further payment, calculated as if the unsold shares had been sold at the time of the Listing (but using the average daily closing market price for the six month period ending on the fifth anniversary of the Listing). If, in the case of a transaction that is not a Listing, the Existing Investors have received consideration for their shares other than in cash, or retain a number of their shares, and any such non-cash consideration has not been converted into cash within five years of the relevant transaction, LTIP participants will be eligible to receive a further payment, calculated as if the value of the non-cash consideration had been included with the cash consideration paid at the time of the relevant transaction.

Form of payment

In the event of a Listing, or where a payment is made on the fifth anniversary of the relevant transaction (as referred to above), the Board may in its discretion make the payment in shares of the listed entity, subject to lock-up terms that are determined by the Board on advice from the underwriters. This lock-up period shall not be shorter than the lock-up period that applies to the Existing Investors.

Cessation of employment

If the participant's employment ceases for a "Bad Reason", which includes the participant's gross misconduct, any reason justifying summary dismissal and the participant giving notice to resign other than for a "Good Reason" (as summarised below), he or she shall cease to be entitled to any payment under the LTIP.

If the participant's employment ceases for a "Good Reason", which includes voluntary or agreed retirement, death, permanent ill health or disability of sufficient severity, or any reason determined by the Board to be a Good Reason, the participant shall continue to be eligible for a payment under the LTIP, but the payment shall be time pro-rated.

9 SHARE-BASED INCENTIVE ARRANGEMENTS

A former employee (the "**option holder**") holds outstanding options under a share option deed entered into with the Company on 18 October 2007 (the "**Share Option Deed**"). The option holder also participates in the Primrosecove Limited Employee Share Plan (the "**ESP**") and the Primrosecove Limited Deferred Cash Bonus Plan (the "**DCBP**"), each of which was put in place on 18 October 2007. There are no other existing participants in any of these arrangements and nor is it intended that there will be any further grants made under them.

9.1 **Share Option Deed**

The option holder holds an option to acquire 21,714 Ordinary Shares in the Company at an exercise price of £0.001 per Share under the terms of the Share Option Deed (the "**Option**").

Status

The Option is currently exercisable and will remain exercisable until the earliest to occur of an Exit (as defined in "Corporate events" below) or the twentieth anniversary of the date of grant (i.e. 18 October 2027).

Corporate events

The Option will lapse on an Exit, being (in summary):

(A) the admission to trading or listing of the shares or share capital of any member of the Group on any stock exchange or public market; or

(B) a sale of shares of the Company or any of its subsidiaries or its or their assets such that a significant majority of Aston Martin Lagonda's business is carried on by an entity which is not under the joint ownership or control of the shareholders immediately prior to such sale.

Should the option holder wish to exercise the Option at a time when the Board is aware that an Exit is anticipated, he will be permitted to do so by giving an undertaking to pay the total exercise price, provided that he authorises the Company to sell or procure the sale of sufficient shares on or following exercise to pay the total exercise price.

In certain circumstances, where a holder of Ordinary Shares intends to dispose of any of his Shares, or the Company proposes to issue new Shares, the option holder is entitled to be offered such Shares on a pre-emptive basis.

Variation of capital

If there is a variation of share capital of the Company or a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Board may make such adjustment as it considers appropriate to the number of Shares under Option and/or the exercise price (save that the exercise price may only be reduced to less than the nominal value of the Shares subject to the Option to the extent that the Board is authorised to capitalise from the Company's reserves a sum equal to the amount by which the nominal value of the Shares exceeds the exercise price and to apply that sum in paying up such amount).

Rights attaching to Shares

Any Shares allotted under the Share Option Deed will rank equally with Shares then in issue except for any rights arising by reference to a record date prior to their allotment. Where Shares are transferred under the Share Option Deed after the exercise of the Option, the option holder will be entitled to any rights attaching to such Shares by reference to a record date on or after the date of transfer.

Amendments

The Board may at any time alter the terms of the Option, save that no alteration may be made to the disadvantage of the option holder unless he has agreed in writing.

9.2 **Employee Share Plan ("ESP") and Deferred Cash Bonus ("DCBP") Plan**

Under the ESP, the Company has issued, and the option holder has subscribed for, 21,714 partly paid Ordinary Shares. The DCBP is operated in conjunction with the ESP. Under the DCBP, the option holder is eligible for a deferred cash bonus which will, in certain circumstances, be applied in paying amounts due under the ESP, as described below.

Status

The Shares held by the option holder under the ESP have been paid up as to £0.001 per Share and a further Outstanding Amount (as defined in "Corporate events" below) will become payable by the option holder in certain circumstances.

The option holder is eligible for a deferred bonus under the DCBP equal in amount to the Outstanding Amount.

Corporate events

On the occurrence of a "trigger event":

(A) the Company may call for the Outstanding Amount (as defined below) on some or all of the Shares held by the option holder to be paid up; and

(B) the option holder shall become entitled to be paid a deferred bonus under the DCBP, equal to the Outstanding Amount required to be paid under the ESP, less any necessary deductions in respect of income tax, social security or similar liabilities.

A trigger event for these purposes means the earliest to occur of a number of types of transaction, including (among others) five business days after the service of a tag notice or a compulsory sale notice, two business days prior to a listing (being the admission of any of the Company's shares to the Official List becoming effective and the admission of any of the Company's shares to trading on the LSE's market for listed securities, the admission to trading of any of the Company's shares on the Alternative Investment Market of the LSE becoming effective, or the equivalent admission to trading or permission to deal on any other Recognised Investment Exchange becoming effective in relation to any of the Company's shares) and two business days prior to any reorganisation of the Company's share capital being carried out in contemplation of a listing.

The "Outstanding Amount" which the Company may require the option holder to pay is equal to:

(A) £10 per Ordinary Share issued to the option holder; or

(B) the unrestricted market value per Ordinary Share as determined after the issue of the Ordinary Shares to the option holder,

in each case, less the £0.001 amount which has already been paid up for each Share subject to the relevant transaction.

Amendments

The rules of the ESP may only be amended by resolution of the Board.

10 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.

11 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.

12 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 12 months preceding the date of this Registration Document, which may have, or have had in the recent past, significant effects on the Company's and/or Aston Martin Lagonda's financial position or profitability.

13 RELATED PARTY TRANSACTIONS

Save as disclosed in Note 4 (acquisition of AM Brands Limited from Prestige Motor Holdings S.A. and Asmar Limited) or Note 7.2 to the Historical Financial Information (set out in Part B of Part IX (*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 Registration Document.

14 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 Registration Document and 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 Registration Document:

14.1 Shareholders' Agreement

On 30 April 2013, an agreement was entered into (and subsequently amended on 19 September 2015) to amend and restate an earlier agreement of 18 October 2007 between Aston Martin Lagonda and certain of its Shareholders, governing the terms on which the Ordinary Shares are to be held (the "**Shareholders' Agreement**"). The Shareholders that are party to the Shareholders' Agreement as at the date of this Registration Document are Primewagon (Jersey) Limited, Adeem Automotive Manufacturing Company Limited, Ulrich Bez, Asmar Limited, Stehwaz Automotive Jersey Limited, Tejara Capital Limited and Prestige Motor Holdings S.A.

The rights attaching to the Ordinary Shares under the Articles are summarised at section 4 of this Part X (*Additional Information*).

The Shareholders' Agreement sets out matters of governance, including certain reserved matters which require the approval of a majority of the Directors, such as major disposals and acquisitions, borrowing and related party contracts. The Shareholders' Agreement also sets out the right of certain of the holders of Ordinary Shares to appoint and remove directors at specified shareholding thresholds. There are also certain limitations on the transfer of Ordinary Shares.

The Shareholders' Agreement includes 'tag along rights' and corresponding 'drag along rights', requiring an offer to be made for all the Ordinary Shares in certain limited circumstances. Further, there are also various rights of first offer in respect of the sale of Ordinary Shares.

The Shareholders' Agreement terminates immediately on the admission to trading or listing of the shares or share capital of any member of the Group.

14.2 **Preference Share Subscription and Shareholders' Agreement**

On 23 April 2015, an agreement was entered into by the Company and certain existing and subscribing holders of the Preference Shares, under which the Company agreed to issue and allot the Preference Shares and the Warrants (the "**Preference Share Subscription and Shareholders' Agreement**"). The existing holders of the Preference Shares were, among others, Prestige Motor Holdings S.A., Primewagon (Jersey) Limited, Asmar Limited, Adeem Automotive Manufacturing Company Limited, Tejara Capital Limited and Stehwaz Automotive Jersey Limited (the "**Existing Holders**"). The subscribing parties were Preferred Prestige Motor Holdings S.A., York Global Finance Offshore BDH (Luxembourg) S.à.r.l, Warwick European Opportunities Fund Inc., and Warwick European Credit Opportunities Fund L.P. (the "**Preference Share Subscribers**").

The Preference Share Subscription and Shareholders' Agreement sets out the rights attaching to the Warrants and Preference Shares, which are summarised at sections 3 and 4, respectively, of this Part X (*Additional Information*).

Customary warranties were given by the Preference Share Subscribers to the Company and by the Company to the Preference Share Subscribers. In addition, the Company gave certain covenants, including in respect of:

- the incurrence of indebtedness, subject to the Group's consolidated leverage ratio in the prior year, with certain exceptions; and
- the payment of dividends or other payments or distributions in cash subject to certain financial ratios.

The Preference Share Subscription and Shareholders' Agreement terminates on the earlier of (i) the written agreement of all the parties to it; and (ii) subject to there being no Preference Shares in issue, the admission to trading or listing of the shares or share capital of any member of the Group.

In connection with an IPO, Aston Martin Lagonda has a right to convert the Preference Shares into Ordinary Shares in accordance with the conversion formula set out in the Preference Share Subscription and Shareholders' Agreement, which is linked to the offer price per share under an IPO.

14.3 **Umbrella Agreement**

On 18 December 2013, an agreement was entered into to govern the commercial relationship between Daimler and the Company and the terms on which Daimler's D Shares are held (the "**Umbrella Agreement**").

The rights attaching to the D Shares under the Articles are summarised at section 4 of this Part X (*Additional Information*). In addition, the Umbrella Agreement grants Daimler the right, as holder of the D Shares, to appoint an observer to the Board.

Either Daimler or Aston Martin Lagonda can terminate the Umbrella Agreement following the occurrence of certain events, including where a strategic competitor of Daimler acquires any interest, certain other restricted parties acquire an interest of 5 per cent. or more, or any third party acquires a 30 per cent. holding, in each case in Aston Martin Lagonda without Daimler's consent (an "**Exit**"). There are also termination provisions for each of Aston Martin Lagonda and Daimler in relation to material breach and insolvency events. The Umbrella Agreement automatically lapses on Daimler ceasing to hold any D Shares.

The Umbrella Agreement also includes (i) a 'drag-along right', to compel Daimler to sell its D Shares, as well as (ii) a corresponding 'tag-along right', enabling Daimler to force the acquisition by a third party of its D Shares, in each case, in the case of an Exit. In addition, the Umbrella Agreement includes "put" and "call" options in respect of the D Shares, following the termination of certain operational agreements and/or the Umbrella Agreement.

Daimler has a right of first refusal before Aston Martin Lagonda can transact with a strategic competitor of Daimler for the supply of certain key components. Daimler also has a right of first refusal before the Umbrella Agreement Parties (excluding Stehwaz Automotive Jersey Limited) can sell any interest in Aston Martin Lagonda to a strategic competitor of Daimler.

In this section 14.3, "**Umbrella Agreement Parties**" means Prestige Motor Holdings S.A., Primewagon (Jersey) Limited, Asmar Limited, Adeem Automotive Manufacturing Company Limited, Dar Capital (UK) Limited, David Richards, Ulrich Bez and Stehwaz Automotive Jersey Limited.

15 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:

Facility / Held by	***Location***	***Tenure / Quality of Title***	***Term***	***Major encumbrances***
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 2029	None
Newport Pagnell Works service centre / Aston Martin Works Limited	Tickford Street, Newport Pagnell, MK16 9AN	Leasehold / Unregistered	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

Facility / Held by	*Location*	*Tenure / Quality of Title*	*Term*	*Major encumbrances*
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.

16 ENVIRONMENTAL MATTERS

The Directors believe that Aston Martin Lagonda has no material environmental compliance costs or environmental liabilities.

17 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 B of Part IX (*Historical Financial Information*) was prepared.

18 CONSENTS

The Company has received the following written consents, which are available for inspection at the times and locations set out in section 22 of this Part X (*Additional Information*), in connection with the publication of this Registration Document:

(A) KPMG LLP has given and not withdrawn its written consent to the inclusion in this Registration Document of the report set out in Part A of Part IX (*Historical Financial Information*) in the form and in the context in which it appears and has authorised the contents of that report for the purposes of Paragraph 23.1 of Annex 1 of the Prospectus Directive Regulation.

(B) In addition, Lazard has given and not withdrawn its consent to the inclusion of its name in this Registration Document in the form and in the context in which it appears.

19 AUDITOR

The auditor 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, U.K. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

20 NON-STATUTORY ACCOUNTS

The financial information contained in this Registration Document, 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.

21 NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group’s websites do not form part of this Registration Document.

22 **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 28 days from the date of publication of this Registration Document:

(A) the Articles;

(B) the Historical Financial Information as set out in Part B of Part IX (*Historical Financial Information*);

(C) the written consent letters referred to in section 18 of this Part X (*Additional Information*); and

(D) a copy of this Registration Document.

For the purposes of Rule 3.2.4R of the Prospectus Rules, this Registration Document 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 28 days from the date of publication of this Registration Document at Banbury Road, Gaydon, Warwick CV35 0DB and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY. In addition, the Registration Document will be published in electronic form and be available on the Group's website at www.astonmartinlagonda.com.

PART XI - DEFINITIONS

“**Adjusted EBIT**”	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;
“**Adjusted EBIT margin**”	represents Adjusted EBIT as a percentage of revenue;
“**Adjusted EBITDA**”	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;
“**Adjusted EBITDA margin**”	represents Adjusted EBITDA as a percentage of revenue;
"Americas"	means Canada, Chile, Mexico, Peru and the U.S.;
“**AM Partnerships**”	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 AM Consulting to deliver consulting services to third parties;
“**AMLNA**”	means Aston Martin Lagonda of North America, Inc.;
“**APMs**”	means alternative performance measures, being a financial measure not defined or recognised under IFRS;
“Article 50”	means Article 50 of the 2009 Lisbon Treaty;
“**Articles**”	means the articles of association of the Company in force as at the date of this Registration Document;
“**Aston Martin Engine Plant**”	means the facility at the Ford Niehl Engine Plant in Cologne, Germany;
"Aston Martin Works"	means Aston Martin Works Limited;
“**Asia Pacific**”	means Australia, China, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam;
"Board"	means the board of directors of the Company from time to time;
“**Brexit"**	means the U.K.'s planned exit from the E.U.;
"CAPEX Intensity"	represents capital expenditure as a percentage of revenue;
“**Cash Conversion Ratio**”	means the ratio of cash flow from operating activities to Adjusted EBITDA;
“**Company**”	means Aston Martin Holdings (UK) 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;
“**DCBP**”	means the Primrosecove Limited Deferred Cash Bonus Plan;
“**Daimler**”	means Daimler AG;
“**Directors**”	means the directors of the Company as at the date of this Registration Document, whose details are set out in Part III *(Directors, company secretary, registered office and advisers)*;
“**D Shares**”	means the D shares of £0.001 each in the capital of the Company, having the rights and being subject to the restrictions set out in the Articles;

"**EMEA**"	means Europe, the Middle East and Africa;
"**EPA**"	means the U.S. Environmental Protection Agency;
"**ESP**"	means the Primrosecove Limited Employee Share Plan;
"**E.U.**"	means the European Union;
"**FCA**"	means the Financial Conduct Authority;
"**Ford**"	means Ford-Werke GmbH;
"**Forward-looking Statements**"	means any forward-looking statements, including forecasts, estimates, projections and opinions;
"**FSMA**"	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time;
"**GDP**"	means the gross domestic product;
"**GDPR**"	means the E.U. General Data-Protection Regulation;
"**Group**" or "**Aston Martin Lagonda**"	means the Company and each of its direct and indirect subsidiaries from time to time (and "subsidiary" shall have the meaning ascribed to it in the Companies Act 2006);
"**Historical Financial Information**"	means the information set out in Part IX (*Historical Financial Information*);
"**HNWI**"	means high net worth individual;
"**IFRS**"	means the International Financial Reporting Standards, as adopted by the E.U.;
"**IP**"	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;
"**IPO**"	means an initial public offering involving the admission to trading or listing of shares on a stock exchange (including any Recognised Investment Exchange as defined in section 285 of FSMA) or public market;
"**KPI**"	means key performance indicator;
"**LTIP**"	means the long term incentive plan related to the Company, the Chief Executive Officer and other members of the senior executive team, in the case of the Chief Executive Officer dated 2 August 2014 as amended on 20 February 2018 and, in the case of the other participants, dated 5 September 2017 as amended on 20 February 2018, as described in section 8.4 of Part X (*Additional Information*);
"**Major Shareholder**"	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 section 6 of Part X (*Additional Information*);
"**NHTSA**"	means the National Highway Traffic Safety Administration;
"**Ordinary Shares**"	means the ordinary shares of £0.001 each in the capital of the Company;
"**P Shares**"	means the P ordinary shares of £0.001 each in the capital of the Company;
"**PCAOB**"	means the Public Company Accounting Oversight Board of the U.S.;
"**Preference Shares**"	means the Preference Shares of £0.01 each in the capital of the Company;
"**Prospectus Directive**"	means the E.U. Prospectus Directive Regulation (2004/809/EC);
"**Prospectus Rules**"	means the prospectus rules of the FCA made under section 73A of FSMA;
"**Registered IP**"	means Aston Martin Lagonda's registered intellectual property, including patents, registered trademarks and registered designs;
"**Registration Document**"	means this document;
"**Safety Act**"	means the National Traffic and Motor Vehicle Safety Act 1966, as amended;
"**Senior Managers**"	means the senior managers as at the date of this Registration Document,

	whose details are set out in Part III *(Directors, Senior Managers, Corporate Governance and Remuneration);*
"**Share Option Deed**"	means the share option deed entered into between the option holder and the Company dated 18 October 2007;
"**Shareholder**"	means a registered holder of Shares from time to time;
"**Shareholders' Agreement**"	means the shareholders' agreement related to the Company in respect of its Ordinary Shares dated 18 October 2007 as amended and restated on 30 April 2013 (and subsequently amended on 19 September 2015), as described in section 14.1 of Part X (*Additional Information*);
"**Shares**"	means the shares (of any class) in the capital of the Company from time to time;
"**U.K. DB Plan**"	means the Group's U.K. defined benefit pension scheme;
"**UNECE**"	means the United Nations Economic Commission for Europe;
"**U.S. GAAS**"	means the auditing standards generally accepted in the U.S.;
"**U.S. Securities Act**"	means the U.S. Securities Act of 1933, as amended; and
"**VAT**"	means value added tax.

PART XII - GLOSSARY

"**APMs**"	means alternative performance measures, being non-IFRS measures;
"**BHP**"	means horsepower;
"**CAFE**"	means corporate average fuel economy;
"**CARE**"	means career average revalued earnings;
"**CAGR**"	means compound annual growth rate;
"**CO_2**"	means carbon dioxide;
"**GHG**"	means greenhouse gas;
"**GT**"	means grand tourer;
"**HLS**"	means high luxury sport;
"**L.E.A.D.E.R**"	means Leaders in European Automotive Development, Excellence and Research;
"**LHPEV**"	means luxury high performance electric vehicle;
"**MISSION**"	means Aston Martin Lagonda's standardised new product introduction process;
"**NM**"	means Newton Metre;
"**OEM**"	means original equipment manufacturer;
"**RDE**"	means Real-world Driving Emissions;
"**SUV**"	means sports utility vehicle; and
"**SVM**"	means small volume manufacturer; and
"**xEV (BEV and PHEV)**"	means electric vehicle technology (including battery electric vehicles and plug-in hybrid electric vehicles).