

**IMPORTANT NOTICE**

THIS OFFERING MEMORANDUM IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES PURCHASING THE SECURITIES IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

**IMPORTANT:** You must read the following before continuing. The following applies to the Offering Memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY OTHER SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE PUBLISHED, FORWARDED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons purchasing the securities outside of the United States in reliance on Regulation S under the U.S. Securities Act; *provided* that investors resident in a Member State of the European Economic Area are qualified investors (within the meaning of Article 2(1)(e) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and Directive 2010/78/EU, to the extent implemented in the relevant Member State) and any relevant implementing measure in each Member State of the European Economic Area). The Offering Memorandum is being sent to you at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

- (1) you consent to delivery of such Offering Memorandum by electronic transmission, and
- (2) either:
  - (a) you and any customers you represent are QIBs, or
  - (b) non-U.S. persons outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia, and
- (3) if you are resident in a Member State of the European Economic Area, you are a Qualified Investor.

Prospective purchasers that are QIBs are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and an initial purchaser or any affiliate of the initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such initial purchaser or such affiliate on behalf of Aston Martin Capital Holdings Limited (the "Issuer") in such jurisdiction.

The Offering Memorandum is not being distributed, nor has it been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") by an authorized person under the FSMA. The Offering Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The securities are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company.

The attached Offering Memorandum has been sent to you in an electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Initial Purchasers and their respective affiliates, directors, officers, employees, representatives and agents accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.



# ASTON MARTIN

## Aston Martin Capital Holdings Limited

**\$400,000,000 6.5% Senior Secured Notes due 2022**

**£230,000,000 5.75% Senior Secured Notes due 2022**

Aston Martin Capital Holdings Limited (the "Issuer"), a public limited company incorporated under the laws of Jersey, is offering \$400,000,000 aggregate principal amount of its 6.5% senior secured notes due 2022 (the "Dollar Notes") and £230,000,000 aggregate principal amount of its 5.75% senior secured notes due 2022 (the "Sterling Notes" and, together with the Dollar Notes, the "Notes").

The Dollar Notes will bear interest at a rate of 6.5% per annum and will mature on April 15, 2022. The Sterling Notes will bear interest at a rate of 5.75% per annum and will mature on April 15, 2022. Interest on the Notes will accrue from April 18, 2017, and will be payable semi-annually in arrears on each April 15 and October 15, commencing on October 15, 2017. Prior to April 15, 2019, the Issuer will be entitled at its option to redeem all or a portion of the Notes by paying an applicable "make whole" premium. On or after April 15, 2019, the Issuer will be entitled at its option to redeem all or a portion of the Notes, at any time or from time to time, at the applicable redemption prices set forth in this offering memorandum (the "Offering Memorandum"). In addition, at any time prior to April 15, 2019, the Issuer may redeem at its option up to 40% of each series of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 106.5% of the principal amount of the Dollar Notes and 105.75% of the principal amount of the Sterling Notes, redeemed plus accrued and unpaid interest; provided that at least 50% of the original aggregate principal amount of the Dollar Notes and/or the Sterling Notes, as applicable, remains outstanding after the redemption. Prior to April 15, 2019, the Issuer may redeem during each twelve-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes) at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest to the applicable redemption date.

The Notes may be redeemed at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events, the Issuer may be required to offer to redeem the Notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of the redemption.

The Notes will be senior secured obligations of the Issuer and will rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Notes will be guaranteed on a senior secured basis by Aston Martin Investments Limited ("AM Investments") and certain of its direct and indirect subsidiaries (the "Guarantors"). The Notes will be guaranteed on a senior secured basis by each Guarantor (each, a "Guarantee" and, collectively, the "Guarantees") and will rank equally in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee and will be senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee. The Notes and the Guarantees will be secured by liens on certain assets that also secure our obligations under the New Revolving Credit Facility (as defined herein) and certain hedging obligations (if any). Subject to the Agreed Security Principles (as defined herein), the New Revolving Credit Facility and certain hedging obligations will be secured on a "super priority" basis and will receive proceeds from the enforcement of the Collateral (as defined herein) ahead of the Notes.

There is currently no public market for the Notes. Application will be made to The Channel Islands Securities Exchange Authority Limited for the listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited.

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 146.

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**An investment in the Notes involves risks. See "Risk Factors" beginning on page 24.**

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The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States or any other jurisdiction. The Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act or the securities laws of any other jurisdiction. Accordingly, we are offering the Notes only to "qualified institutional buyers" in reliance on Rule 144A of the U.S. Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "Transfer Restrictions".

The Notes will be issued in the form of global notes in registered form. See "Book-Entry; Delivery and Form". The Dollar Notes and the Sterling Notes will be issued in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof or of £100,000 and integral multiples of £1,000 in excess thereof, respectively. The Dollar Notes are expected to be delivered to investors in book-entry form through The Depository Trust Company ("DTC"), and the Sterling Notes are expected to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"), in each case, on or about April 18, 2017 (the "Issue Date").

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**Dollar Notes issue price: 100.000% and accrued interest, if any, from the Issue Date.**

**Sterling Notes issue price: 100.000% and accrued interest, if any, from the Issue Date.**

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Joint Global Coordinators

J.P. Morgan

Deutsche Bank

Goldman Sachs International

Joint Bookrunners

BofA Merrill Lynch

HSBC

Morgan Stanley

Standard Chartered Bank

UniCredit Bank

Offering Memorandum dated March 31, 2017.



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## Important information

You should base your decision to invest in the Notes solely on the information contained in this Offering Memorandum. Neither we nor the Issuer have authorized anyone to provide any information or to make any representations other than those contained in this Offering Memorandum. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors and the Initial Purchasers, as defined elsewhere in this Offering Memorandum. You must not rely on any unauthorized information or representations.

We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The information contained in this Offering Memorandum is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

This Offering Memorandum is an offer to sell only the Notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell any Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals. Neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See *"Notice to Investors"*.

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase the Notes. You must not:

- use this Offering Memorandum for any other purpose; or
- disclose any information in this Offering Memorandum to any other person.

We and the Issuer have prepared this Offering Memorandum, and we and the Issuer are solely responsible for its contents. This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. In making your investment decision, you should not consider any information in this Offering Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. It should be remembered that the price of securities and the income from them can fluctuate. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- you have had an opportunity to request, receive and review additional information that you need from us;
- you have made certain acknowledgements, representations and agreements as set forth under the captions *"Transfer Restrictions"*; and
- The Initial Purchasers, the Trustee, the Security Agent, the Registrar, the Transfer Agent, the Calculation Agent and the paying agents, are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer (having taken reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect.

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The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer.

Prospective purchasers in the United States are hereby notified that the sellers of the Notes may be relying on the exemption from Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this Offering Memorandum, see "*Notice to Investors*" and "*Transfer Restrictions*". By purchasing any Notes, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this Offering Memorandum.

**THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Initial Purchasers require persons into whose possession this Offering Memorandum comes to inform themselves about and to observe any such restrictions, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. For a description of certain restrictions on offers, sales and resales of Notes and distribution of this Offering Memorandum, see "*Notice to Investors*".

The Jersey Financial Services Commission (the "Commission") has given, and has not withdrawn, or will have given prior to the issue of the Notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. A copy of this Offering Memorandum has been delivered to the registrar of companies in Jersey (the "Jersey Registrar") in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. See "*Plan of Distribution*" and "*Notice to Investors*". You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We have prepared this Offering Memorandum solely for use in connection with this offering. In the United States, you may not distribute this Offering Memorandum or make copies of it without our prior written consent other than to people you have retained to advise you in connection with this offering.

This Offering Memorandum summarizes material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this Offering Memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of the offering and the Notes, including the merits and risks involved. See "*Where You Can Find More Information*". You should not consider any information in this document to be legal, business or tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. Any Initial Purchaser and certain affiliates may acquire for their own account a portion of the Notes.

Application will be made to the Channel Islands Securities Exchange Authority Limited for the listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited, and the Issuer will submit this Offering Memorandum to the Channel Islands Securities Exchange Authority Limited in connection with the listing application. In the course of any review by the Channel Islands Securities Exchange Authority Limited, the

Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum in producing a listing document for such listing. Comments by the Channel Islands Securities Exchange Authority Limited may require significant modification to or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in its business, financial condition or results of operations and prospects. The Issuer cannot guarantee that its application for listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited will be approved as of the date of issuance of the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

See "*Risk Factors*", immediately following the "*Summary*", for a description of some important factors relating to an investment in the Notes offered by this Offering Memorandum.

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## **Stabilization**

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES LLC (IN RESPECT OF THE DOLLAR NOTES) AND J.P. MORGAN SECURITIES PLC (IN RESPECT OF THE STERLING NOTES) (TOGETHER, THE "STABILIZING MANAGERS") (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGERS) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICES OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZING MANAGERS (OR ANY PERSON(S) ACTING ON BEHALF OF A STABILIZING MANAGER OR STABILIZING MANAGERS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

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## **Notice to investors**

### **Notice to U.S. investors**

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Transfer Restrictions*." The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer and resale. Prospective purchasers are hereby notified that the seller of any new Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*." The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any new Note to the public.

### **Notice to prospective investors in Canada**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), or section 1.1 of National Instrument 45-106 *Prospectus Exemptions* and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the



purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

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

## Notice to European economic area investors

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

## Notice to certain UK investors

This Offering Memorandum is directed solely at persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

## Notice to investors in Austria

This Offering Memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and no prospectus is required in accordance with Directive 2003/71/EC. Neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will be made only in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 3 paragraph 1 number 11 Austrian Capital Markets Act.

## Notice to investors in Belgium

This Offering Memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Offering has not been and will not be notified to, and this Offering Memorandum has not been, and will not be, approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes. Accordingly, the Offering, as well as any other materials relating to the Offering may not be advertised, the Notes may not be offered or sold, and this Offering Memorandum or any other information circular, brochure or similar document may not be distributed, directly or indirectly, (i) to any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market or pursuant to the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios or (ii) to any person qualifying as a consumer within the meaning of the Book VI of the Belgian Code of Economic Law (the "Belgian Code"), unless such sale is made in compliance with the Belgian Code and its implementing regulation. This Offering Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the offer. Therefore it may not be used for any other purpose, or passed on to any other person in Belgium.

## Notice to investors in France

This Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France (*offre au public de titres financiers*) within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des Marchés Financiers* (the French financial markets authority) (the "AMF") and therefore has not been and will not be submitted to the AMF for prior approval or otherwise and does not require a prospectus to be submitted for approval to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in and in accordance with L. 411-1, L. 411-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*. Prospective investors are informed that (a) this Offering Memorandum has not been and will not be submitted for clearance to the AMF, (b) qualified investors (*investisseurs qualifiés*) and any

restricted circle of investors (*cercle restreint d'investisseurs*) referred to in article L. 411-2-II-2 of the French *Code monétaire et financier* may only participate in the Offering for their own account, as provided under articles L. 411-2-II-2, D. 411-1, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with applicable laws and regulations, in particular those relating to an offer to the public (*offre au public de titres financiers*) (which are embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*).

## Notice to investors in Germany

The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act," *Wertpapierprospektgesetz*, or *WpPG*), as amended, the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, and any other applicable German law. No application has been made or will be made under German law to permit a public offer of Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "BaFin") or obtain a notification to the BaFin from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 (3) of the Securities Prospectus Act.

## Notice to investors in Italy

The offering has not been cleared by the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("**Regulation No. 16190**"), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), implementing Article 100 of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"); and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuer Regulation.

Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Act, Italian Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) and any other applicable laws and regulations;

- (b) in compliance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy or any other relevant Italian authorities.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

For selling restrictions in respect of Italy, see also "*Notice to European economic area investors*" above.

## **Notice to investors in Luxembourg**

This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (Commission de Surveillance du Secteur Financier) (the "CSSF") for purposes of public offering or sale in Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the listing on the Official List of the Luxembourg Stock Exchange and admission to trading of the Notes on the Euro MTF Market and except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Luxembourg Prospectus Act.

## **Notice to investors in the Netherlands**

This Offering Memorandum is not directed at any person in the Netherlands other than qualified investors (*gekwalficeerde beleggers*) as defined in the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*), as amended. The Notes have not, may not and will not be offered to any person in the Netherlands, other than to qualified investors (*gekwalficeerde beleggers*). This Offering Memorandum must not be acted on or relied on by persons in the Netherlands who are not qualified investors (*gekwalficeerde beleggers*).

## **Notice to investors in Poland**

The Notes may not be offered or sold in or into Poland except under circumstances that do not constitute a "public offering," defined under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies of July 29, 2005, as amended (the "Public Offering Act") as a communication made in any form and by any means, directed at 150 or more people or at an unnamed addressee containing information on the securities and the terms of their acquisition sufficient to enable an investor to decide on the securities acquisition. This Offering Memorandum is not a prospectus or information memorandum and, as such, has not been and will not be approved by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*).

## **Notice to investors in Sweden**

This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (*Sw. lagen (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Swedish Financial Instruments Trading Act.

## Notice to investors in Spain

The Notes may not be offered or sold in Spain except (i) in accordance with the requirements of the Spanish Securities Market Law 4/2015, of October 23 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, and Royal Decree 1310/2005 of November 4, 2005 on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended from time to time, and any other implementing regulations (the "Spanish Securities Market Law"); and (ii) by institutions authorized to provide investment services in Spain under and pursuant to the Spanish Securities Market Law (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*). The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, within the meaning of the Spanish Securities Market Law. None of the Notes, the Offering or this Offering Memorandum and its contents have been or will be approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of Notes in Spain.

## Notice to investors in Switzerland

This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, does not constitute a public offering prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd., and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd. and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied or distributed to the public in (or from) Switzerland.

**THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.**

## **Presentation of financial and other information and use of non-IFRS financial information**

Unless otherwise indicated, the historical and other financial data presented in this Offering Memorandum have been derived from the historical consolidated financial statements of AM Holdings included elsewhere in this Offering Memorandum.

### **Financial information of AM Holdings**

The consolidated financial statements of AM Holdings for the years ended December 31, 2014, 2015 and 2016 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). In addition, we have included certain non-IFRS financial measures in this Offering Memorandum, including EBITDA, February LTM EBITDA, Pro Forma Adjusted February LTM EBITDA and certain financial ratios. Non-IFRS financial measures are derived on the basis of methodologies other than IFRS and the non-IFRS measures we present may also be defined differently than the corresponding terms under the Indenture. See "*—Non-IFRS Measures*".

AM Holdings will not provide a Guarantee or any type of credit support for the Notes (other than a share pledge over all of the Company's capital stock). The consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings which, after giving effect to the Transactions, are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AM Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. After giving effect to the Transactions, the material differences between the consolidated financial position and results of operations of AM Holdings and the Company will primarily relate to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which are obligations of AM Holdings, but not the Company, as well as £1.4 million, £3.9 million and £1.1 million of annual administration costs of AM Holdings for the years ended December 31, 2014, 2015 and 2016, respectively. Therefore, we have presented in this Offering Memorandum the financial and operating results and certain other information relating to AM Holdings in lieu of the Company. We believe that AM Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position. AM Holdings will be the reporting entity under the covenants.

The Issuer is a newly formed, wholly owned direct subsidiary of AM Investments (the "Company"). Following the Refinancing, AM Holdings will transfer the entire share capital of AM Capital to the Company in exchange for the issuance of shares in the Company to AM Holdings. The Company will then transfer the entire share capital of AM Capital to the Issuer in exchange for the issuance of shares in the Issuer to the Company. See "*Summary—The Transactions—The Reorganization*".

The financial information and financial statements included in this Offering Memorandum are presented in pounds sterling.

Certain numerical figures included in this Offering Memorandum have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

### **Non-IFRS measures**

Our management uses EBITDA, February LTM EBITDA, Pro Forma Adjusted February LTM EBITDA and cash conversion ratio to assess our operating performance. In addition, we believe these metrics are measures commonly used by investors. EBITDA, February LTM EBITDA, Pro Forma Adjusted February LTM EBITDA and cash conversion ratio are not presentations made in accordance with IFRS, and our use of such terms varies from others in our industry. 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 operating cash flows as measures of liquidity. EBITDA, February LTM EBITDA, Pro Forma Adjusted February LTM EBITDA have important limitations as analytical tools and you should not

consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, EBITDA:

- excludes certain tax payments that may represent a reduction in cash available to us;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs; and
- does not reflect the significant financial expense, or the cash requirements necessary to service interest payments, on our debts.

EBITDA reflects the impact of earnings or charges resulting from matters that we and the holders of the Notes may consider not to be indicative of our ongoing operations. Therefore, we also present February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA. February LTM EBITDA is defined as EBITDA for the year ended December 31, 2016 as adjusted to include EBITDA for the two months ended February 28, 2017 less the EBITDA for the two months ended February 29, 2016. Pro Forma Adjusted February LTM EBITDA is defined as February LTM EBITDA as adjusted to give pro forma effect to the EBITDA contribution for Orders in Production (net of expected costs) that are scheduled to be in production during the period from March 1, 2017 to May 31, 2017, less our EBITDA for the comparable period in 2016. See *“Summary Historical Consolidated Financial and Other Data”*. Such non-IFRS financial information has not been audited or reviewed by KPMG LLP. Non-IFRS measures 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 our future results of operations or liquidity.

### **Pro forma financial information**

This Offering Memorandum also includes certain unaudited pro forma consolidated financial information, including pro forma cash and cash equivalents, pro forma total debt, pro forma net debt and pro forma interest expense (each, as defined in this Offering Memorandum) and leverage and coverage ratios, which have been adjusted to give pro forma effect to the Transactions as if they had occurred on (i) December 31, 2016 for the purposes of the calculation of our pro forma total debt and pro forma net debt, and (ii) January 1, 2016 for the purpose of the calculation of our pro forma interest expense. Pro forma cash and cash equivalents have been adjusted to give effect to our estimated cash position after giving effect to the Transactions. Such pro forma measures are not financial measures defined in accordance with IFRS and, as such, may not be comparable to similarly titled measures used by other companies. For a further description of the pro forma financial information see *“Summary—Summary Historical Consolidated Financial and Other Data”*.

Pro Forma February Adjusted LTM EBITDA for the last twelve months ended February 28, 2017 is based on Adjusted February LTM EBITDA, which has been adjusted to give effect to the EBITDA contribution for the value of Orders in Production from March 1, 2017 to May 31, 2017, less our EBITDA for the comparable period in 2016. However, these values are estimates based on management accounts and may be different from any anticipated future results. See *“Summary—Summary Historical Consolidated Financial and Other Data”* for further information on our Pro Forma Adjusted February LTM EBITDA.

Such pro forma financial information has not been audited or reviewed by KPMG LLP. Pro Forma Adjusted February LTM EBITDA is included in this Offering Memorandum as we believe it provides a useful measure of our results of operations; however, this information does 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 our future results of operations or liquidity. As all companies do not calculate these financial measures in the same manner, the presentation of each financial measure may not be comparable to other similarly titled measures used by other companies. The unaudited pro forma consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited pro forma adjustments

are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma consolidated financial information has been provided for informational purposes only. Results indicated by certain of these measures may not be realized, and funds depicted by certain of these measures may not be available for management's discretionary use if such results are realized. Further, the unaudited pro forma consolidated financial information does not purport to indicate our future consolidated results of operations or our cash position or financial position as at any future date. The actual results may differ significantly from those reflected in the unaudited pro forma financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited pro forma financial information.

The unaudited pro forma consolidated financial information is for informational purposes only and should be read in conjunction with the information contained in "*Summary—Summary Consolidated Historical Financial and Other Data*", "*Selected Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Risk Factors—The adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*", "*Risk Factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*" and the financial statements included in this Offering Memorandum.

## **Order book**

This Offering Memorandum also includes certain information relating to our order book. Our management uses an order book for all of our models, including our special projects, to track current and future orders and to assess the operating performance of the business, including sales and revenue as well as expected costs. Although management uses the order book to calculate the EBITDA adjustment to give the pro forma effect to the EBITDA contribution for Orders in Production, we only recognize revenue from Orders in Production upon delivery of the car, which, for various reasons, could be delayed or not occur at all. See "*Risk Factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*" and "*Risk Factors—Risks relating to our business and industry—Our profitability is dependent on our ability to secure orders of our special edition models and we may be delayed or unable to deliver these models in the applicable timeframe, which could lead to an incurrence of additional costs, a loss in profitability and damage to our reputation*".

We divide our order book into Orders in Production and Orders not yet in Production:

### ***Orders in Production***

Orders in Production represents fully committed orders for our cars from our customers and dealers as of March 1, 2017 which are scheduled to be in production during the period from March 1, 2017 to May 31, 2017, and which have been loaded onto our internal scheduling system. These orders are fully specified, meaning the ordered unit's specifications such as the trim, upholstery colors and material finishes have been specified by our customer or dealer. We require 12 weeks, at a minimum, to satisfy our production scheduling for an order. Orders in Production are firm orders for which we have scheduled supply of components from suppliers and begun production and which our dealers cannot unilaterally cancel.

### ***Orders not yet in Production***

Orders not yet in Production represents (i) orders for our cars from our customers and dealers that are not yet fully specified because details, such as trim, upholstery color and materials finish still need to be specified by our customer or dealer, such that they cannot yet be loaded onto our internal scheduling system and therefore production has not yet begun as of March 1, 2017 and (ii) fully specified orders that are scheduled to begin production after May 31, 2017. Additionally, we have not yet scheduled the relevant supply of components from suppliers if an order is designated as an Order not yet in Production. Orders not yet in Production are cancellable by dealers.



Orders not yet in Production are not included in Pro Forma Adjusted February LTM EBITDA.

Neither Orders in Production nor Orders not yet in Production should 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 operating cash flows as measures of liquidity. Our order book has important limitations as analytical tools as both figures are subject to change and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS. Unforeseen events or circumstances, including, for example, termination, increased time requirements to complete the work, delays in commencing work, impacts of currency fluctuations, disruption of work, irrecoverable cost overruns, product recalls or other unforeseen events may affect our ability to fulfil Orders in Production. See "Forward-Looking Statements", "*Risk Factors—Risks related to our business and industry—The adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*" and "*Risk Factors—Risks relating to our business and industry—Our order book is not necessarily indicative of our future revenue or results of operations*".

## Market and industry data

We obtained market data and certain industry data and forecasts included in this Offering Memorandum from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Bain & Company, Luxury Goods Worldwide Market Study, Fall-Winter-2016; Capgemini Financial Services Analysis, 2016; PwC Global Economy Watch; and World Bank Data were the sources of certain data in this document. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's knowledge of the industry, have not been independently verified. Statements as to our market position are based on recently available data. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" appearing elsewhere in this Offering Memorandum.

## Exchange rate and currency information

Unless otherwise indicated, references in this Offering Memorandum to “sterling”, “pounds sterling”, “GBP” or “£” are to the lawful currency of the United Kingdom and references to “U.S. dollars”, “dollars”, “U.S.\$” or “\$” are to the lawful currency of the United States of America.

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg New York Composite Rate expressed as U.S. dollars per £1.00. The Bloomberg New York Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg New York Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. None of the Issuer, the Guarantors or the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into pounds 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 pounds sterling on March 21, 2017, was \$1.2478 per £1.00.

Year	U.S. dollar per £1.00			
	High	Low	Average <sup>(1)</sup>	Period end
2012	1.6279	1.5317	1.5852	1.6248
2013	1.6556	1.4867	1.5649	1.6556
2014	1.7166	1.5517	1.6476	1.5578
2015	1.5881	1.4632	1.5285	1.4736
2016	1.4880	1.2123	1.3554	1.2357

Month	U.S. dollar per £1.00			
	High	Low	Average <sup>(1)</sup>	Period end
September 2016	1.3439	1.2968	1.3149	1.2977
October 2016	1.2842	1.2123	1.2335	1.2244
November 2016	1.2593	1.2243	1.2442	1.2506
December 2016	1.2732	1.2225	1.2473	1.2357
January 2017	1.2633	1.2049	1.2354	1.2579
February 2017	1.2659	1.2381	1.2487	1.2381
March 2017 (through March 21, 2017)	1.2478	1.2153	1.2282	1.2478

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

## Forward-looking statements

This Offering Memorandum includes forward-looking statements. When used in this document, the words “anticipate”, “believe”, “estimate”, “forecast”, “expect”, “intend”, “plan” and “project” and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us.

Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under “*Risk Factors*” and elsewhere in this Offering Memorandum, the following:

- our future success depends on our continued ability to introduce our next generation of cars, which will require significant capital expenditures;
- our future business success depends on our ability to develop attractive products that are tailored to our customers’ needs and tastes;
- our future business success depends on our ability to maintain the high quality of our cars and brand and to be able to pass through the cost of that high quality to our customers;
- the Aston Martin brand could be damaged or weakened;
- demand for our products and our pricing power is dependent on consumers’ sentiment and purchasing power;
- our profitability is dependent on our ability to secure orders of our special edition models and we may be delayed or unable to deliver these models in the applicable timeframe, which could lead to an incurrence of additional costs, a loss in profitability and damage to our reputation;
- we face strong competition, which could lead to a significant drop in unit sales or price deterioration;
- we could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers, in particular Ford and Daimler;
- our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance;
- conditions in the global economy may adversely affect us;
- legal, political and economic uncertainty surrounding the planned exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition;
- our long-term success depends on attracting and retaining key management and other personnel, and failure to attract, retain and maintain good relationships with our employees may adversely affect our business;
- we face risks arising from foreign currency exchange rates and from related hedging;
- our low volume strategy may limit potential profits;
- the trend towards smaller cars and engines with lower engine capacity and new drive technologies could negatively impact us;
- new laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, vehicle safety or environmental, health and safety laws or changes in other existing laws, may have a significant effect on our business;

- the effects of certain vehicle safety regulations may have an adverse impact on us;
- the effects of certain European regulatory changes may have a material adverse impact on us;
- we are exposed to risks in connection with product related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns, which may be costly and may harm our reputation;
- we are dependent upon our dealers for the sale and promotion of our products;
- our growth strategy exposes us to risks;
- developments in emerging markets may adversely affect our business;
- we are currently dependent on our sole manufacturing facility at Gaydon, United Kingdom and we may incur unanticipated costs or delays in launching our new plant in St. Athan;
- car sales depend in part on the availability of affordable financing;
- we may become subject to risks arising from legal disputes and may become the subject of government investigations;
- changes in tax, tariff or fiscal policies could adversely affect demand for our products;
- we may not succeed in adequately protecting our intellectual property and know-how;
- it cannot be ruled out that we 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;
- we rely on confidential know-how and trade secrets to protect our intellectual property which cannot be patented and this depends on confidentiality of this information being maintained;
- we are exposed to operational risks, including risks in connection with the use of information technology;
- we may lose or fail to maintain licenses, permission or certifications that we currently use to import our products into other markets;
- we operate a number of pension arrangements, including a UK defined benefit pension scheme to which we have been required to increase our contributions to fund an increase in the cost of future benefits and/or funding shortfalls;
- the Pensions Regulator in the United Kingdom has the statutory power in certain circumstances to issue contribution notices or financial support directions which, if issued, could result in significant liabilities arising for us or our significant shareholders;
- our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business;
- the adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision;
- our order book is not necessarily indicative of our future revenue or results of operations;
- our business model is based on the availability of the Wholesale Finance Facility, which involves certain liquidity risks, and the loss of our ability to draw under this facility or its credit insurance backing could adversely affect the Group's liquidity and therefore have a material adverse effect on our business; and
- other risks related to our indebtedness and the Notes discussed under "*Risk Factors—Risks related to our indebtedness and the Notes*".

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our 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 Offering Memorandum, except as required by law.

In addition, this Offering Memorandum contains information concerning our industry and our market and business segments generally, which is forward looking in nature and is based on a variety of assumptions regarding the ways in which our industry, our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Offering Memorandum. Although we believe that this information is reliable and take responsibility for the correct extraction and reproduction of the information, we have not independently verified and cannot guarantee its accuracy or completeness. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of the Notes.

## Use of terms

Unless otherwise specified or the context requires otherwise in this Offering Memorandum, references to:

- “Agreed Security Principles” means the agreed security principles to be set out in a schedule to the New Revolving Credit Facility Agreement, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer;
- “American Inventory Funding Facility” are to the inventory funding facility entered into between AML and Standard Chartered Bank on March 28, 2012, as amended pursuant to side letters dated April 19, 2013, April 29, 2014, January 16, 2015 and, April 1, 2016 and to be amended on or about the Issue Date;
- “AM Capital” are to Aston Martin Capital Limited;
- “AM Holdings” are to Aston Martin Holdings (UK) Limited and not to its subsidiaries;
- “AM Investments” are to Aston Martin Investments Limited and not to its subsidiaries;
- “AML” are to Aston Martin Lagonda Limited and not its subsidiaries;
- “AML Group Ltd.” are to Aston Martin Lagonda Group Limited and not to its subsidiaries;
- “Asia Pacific” are to Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam;
- “Chinese Inventory Funding Arrangements” are to the four inventory funding arrangements, two of which were entered into by Aston Martin Lagonda (China) Automobile Distribution Co. with Ningbo Commerce Bank, one with China Guangfa Bank and one with Union Leatop Financial Leasing Ltd;
- “Collateral” are to, subject to the Agreed Security Principles, (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued Capital Stock of the Company, (ii) a first-priority security interest under a Jersey law security interest agreement granted by the Company over the issued share capital of the Issuer, (iii) a first-priority security interest under a Jersey law security interest agreement granted by the Issuer over the issued share capital of AM Capital, (iv) a first-priority security interest under the English law debenture referred to in (ix) of this definition granted by the Company over the issued Capital Stock of AML Group Limited, (v) a first-priority security interest under the English law debenture referred to in (ix) of this definition granted by AML Group Limited over the issued Capital Stock of AML, (vi) a first-priority security interest under New York law granted by AML Group Limited over the issued Capital Stock of Aston Martin Lagonda of North America, Inc., (vii) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan, (viii) to the extent still outstanding, a first-priority assignment governed by English law by AM Capital of its rights under the Existing Notes Proceeds Loan, and (ix) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Limited and AML;

- “derivative” are to a variation of an existing model, such as a suite of upgrades in the engine, chassis and/or design, such as interior lighting or an upgrade in the casings for the center console and door;
- “Dollar Notes” are to the \$400 million in aggregate principal amount of the Issuer’s 6.5% senior secured notes due 2022 offered hereby;
- “Dollar Notes Initial Purchasers” are to collectively J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., Goldman Sachs International, Merrill Lynch International, HSBC Bank plc, Morgan Stanley & Co. International plc, Standard Chartered Bank and UniCredit Bank AG;
- the “EEA” are to the European Economic Area;
- the “EU” are to the European Union;
- “Existing Notes” are to the £304,000,000 9.25% Senior Secured Notes due 2018 issued by AM Capital;
- “Existing PIK Notes” are to the \$165,000,000 10.25% senior subordinated PIK notes due 2018 issued by AM Holdings;
- “Existing Notes Proceeds Loan” are to the approximately £150.1 million (as of December 31, 2016) of debt due from AM Holdings to AM Capital that will remain outstanding after the Issue Date. Such obligation does not accrue cash interest;
- “Existing Revolving Credit Facility” are to the £40,000,000 revolving credit facility initially entered into on June 21, 2011 (as amended and restated from time to time) among, inter alios, Aston Martin Lagonda Limited as borrower and guarantor, each of Aston Martin Capital Limited, Aston Martin Holdings (UK) Limited, Aston Martin Investments Limited, Aston Martin Lagonda Group Limited and Aston Martin Lagonda Limited as guarantors and Deutsche Bank AG, London Branch as agent and security agent;
- “Guarantee Fee Agreement” are to the agreement between certain representatives of the government of Wales, AML and AM Holdings dated December 8, 2016, pursuant to which we have agreed to pay the government of Wales a fee in connection with its guarantee of certain of our obligations with respect to our occupation of the premises on which our St. Athan’s plant is housed;
- “Guarantees” are to the unconditional guarantees of the Notes initially to be provided by all the Guarantors pursuant to the Indenture;
- “Guarantors” are to the Company, AML Group Ltd., AML and AM Capital;
- “HLS” are to the high luxury sports segment of the automotive industry;
- “HNWI” are to high net worth individuals, which are typically defined as individuals having investable assets (financial assets not including primary residence, collectibles, consumables and consumer durables) in excess of \$1 million;
- “IFRS” are to International Financial Reporting Standards, as adopted in the EU;
- “Indenture” are to the indenture governing the terms of the Notes among the Issuer, the Guarantors, U.S. Bank Trustees Limited, as trustee and security agent, dated on the date of issuance of the Notes;
- “Initial Purchasers” are to, collectively, the Dollar Notes Initial Purchasers and the Sterling Notes Initial Purchasers;
- “Intercreditor Agreement” are to the intercreditor agreement dated on or about the Issue Date, among, the Issuer, the Guarantors, U.S. Bank Trustees Limited, as security agent, the lenders under the New Revolving Credit Facility and to which the Trustee will accede on the Issue Date;
- “Inventory Funding Facilities” are to the American Inventory Funding Facility and the Chinese Inventory Funding Arrangements;
- “Issue Date” are to the date on which the Notes are issued;
- the “Issuer” are to Aston Martin Capital Holdings Limited, a wholly owned subsidiary of the Company, incorporated under the laws of Jersey as a public limited company;

- “New Revolving Credit Facility” are to the £80,000,000 revolving credit facility initially entered into or to be entered into on or about the date of this Offering Memorandum (as amended and restated from time to time) among, *inter alios*, AML as borrower and guarantor, the Company as parent and an original guarantor, each of the Issuer, AM Capital and AML Group Ltd., as original guarantors and J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as lead arrangers, JPMorgan Chase Bank, N.A., London Branch, Goldman Sachs Bank USA, Deutsche Bank AG, London Branch, Morgan Stanley Senior Funding Inc, HSBC Bank plc, UniCredit Bank AG, London Branch, Standard Chartered Bank and Bank of America Merrill Lynch International Limited, as original lenders, Elavon Financial Services DAC, UK Branch, as facility agent and U.S. Bank Trustees Limited, as security agent;
- “Notes” are to the Dollar Notes and the Sterling Notes;
- “Notes Proceeds Loan” are to the subordinated intercompany loan between the Issuer, as lender, and AML, as borrower, dated on or about the Issue Date, whereby the gross proceeds of the offering of the Notes are lent to AML;
- “order book” are to our order book, which we divide into Orders in Production and Orders not yet in Production, that our management uses to evaluate the current performance of our business as further described in “*Presentation of Financial Information—Order Book*”;
- “Orders in Production” are to fully committed orders for our cars from our customers and dealers as of March 1, 2017 which are scheduled to be in production during the period from March 1, 2017 to May 31, 2017, and which have been loaded on our internal scheduling system. These orders are fully specified, meaning the ordered unit’s specifications such as the trim, upholstery colors and material finishes have been specified by our customer or dealer. We require 12 weeks, at minimum, to satisfy our production scheduling for an order. Orders in Production are firm orders for which we have scheduled supply of components from our suppliers and begun production and which our dealers cannot unilaterally cancel;
- “Orders not yet in Production” are to (i) orders for our cars from our customers and dealers that are not yet fully specified because details, such as trim, upholstery color and materials finish still need to be specified by our customer or dealer, such that they cannot yet be loaded onto our internal scheduling system and therefore production has not yet begun as of March 1, 2017 and (ii) specified orders that are scheduled to begin production after May 31, 2017. Additionally, we have not yet scheduled the relevant supply of components from suppliers if an order is designated as an Order not yet in Production. Orders not yet in Production are cancellable by dealers and are not counted toward the adjustments to give pro forma effect on EBITDA;
- “Preference Shares” are to the preference shares issued by AM Holdings, certain of which were allotted on April 29, 2015 with the remaining preference shares allotted on April 15, 2016;
- “Qualified Marketing Lead” are to potential customers who have shown interest in buying one of our cars, either by visiting a dealership or inquiring by phone or email, and who have the financial means to complete such purchase;
- “Refinancing” are to:
  - the issuance by the Issuer of the approximately £550.0 million (equivalent) aggregate principal amount of Notes offered hereby;
  - the contribution by the Issuer of the proceeds of the Notes as a subordinated intercompany loan to AML pursuant to the Notes Proceeds Loan, which, in turn, AML will use (i) to redeem the Existing Notes on behalf of AM Capital, (ii) to redeem the Existing PIK Notes on behalf of AM Holdings, (iii) to pay commissions, fees and expenses associated with these transactions as well as a fee expected to be paid to holders of the Preference Shares relating to certain proposed amendments to the terms of the Preference Shares and (iv) for general corporate purposes, including working capital; and



- the repayment (to the extent applicable) and cancellation of the Existing Revolving Credit Facility and the entrance into the New Revolving Credit Facility Agreement;
- “Restricted Group” are to the Company and its subsidiaries which will be subject to the Indenture on or after the Issue Date, which excludes any subsidiaries identified later by the Company as an unrestricted subsidiary;
- “Reorganization” are to, the formation of the Issuer, which is a newly formed, wholly owned direct subsidiary of the Company and immediately following the redemption of the Existing Notes:
  - the transfer by AM Holdings of the entire share capital of AM Capital to the Company in exchange for the issuance of shares in the Company to AM Holdings; and
  - the subsequent transfer by the Company of the entire share capital of AM Capital to the Issuer in exchange for the issuance of shares in the Issuer to the Company;
- “Sterling Notes” are to the £230 million in aggregate principal amount of the Issuer’s 5.75% senior secured notes due 2022 offered hereby;
- “Sterling Notes Initial Purchasers” are to collectively J.P. Morgan Securities plc, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International, HSBC Bank plc, Morgan Stanley & Co. International plc, Standard Chartered Bank and UniCredit Bank AG;
- “Transactions” are to the Refinancing and the Reorganization; and
- “Wholesale Finance Facility” are to the trade finance facility agreement between Aston Martin Lagonda Limited, Aston Martin Lagonda of North America, Inc. and Standard Chartered Bank dated May 31, 2007, as amended from time to time.

In addition to the terms defined above, the terms “Company”, “Group”, “we”, “us”, “our”, “Aston Martin” and other similar terms refer to AM Investments and its direct and indirect subsidiaries, except as otherwise indicated or where the context otherwise requires. Immediately following the redemption of the Existing Notes, AM Holdings will not be part of the Restricted Group.

## Summary

*This summary highlights information contained elsewhere in this Offering Memorandum. The information set forth in this summary does not contain all the information you should consider before making your investment decision. You should carefully read the entire Offering Memorandum, including the section "Risk Factors" and our consolidated financial statements and related notes, before making your investment decision. This summary contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly from future results as a result of factors such as those set forth in "Risk Factors" and "Forward-Looking Statements".*

*Unless the context otherwise requires, all references herein to "we", "our", "us", "the Company" and "Aston Martin" are to Aston Martin Holdings (UK) Limited and its consolidated subsidiaries and/or Aston Martin Investments Limited and its consolidated subsidiaries.*

### **Our company**

The Aston Martin brand is one of the world's most iconic and leading luxury brands focused on the design, engineering and manufacturing of luxury sports cars. Our brand has a history of over 100 years and symbolizes luxury, exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. We believe our rich and prestigious heritage defines Aston Martin as something truly unique within the automotive industry.

Our cars solely address the high luxury sports ("HLS") segment and we believe they are the epitome of performance, luxury and styling. Our current core model line-up comprises five core models, including two sports cars (V8 Vantage S and V12 Vantage S), one grand tourer (the new DB11), one four-door, four-seat sports coupe (Rapide S) and one super car (Vanquish S). Some of these models are available in different model types, as well as in coupe and convertible models. We also regularly develop and produce special edition niche models, such as the Vantage GT12, Aston Martin Vulcan, Lagonda Taraf, Vanquish Zagato and our new hyper-car Aston Martin Valkyrie.

In 2015, we introduced our new Second Century Plan based on three key principles: one to two new core models or derivatives per year, promoting a self-funding business and diversifying our portfolio of products to cover sports cars, sedans and sports utility vehicles ("SUV"), or our "three pillar strategy". Our plan has four phases: business stabilization, core strengthening and expansion of our products portfolio, all culminating in our final phase to solidify our position as a self-sustaining luxury business. We have begun to transition from phase two to phase three of the plan following the successful introduction of the DB11 and the recent unveiling of the Aston Martin Valkyrie. We also made significant progress on plans to expand and diversify our product line-up by finalizing the acquisition of the St. Athan (Wales) manufacturing site where the DBX, our first SUV, will be made.

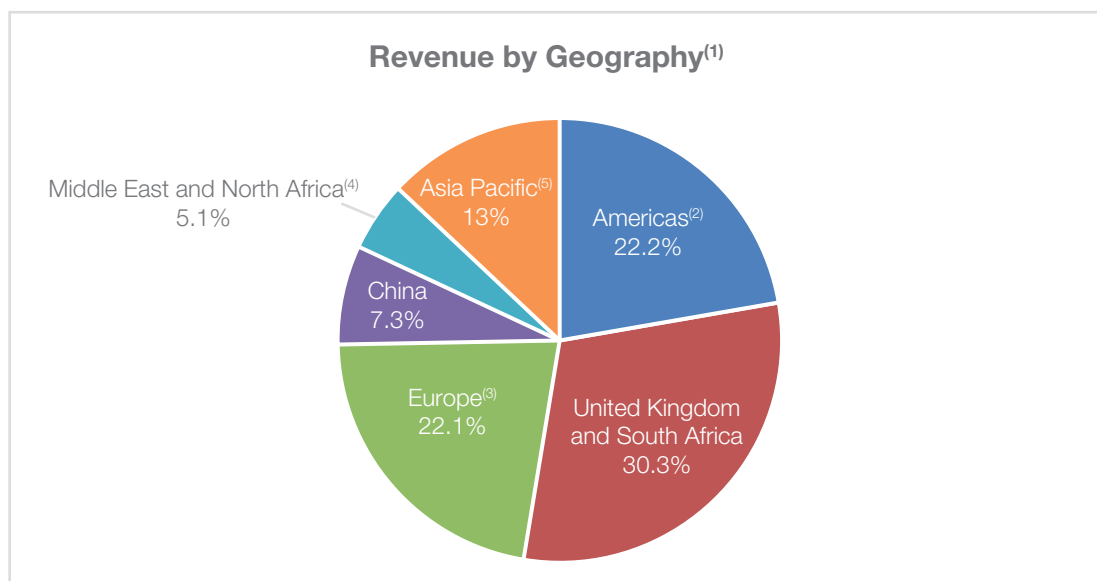
Adoption of our Second Century Plan was based on our strategy to introduce one to two new core models or derivatives every year for the next seven years to drive highly profitable growth and manage our cash flow. We introduced the DB11 in the fall of 2016. The launch of the DB11 marked the start of a new chapter for Aston Martin and an inflection point for the business. As of March 1, 2017, we had combined sales and total orders for 2,462 DB11 cars, of which 1,371 were sold through the end of February 2017 and 993 of which constitute Orders in Production as of such date. For the year ended December 31, 2016, we sold 3,687 cars, of which 1,005 were DB11 cars.

Our product development team is comprised of 747 designers, engineers and technicians, covering almost all aspects of new car planning, design and development. The products we design have resulted in numerous awards, including more 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 the DB11; Best Car 2016 (*Auto Motor und Sport*) for the Vanquish and Best Car 2014 (*Auto Motor und Sport*) for the Rapide S.

Our production facility is located in Gaydon, United Kingdom ("UK"). The Gaydon facility was opened in 2003, developed for the specific needs of Aston Martin and we believe it is one of

Europe's most modern automotive manufacturing facilities and one of the most advanced manufacturing facilities in the HLS segment. All design activities are centered at Gaydon ensuring maximum efficiency, ease of oversight and promotion of harmony between our design teams, engineers and technicians. In addition, we are currently building a new plant in Wales, UK, for the future production of SUVs, which we anticipate will begin full production in 2019. At December 31, 2016, we employed 1,594 employees and 727 contractors.

We sell our cars through a global dealer network of over 165 dealers, as of December 31, 2016, which allows us to benefit from geographical diversification of revenues and access to high growth markets. We divide our markets into the following regions: Europe, the UK and South Africa, Americas, China, Asia Pacific and Middle East and North Africa. The following chart represents our revenue by geography for the year ended December 31, 2016:



(1) Revenue by geography is based on the location of the dealer to which we sell our cars.

(2) Americas consists of the Brazil, Canada, Chile, Mexico, Peru and the United States

(3) Europe excludes the United Kingdom.

(4) Middle East and North Africa consists of Azerbaijan, Bahrain, Egypt, Kuwait, India, Israel, Jordan, Lebanon, Oman, Qatar, Saudi Arabia and Turkey.

(5) Asia Pacific consists of Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Our Pro Forma Adjusted February LTM EBITDA for the twelve months ended February 28, 2017 would have been £161.0 million. Our EBITDA for the year ended December 31, 2016 was £100.9 million.

## Our strengths

We believe that the following key competitive strengths will help us to realize our strategic goals and reinforce our competitive position:

### *A Quintessential luxury brand*

We believe that the Aston Martin brand is one of the most globally recognized luxury brands and a leader in the luxury sports cars segment. The strong heritage and global recognition of the Aston Martin brand has enabled us to achieve our market position and place us in a competitive class of our own.

### *Exceptional brand authority*

The Aston Martin brand is internationally recognized for its iconic, beautiful design and the luxury experience associated with our meticulously crafted products. Founded in 1913, Aston

Martin has a long tradition of exceptional design, engineering and manufacturing of luxury sports cars and sedans in addition to a racing pedigree, which includes a motorsport debut at the French Grand Prix in 1923 as well as DBR1's famous Le Mans 24 hour race victory in 1959, that has inspired various Aston Martin models over the last hundred years. An Aston Martin is recognized for its elegant and sophisticated British style, from the iconic DB5 introduced in the 1964 James Bond film *Goldfinger* to our newest DB model, the award-winning DB11. Long established as a strong player within our segment, our brand is exclusive, understated and elegantly styled, yet an Aston Martin product remains visible and sought-after, including our legacy models which typically command high resale prices.

Today, we perpetuate our exclusive brand image through the pairing of power and performance with refinement and style in our cars, as well as comprehensive brand management and effective public relations, including high-end dealer showrooms. Our customers are able to experience an emotional link with our brand as the design, performance and quality ensure their experience is a high-class and unique experience. The emotional connection between driver and car is furthered through our newly relaunched Q by Aston Martin program, whereby a customer can work with our award-winning design team to completely customize their Aston Martin by adding personalized, distinctive touches. The link between our customers and our products has also enabled us to further build our loyal consumer base and we will continue to cater to our loyal customers who benefit from exclusive offers and opportunities. For example the 150 road-going models of the Aston Martin Valkyrie were largely allocated to existing Aston Martin car owners and for future special edition models we expect to primarily target existing Aston Martin car owners. Our continual advances in automotive performance and our innovation in styling and design have resulted in our proud heritage of prestige, luxury, quality and beauty and have materially contributed to our financial success.

#### *Proven pricing power and value resilience*

As a result of Aston Martin brand's strength, from past to present, we have proven pricing power and value resilience. Customers purchase our products for a variety of reasons, but purchasing decisions are primarily based on emotive factors such as design, performance and quality. We have been able to increase average selling prices of our core models by 96% between 2007 and 2016, mainly due to the strategic introduction of new core models and enhanced versions of existing models that capitalize on such emotive factors. Each of our product launches, whether for new models or derivatives, is generally met enthusiastically, with demand outpacing production in the year of launch. The limited production of enhanced versions of existing models promotes exclusivity and our brand image, which allows us to raise price points for cars with these enhanced features and increase the price of existing models. For example, the road going version of our newly unveiled Aston Martin Valkyrie, our latest special edition model, fully sold out shortly after launch, despite the customer selection, price and deposit requirements. Our cars also maintain their values and often command collector premiums. The strength of our brand, the beautiful and innovative design of our products and our pricing power, which has been resilient even through economic downturns, demonstrates our leadership in the luxury sports car segment.

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

We market and sell our 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, China, North America, the Middle East, Europe and the United Kingdom. Over the past 16 years, our dealer network has undergone extensive expansion, having grown from 61 dealerships in 19 countries in 2000 to over 165 dealers in 52 countries in 2016. Aston Martin is well positioned within the HLS segment of the automotive market, which has experienced significant growth due to sustained growth of the number and wealth of high net worth individuals ("HNWI"). HNWI wealth has nearly tripled over the last decade. The growth in number and wealth of HNWI is positively correlated to the growth of our potential clientele and we stand to greatly benefit from this through our large and diversified global dealer network. Our dealers, who are well positioned in attractive key growth markets, provide us with the critical resources that will help us to take advantage of this trend and further establish the Aston Martin brand.

### ***Unique design and engineering capabilities***

With advanced technology and a state-of-the-art facility, we consistently develop and manufacture luxury vehicles that we believe seamlessly combine our customers' demands for technologically advanced cars while maintaining the traditional style, beauty and essence of the Aston Martin brand.

### ***Creators of beautiful cars***

Our business is supported by award-winning design capabilities and distinctive model line-ups. Our product development and design team, has 747 designers and engineers and has won several, prestigious design awards such as Car Design of the year 2016 (*Salone dell' Auto*) and T3 Design of the year 2016, each for the DB11. With each product launch, we are able to showcase our evolving style, influenced by the changing tastes and demands of our consumer base, while maintaining elements of design that have historically defined, and will continue to define, an Aston Martin. The introduction of the DB11 is a prime example of our ability to successfully introduce an Aston Martin car that is distinctively new, yet unequivocally an Aston Martin design. All of our products are beautifully designed and crafted, embodying elements of sophistication and elegance. We proudly hold our brand to an incredibly high standard and in order for each of our cars to "earn" its iconic Aston Martin wings, it must undergo a final 175-point inspection, that concludes with the inspector's name stamped in the engine bay, as a mark of quality, and only then the Aston Martin wings are affixed to our beautifully crafted cars.

### ***World-class technical capabilities***

We have used a modular architecture as the basis for our models for over 12 years, starting with the DB9 in 2004. The introduction of the DB11 revitalised our product portfolio and introduced a new modular architecture including a revised aluminum body structure, electrical and electronic architecture and infotainment system, and efficient V12 engine, signifying the next step in the implementation of our Second Century Plan. Our updated advanced, world-class modular architecture is the backbone of our product portfolio and employs a Carry Over-Carry Across principle for key systems and components to reduce engineering cost and complexity for following models. We invested significantly in this modular architecture for the DB11 and we intend to develop most of our future models based on this architecture. The highly flexible modular architecture allows for a high degree of product differentiation and enables us to easily adapt to the production of new models, thereby reducing our production and development costs for incremental models based on the architecture.

We reduced the carbon dioxide ("CO2") output of our European fleet by over 30% over the last sixteen years from 470 g/km to 312 g/km through the introduction of improved materials and technologies, including a lightweight bonded aluminum body structure, more efficient engines and transmissions and the use of composite and carbon fiber panels and other lightweight components. We are targeting further reductions to 285 g/km by 2021. As an example of ongoing improvements in the past decade from 2006 to our final DB9 model in 2016, we reduced the CO2 emissions of the DB9 by 23% while increasing its power output by 20%. We have utilized this added efficiency while developing the DB11, the DB9's replacement, which is 18% more efficient than its predecessor. Similarly, since the launch of the V8 Vantage model in 2005, we have reduced its CO2 emissions by over 27% while enhancing its competitiveness through a power increase of 13%. We believe that our bonded aluminium body structure, use of other lightweight materials (including carbon fiber on certain models) and our modular approach, combined with our recent and continuing efforts to maintain performance while decreasing emissions, demonstrates our valuable industry-leading capabilities.

### ***Highly scalable and efficient manufacturing capabilities at our state-of-the-art facility***

Our Gaydon facility, which houses our manufacturing facility, design team and senior management, adding an element of collaboration that would not be expected in large-production manufacturing facilities, was opened in 2003 and is a highly modern and advanced manufacturing facility. As a result of our investments in Gaydon, we created a factory that has the fundamental infrastructure to support flexible production capacity such that we are able to

expand production with limited additional investment. This flexibility has enabled us to lower costs during periods of economic uncertainty and declining sales, but has also permitted us to increase production capacity to meet expected unit growth, as was the case with the introduction of the DB11.

Our Gaydon facility also boasts a highly flexible employee base, who are trained on most of our production station and models, which allows us to add or reduce personnel as needed. Our flexible employee base allows us to accommodate our production requirements and shift employees across different areas of production, in order to maximize our production capacity and utilization. We are able to increase production volumes by production line rate increases and additional shifts or extra working days. With production of the DB11, we introduced new, lean manufacturing techniques that have been implemented throughout the production process and have yielded efficiency savings.

#### ***Unique business model built around our Second Century Plan to drive revenues and cash flow***

Our shareholders and management team have provided clear, strategic guidance to the Company since they came on board. The Second Century Plan has been focused on three key principles: one to two new core models or derivatives per year, a self-funding business model and a three pillar strategy, as detailed below.

#### ***Stable and constant new products***

We have invested significantly in the Aston Martin product offerings and have a diverse product portfolio with five core models, and variations of some of our core models, in addition to special edition models, such as the recently announced Aston Martin Valkyrie. Under the Second Century Plan, we intend to introduce one to two new core models or derivatives of models each year for the next seven years. The first car under this plan was the DB11, which has been enthusiastically received by the market and has generated strong sales and orders, which are outpacing production and availability. Our order book as of March 1, 2017 included 1,438 (of which 993 are DB11 orders) Orders in Production for the period from March 1, 2017 to May 31, 2017. Primarily as a result of higher sales volumes driven by the DB11 launch under our Second Century Plan, our revenue, EBITDA and net cash flows from operating activities grew to £593.5 million, £100.9 million and £164.4 million, respectively, for the year ended December 31, 2016, from £510.2 million, £61.2 million and £75.2 million, respectively, for the year ended 2015. Our Pro Forma Adjusted February LTM EBITDA for the twelve months ended February 28, 2017 would have been £161.0 million. We believe that under our Second Century Plan and our strong executive management's leadership, we will achieve profitable growth and a self-sustaining business.

#### ***Three pillar strategy***

Our current model line-up addresses the High Luxury Sport ("HLS") segment and is currently primarily focused on sports cars, but under our Second Century Plan, we are transitioning to a three pillar product strategy: sports cars, SUVs and sedans based on our flexible architecture, which enables us to easily adapt to the production of new models, thereby reducing our production and development costs for incremental models. We believe that the introduction of one to two new core models or derivatives of models every year under our Second Century Plan will continue to support a highly attractive cash flow model that will provide us with capital and cost flexibility. We anticipate to launch a next generation of a four-door sports sedan after 2020, which we anticipate will be funded from future cash flows.

#### ***Production model funds working capital requirements***

Aston Martin only produces vehicles once there has been a client order (whether an actual final customer or the dealer). Customers are additionally required to pay a range of deposits to get access to the waiting list for special edition models. This approach allows us to efficiently manage our working capital to positively support cash flows, as wait lists can range from three months to several years for some special editions. In some cases, such as the Aston Martin Valkyrie, the DB4 GT and the Vanquish Zagato the deposits have already funded the entire working capital needed

to deliver the upcoming project well in advance of production commencing. Further, we are able to manage our working capital requirements as orders for any model cannot be unilaterally cancelled by dealers once production has begun approximately twelve weeks prior to delivery.

### ***Experienced management team and long-term committed shareholders***

We have a highly experienced and respected senior management team, led by CEO Dr. Andrew Palmer, who personally inspected, and signed off, the first 1,000 DB11s produced, demonstrating a top-down commitment to quality and the Aston Martin brand. Our senior management team is comprised of senior automotive executives with extensive experience in the automotive industry. Our supportive shareholders are also committed to our brand and have made significant investments in Aston Martin and in the Second Century Plan, which we believe, and our shareholders believe, will rejuvenate our business and have a materially positive effect on our business as a whole. We believe that the experience, industry knowledge and leadership of our senior management team and the continued support of our shareholders have contributed to our success and will help us implement our strategy described below to continue to achieve profitable growth.

### **Our strategies**

We are a leader in the performance and luxury car market due to our iconic and exclusive brand, our unique design and engineering capabilities, our business model built around our Second Century Plan and our experienced management team and supportive shareholders. We aim to achieve profitable growth and enhance our cash flow generation by pursuing a strategy focused on continuously renewing our product offerings and expansion in new and existing markets. In order to achieve these goals, we are pursuing the following strategies:

#### ***Near-term growth under-pinned by strong product offerings***

Our strategic business plan, the Second Century Plan, focuses on new product launches, new derivatives and refurbishments of existing models scheduled over the next few years. Based on the successful launch of the DB11, we expect that future launches under our Second Century Plan will be a key driver of our revenue and profit growth. We intend to introduce an average of one to two new core models or derivatives of existing models each year over the next seven years. In response to consumer demand and in line with our strategy to diversify our customer offering and introduce fresh products each year, we have begun research and development with respect to electrification and an SUV. In 2015 we announced the DBX, our first SUV which will be produced at our facility at St. Athan in Wales, which is currently under construction, and will address the fastest growing part of the car market with a stylish and luxurious vehicle that is also practical and family-friendly. We believe products such as the DBX will allow us to address new markets and diversify to profitably increase our revenue stream.

We also intend to continue to leverage the Aston Martin brand, our design, technology and engineering strengths and take advantage of our flexible manufacturing facility to pursue opportunities in attractive market niches. For example, we anticipate that, in late 2018, we will begin production on a fully electric concept of our Rapide S four-door sports coupe, known as the "RapidE", targeting a niche market of HNWI who are in the market for more environmentally-friendly luxury cars.

In determining the number of cars we produce each year, we will try to achieve a balance between the volume of cars we produce and brand exclusivity. This balance is central to our production philosophy because we believe that if we increase production too much to meet demand, this could lead to brand dilution, and therefore result in an erosion of consumer demand for our cars. We currently believe that the optimal balance is up to around 7,000 sports cars per year.

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

We are well positioned within the HLS segment of the automotive market, which has experienced significant global growth due to the proliferation of HNWI and the increasing availability of certain HLS cars among such individuals. Under our current strategy, we are

actively seeking to gain a better foothold in emerging markets, such as in the Asia Pacific region, that have experienced HNWI growth and in which we are currently under represented, which could provide us with significant further growth potential, so that we may be well-positioned to meet growing demand for HLS cars in these markets. We intend to increase sales in emerging markets and other markets by expanding our dealer network in those regions and by investing in strengthening our brand power in these markets. We also intend to capitalize on this potential by increasing our penetration in established markets, such as the United States, through management of existing dealers, the appointment of additional dealers and increasing our brand awareness. Core to our Second Century Plan is our 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. We plan to continue to support growth through a balanced geographical mix of sales in order to minimize the dependence on any given region, while expanding into new regions to attract a growing customer base.

***Focus on cash flow generation and cost savings to support future deleveraging***

We are committed to pursuing available revenue-generating opportunities in a manner that generates high incremental return on our investments. Our key priorities are to develop new products, focus on new growth areas, increase revenue, implement cost savings, and thereby achieve operationally-driven deleveraging in the medium term through a combination of growth in EBITDA combined with cash flow generation in the second part of the Second Century Plan. We expect that advances, such as our modular based engineering, which allows us to use shared systems and components to reduce engineering complexities, will result in cost-saving and model synergies going forward. The body structure of our cars is comprised of a number of common structures, which provides flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market and therefore reducing our working capital requirements. In addition to the flexibility in the structure, our modular strategy enables the optimization of common systems and components such as chassis system, steering systems, infotainment systems and heating ventilation and air conditioning components enabling us to deliver a range of products at efficient investment levels. For example, we believe that following our investment in our modular architecture, which employs a Carry Over-Carry Across principle for key systems and components that were introduced for the DB11, the new Vanquish and new Vantage will require approximately 51% and 87% less capital expenditure than the DB11, respectively. We expect to hit our peak of capital expenditures in the near-term for this generation of vehicles and aim to fund capital expenditure through working capital and cash flows from operations. In addition, we expect that our anticipated EBITDA growth and improved cash positions will allow us to delever in the near term.

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

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. We have a significant strategic partnership with Daimler AG to develop and supply high-powered bespoke V8 powertrains for future models, and enable us access to cutting-edge technology, including electrical and electronic systems. In addition, the widely anticipated Aston Martin-Red Bull co-designed hyper-car, the Aston Martin Valkyrie, is the product of our strategic partnership with Red Bull Technologies. The Aston Martin Valkyrie's official name unveiling at the Geneva Motor Show has generated a piqued interest in Aston Martin and all 150 road car version units of the Aston Martin Valkyries slated for production have already been allocated. Our partnership with Red Bull Technologies (including our sponsorship of their Formula One team) has given us global brand exposure particularly in key growth markets, and has created the opportunity to share technology and processes with the most advanced form of racing. We also launched Aston Martin Consulting in 2016 to collaborate with other companies and share expertise in design, manufacturing and engineering. We believe that our current partnerships and future partnerships will continue to result in exceptional products that will help us achieve profitable growth.



## **Recent developments**

*We caution that the below information should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance as of and for the three months ending March 31, 2017 or any future period. See “Forward-Looking Statements” and “Risk Factors” for a more complete discussion of certain of the factors that could affect our future performance and results of operation.*

### **Recent financial trading**

Our revenue and EBITDA for the two months ended February 28, 2017 was £99.4 million and £17.5 million, respectively, as compared to revenue of £56.4 million and EBITDA of £3.5 million, in each case, for the two months ended February 29, 2016. The increase in revenue and EBITDA of £43.0 million and £14.0 million, respectively, was primarily due to the introduction of the DB11 in the fourth quarter of 2016, which resulted in a significant increase in sales in the first two months of 2017. See “Annex—Additional EBITDA Information”.

The foregoing has not been audited or reviewed by our independent auditors. This information is based solely on internal information used by management and is based on our management accounts. EBITDA does 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.

### **Recent operational trading**

As of March 1, 2017, we had 1,438 Orders in Production and 743 Orders not yet in Production. In addition, as of March 1, 2017, we had 2,018 Qualified Marketing Leads with respect to the DB11. We did not track these measures in prior periods. See “Presentation of Financial and Other Information and Use of Non-IFRS Financial Information—Order Book”, “Risk Factors—Our order book is not necessarily indicative of future revenue or results of operations” and “Forward-looking Statements”.

## **The transactions**

### **The refinancing**

The gross proceeds from the offering will be approximately £550.0 million equivalent, and will primarily be used by the Issuer to fund the Notes Proceeds Loan to AML, which, in turn, will use the funds received (i) to redeem the Existing Notes on behalf of AM Capital, (ii) to redeem the Existing PIK Notes (which were issued to fund further investment by the Group) on behalf of AM Holdings, (iii) to pay commissions, fees and expenses associated with these transactions and (iv) for general corporate purposes, including working capital. In addition, the Company and certain of its subsidiaries will cancel the Existing Revolving Credit Facility and will enter into a new £80 million revolving credit facility agreement among, inter alios, J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as lead arrangers, JPMorgan Chase Bank, N.A., London Branch, Deutsche Bank AG, London Branch, Goldman Sachs Bank USA, Bank of America Merrill Lynch International Limited, HSBC Bank plc, Morgan Stanley Senior Funding Inc, Standard Chartered Bank and UniCredit Bank AG, London Branch, as original lenders, Elavon Financial Services DAC, UK Branch, as facility agent and U.S. Bank Trustees Limited, as security agent (the “New Revolving Credit Facility Agreement”). For a description of the New Revolving Credit Facility Agreement, see “Description of Other Financial Arrangements—New Revolving Credit Facility Agreement”.

The following table sets forth the estimated sources and uses of the proceeds from this offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimate of fees and expenses, foreign exchange rates and outstanding amounts upon repayment.

Sources of Funds	(in £ millions)	Uses of Funds	(in £ millions)
Notes offered hereby <sup>(1)</sup> . . . . .	550.0	Redemption of Existing Notes <sup>(2)</sup> . . . . .	318.6
		Redemption of Existing PIK Notes <sup>(3)</sup> . . . . .	183.9
		Transaction fees <sup>(4)</sup> . . . . .	11.0
		General corporate purposes <sup>(5)</sup> . . . . .	36.5
<b>Total</b> . . . . .	<b>550.0</b>	<b>Total</b> . . . . .	<b>550.0</b>

- (1) Represents the gross proceeds of the £230 million aggregate principal amount of Sterling Notes and the pounds sterling equivalent of the \$400 million aggregate principal amount of Dollar Notes offered hereby, translated at an exchange rate of \$1.2478 = £1.0, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York). For presentation purposes, the pounds sterling amounts in this table have been rounded down from £550.6 million to £550.0 million and, as such, you should not view such rounded translation as a representation that such pounds sterling amounts actually represent such U.S. dollar amounts, or could be or could have been converted into U.S. dollars at the rate indicated or at any other rate, on the Issue Date or any other date.
- (2) Represents the redemption price for the entire £304 million aggregate principal amount of Existing Notes at the applicable redemption price of 102.3125%, plus £7.6 million of accrued but unpaid interest to (but excluding) the assumed redemption date of April 22, 2017.
- (3) Represents the redemption price for the entire \$218.4 million aggregate principal amount of Existing PIK Notes, at the applicable redemption price of 102%, plus \$6.8 million of capitalized interest since January 1, 2017 to (but excluding) the assumed redemption date of April 22, 2017, translated at an exchange rate of \$1.2478 = £1.0, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York).
- (4) Represents estimated fees and expenses associated with this offering and the use of proceeds therefrom, including Initial Purchasers' fees, legal and accounting expenses and other transaction costs as well as a fee expected to be paid to holders of the Preference Shares relating to certain proposed amendments of the terms of the Preference Shares.
- (5) General corporate purposes may include working capital, capital expenditures and investments, among other items.

### ***The reorganization***

The Issuer is a newly formed, wholly owned direct subsidiary of AM Investments (the "Company"). Immediately following the redemption of the Existing Notes:

- AM Holdings will transfer the entire share capital of AM Capital to the Company in exchange for the issuance of shares in the Company to AM Holdings; and
- The Company will then transfer the entire share capital of AM Capital to the Issuer in exchange for the issuance of shares in the Issuer to the Company.

The Existing Notes Proceeds Loan in an amount of £150.1 million (as of December 31, 2016) will remain outstanding as an obligation of AM Holdings to AM Capital. Such obligation does not accrue cash interest. Following the above steps, AM Holdings will not be part of the Restricted Group.

### **The Issuer and company information**

The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017 in connection with the offering of the Notes hereby with company number 123447 under the Companies (Jersey) Law 1991, as amended (which is also the relevant primary legislation under which the Issuer operates).

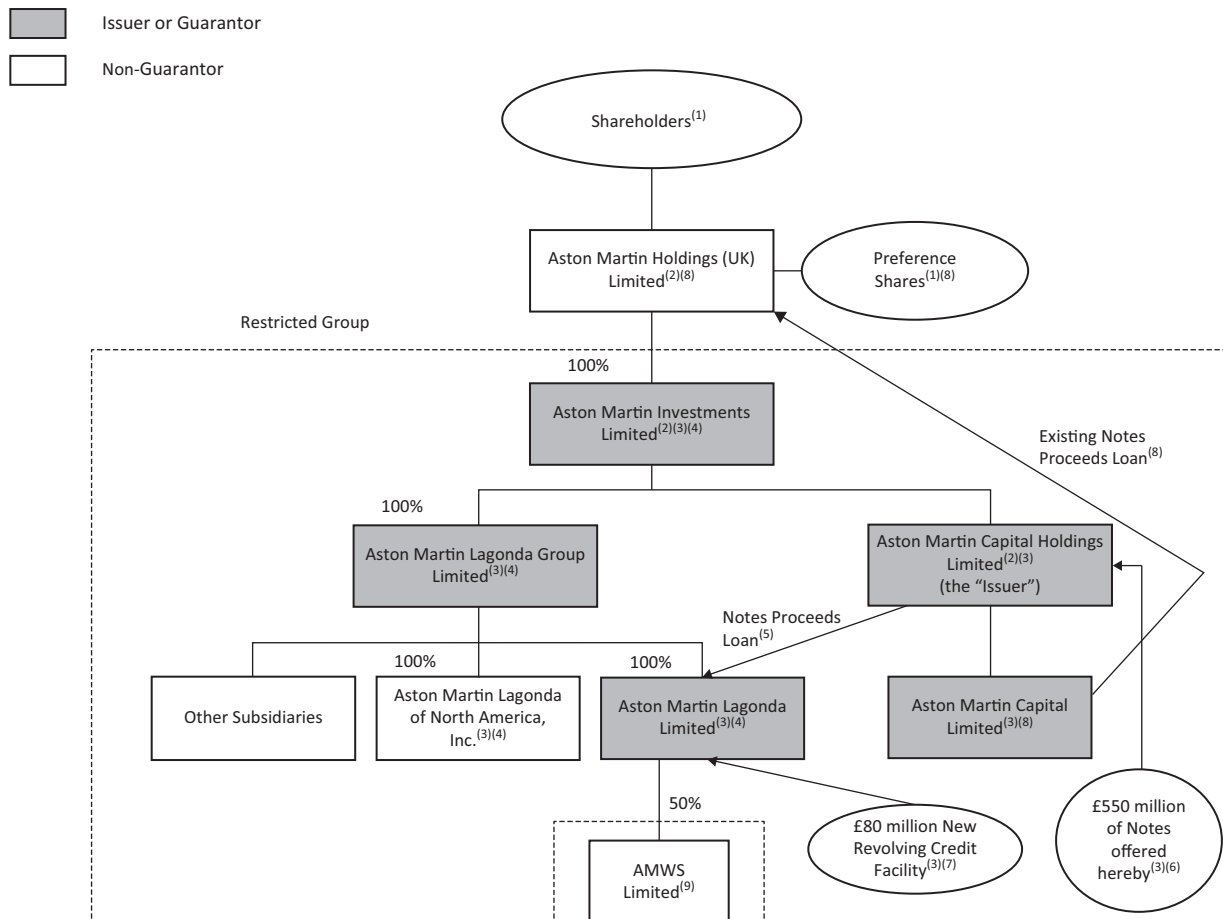
The Issuer is a special purpose finance subsidiary. The Issuer has not engaged in and will not engage in any activity other than the business and activities described or referred to in this Offering Memorandum. The Issuer will on-lend the proceeds from this offering of the Notes to AML. The Issuer will also provide a guarantee under the New Revolving Credit Facility. The Issuer will be managed and controlled by its directors in the United Kingdom.

The registered office of the Issuer is located at PO Box 218, 43-45 La Motte Street, St Helier, Jersey JE4 8SD and its telephone number is +44 (0) 1534 702 800. The memorandum and articles of association of the Issuer may be inspected at the registered address of the Issuer.

The Company is incorporated as a private limited company under the laws of England and Wales. Its registered office is at is Banbury Road, Gaydon, Warwick, United Kingdom, CV35 0DB and its telephone number at that address is +44 (0) 1926 644 644.

## Summary pro forma corporate structure

The following chart is a simplified summary of our corporate structure and our principal indebtedness, on a pro forma basis, after giving effect to the Transactions. See "Use of Proceeds" and "Capitalization".



- (1) For a full description of our principal shareholders, see "Principal Shareholders". Following the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries.
- (2) The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017 in connection with the offering of the Notes hereby. The Issuer is a special purpose finance subsidiary with no significant assets other than the Notes Proceeds Loan and, after giving effect to the Transactions, the shares it will hold in AM Capital.
- (3) The Notes and the New Revolving Credit Facility will, subject to the Agreed Security Principles, benefit from guarantees by the Guarantors and will be secured by, (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued Capital Stock of the Company, (ii) a first-priority security interest under a Jersey law security interest agreement granted by the Company over the issued share capital of the Issuer, (iii) a first-priority security interest under a Jersey law security interest agreement granted by the Issuer over the issued share capital of AM Capital, (iv) a first-priority security interest under the English law debenture (referred to in (ix) of this footnote) granted by the Company over the issued Capital Stock of AML Group Limited, (v) a first-priority security interest under the English law debenture (referred to in (ix) of this footnote) granted by AML Group Limited over the issued Capital Stock of AML, (vi) a first-priority security interest under New York law granted by AML Group Limited over the issued Capital Stock of Aston Martin Lagonda of North America, Inc., (vii) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan, (viii) to the extent still outstanding, a first-priority assignment governed by English law by AM Capital of its rights under the Existing Notes Proceeds Loan, and (ix) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Limited and AML.
- (4) The Company is a holding company with no significant assets other than the shares of the Issuer and AML Group Limited. As of and for the year ended December 31, 2016, the Guarantors represented 65% of our revenue, 92% of our total assets and generated 96% of our EBITDA. As of December 31, 2016, after giving effect to the offering and the use of proceeds therefrom, on a consolidated basis, our subsidiaries that will not guarantee the Notes would have had £3.9 million in outstanding debt.

- (5) We expect to use the proceeds of the Notes offered hereby to fund the Notes Proceeds Loan to AML, which, in turn, will use the funds received (i) to redeem the Existing Notes on behalf of AM Capital, (ii) redeem the Existing PIK Notes on behalf of AM Holdings, (iii) to pay commissions, fees and expenses associated with these transactions and (iv) for general corporate purposes, including working capital. See *"Use of Proceeds"*. The Issuer's rights under the Notes Proceeds Loan will be assigned for the benefit of the holders of the Notes.
- (6) Represents \$400.0 million aggregate principal amount of the Dollar Notes and £230.0 million aggregate principal amount of the Sterling Notes. The principal amount of the Dollar Notes have been translated at an exchange rate of \$1.2478 = £1.00, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York). For presentation purposes, the pounds sterling amount has been rounded down from £550.6 million to £550.0 million and, as such, you should not view such rounded translation as a representation that such pounds sterling amounts actually represent such U.S. dollar amounts, or could be or could have been converted into U.S. dollars at the rate indicated or at any other rate, on the Issue Date or any other date.
- (7) In connection with the Transactions, we will cancel the Existing Revolving Credit Facility. On or about the date of this Offering Memorandum, AML will enter into the New Revolving Credit Facility in the amount of £80 million. On the Issue Date, the New Revolving Credit Facility is expected to be undrawn and fully available. See *"Description of Other Financial Arrangements—New Revolving Credit Facility Agreement"*.
- (8) AM Holdings issued the Preference Shares in two tranches, in April 2015 and April 2016. The Preference Shares are treated as debt for the purposes of IFRS. See *"Principal Shareholders—Preference Shares."* As of the date of this Offering Memorandum, 100% of AM Capital's share capital is held by AM Holdings. Immediately following the redemption of the Existing Notes, AM Holdings will transfer the entire share capital of AM Capital to the Company in exchange for the issue to AM Holdings of shares in the Company, which will in turn transfer the entire share capital of AM Capital to the Issuer in exchange for the issue of shares in the Issuer. Thereafter, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. The Existing Notes Proceeds Loan in an amount of £150.1 million (as of December 31, 2016) due from AM Holdings to AM Capital will remain outstanding. Such obligation does not accrue cash interest.
- (9) Aston Martin Works Limited, which owns our servicing business, is a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by Aston Martin Lagonda Limited and 50% owned by an affiliate of certain of our shareholders. See *"Certain Relationships and Related Party Transactions"*. Aston Martin Works Limited and AMWS Limited remain fully consolidated in the Group's accounts.

## The Offering

The summary below describes the principal terms of the Notes, the Guarantees, the Intercreditor Agreement and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" and "Description of Other Financial Arrangements—Intercreditor Agreement" sections of this Offering Memorandum for more detailed descriptions of the terms and conditions of the Notes and the Intercreditor Agreement.

<b>Issuer</b> .....	Aston Martin Capital Holdings Limited, a wholly owned subsidiary of the Company, is a public limited company with limited liability incorporated under the laws of Jersey.
<b>Notes offered</b>	
<b>Dollar Notes</b> .....	\$400,000,000 aggregate principal amount of the Issuer's 6.5% senior secured notes due 2022 (the "Dollar Notes").
<b>Sterling Notes</b> .....	£230,000,000 aggregate principal amount of the Issuer's 5.75% senior secured notes due 2022 (the "Sterling Notes").
<b>Issue date</b> .....	April 18, 2017 (the "Issue Date").
<b>Issue price</b>	
<b>Dollar Notes</b> .....	100.000% (plus accrued and unpaid interest from the Issue Date).
<b>Sterling Notes</b> .....	100.000% (plus accrued and unpaid interest from the Issue Date).
<b>Maturity date</b> .....	April 15, 2022.
<b>Interest</b>	
<b>Dollar Notes</b> .....	6.5%.
<b>Sterling Notes</b> .....	5.75%.
<b>Interest payment dates</b> .....	Semi-annually on April 15 and October 15 of each year, commencing October 15, 2017. Interest will accrue from the Issue Date.
<b>Minimum denominations</b> .....	The Dollar Notes and the Sterling Notes will be issued in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof or of £100,000 and integral multiples of £1,000 in excess thereof, respectively.
<b>Ranking of the Notes</b> .....	The Notes will be: <ul style="list-style-type: none"><li>• senior secured obligations of the Issuer;</li><li>• unconditionally guaranteed on a senior secured basis by the Guarantors, subject to certain guarantee limitations;</li><li>• secured by liens over the Collateral, but, under the terms of the Intercreditor Agreement, the Holders will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including obligations owed to lenders under the New Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full, as described under "Description of the Notes—Security";</li></ul>

- *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the guarantee given by the Issuer in favor of the New Revolving Credit Facility;
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- effectively subordinated to all existing and future indebtedness of the Issuer that is secured by property or assets of the Issuer that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness; and
- effectively subordinated to all existing and future indebtedness of the subsidiaries of the Company (other than the Issuer) that do not guarantee the Notes.

**Guarantees** ..... The Notes will be guaranteed, jointly and severally, on a senior secured basis by Aston Martin Investments Limited (the "Company"), Aston Martin Lagonda Group Limited ("AML Group Ltd."), Aston Martin Lagonda Limited ("AML") and Aston Martin Capital Limited ("AM Capital")(together, the "Guarantors"). If the Issuer cannot make payments on the Notes when they are due, the Guarantors must make them instead. The laws of certain jurisdictions may limit the enforceability of certain Guarantees and of the rights to the Collateral supporting such Guarantees. See *"Description of the Notes—Guarantees"* and *"Risk Factors—Risks related to our indebtedness and the Notes—The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes"* and *"Risk Factors—Risks related to our indebtedness and the Notes—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability"*.

As of and for the year ended December 31, 2016, the Guarantors represented 65% of our revenue, 92% of our total assets and generated 96% of our EBITDA. The Issuer and the Guarantors will also guarantee the New Revolving Credit Facility. As of December 31, 2016, after giving effect to the offering and the use of proceeds therefrom, on a consolidated basis, our subsidiaries that will not guarantee the Notes would have had £3.9 million in outstanding debt.

The Guarantees will be subject to the terms of the Intercreditor Agreement. See *"Description of Other Financial Arrangements—Intercreditor Agreement"*.

**Ranking of the Guarantees** . . . . . Each Guarantee will be a senior secured obligation of the relevant Guarantor and will be:

- secured by liens over the Collateral, but, under the terms of the Intercreditor Agreement, will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including obligations owed to lenders under the New Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full;
- *pari passu* in right of payment with all of the Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Notes, including any indebtedness under the New Revolving Credit Facility and certain hedging obligations;
- senior in right of payment to all existing and future subordinated indebtedness of the Guarantors;
- effectively subordinated to all existing and future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' Guarantees of the Notes on an equal basis, to the extent of the value of the property or assets securing such indebtedness; and
- effectively subordinated to all existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes.

**Collateral** . . . . . Subject to the operation of the Agreed Security Principles, certain perfection requirements, the release of the security granted in favor of the Existing Notes, the Existing PIK Notes and Existing Revolving Credit Facility and any Permitted Collateral Liens (as defined in "*Description of the Notes—Certain Definitions*"), the Notes will be secured by: (i) a limited recourse first-priority security interest under English law granted by AM Holdings over the issued Capital Stock of the Company, (ii) a first-priority security interest under a Jersey law security interest agreement granted by the Company over the issued share capital of the Issuer, (iii) a first-priority security interest under a Jersey law security interest agreement granted by the Issuer over the issued share capital of AM Capital, (iv) a first-priority security interest under the English law debenture (referred to in (ix) of this paragraph) granted by the Company over the issued Capital Stock of AML Group Limited, (v) a first-priority security interest under the English law debenture (referred to in (ix) of this paragraph) granted by AML Group Limited over the issued Capital Stock of AML, (vi) a first-priority security interest under New York law granted by AML Group Limited over the issued Capital Stock of Aston Martin Lagonda of North America, Inc., (vii) a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan, (viii) to the extent still outstanding, a

first-priority assignment governed by English law by AM Capital of its rights under the Existing Notes Proceeds Loan, and (ix) an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, AML Group Limited and AML.

Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the New Revolving Credit Facility and certain hedging obligations will receive priority in relation to any proceeds received upon any enforcement action over any Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture and the Notes and any other senior secured indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. See "*Description of Other Financing Arrangements—Intercreditor Agreement*".

**Optional redemption**

**Dollar Notes** .....

Prior to April 15, 2019, the Issuer may redeem at its option all or a portion of the Dollar Notes at a redemption price equal to 100% of the principal amount of the Dollar Notes plus the applicable "make-whole" premium described in this Offering Memorandum, accrued and unpaid interest and additional amounts, if any, to the redemption date.

On or after April 15, 2019, the Issuer may redeem at its option all or a portion of the Dollar Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Dollar Notes*" plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to April 15, 2019, the Issuer may redeem at its option on one or more occasions the Dollar Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Dollar Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 106.5% of the principal amount of the Notes outstanding, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date, provided that at least 50% of the aggregate principal amount of the Dollar Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

Prior to April 15, 2019, the Issuer may redeem during each twelve-month period commencing with the Issue Date up to 10% of the aggregate principal amount of



the Dollar Notes originally issued (including the aggregate principal amount of any additional Dollar Notes) at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

**Sterling Notes** ..... Prior to April 15, 2019, the Issuer may redeem at its option all or a portion of the Sterling Notes at a redemption price equal to 100% of the principal amount of the Sterling Notes plus the applicable "make-whole" premium described in this Offering Memorandum, accrued and unpaid interest and additional amounts, if any, to the redemption date.

On or after April 15, 2019, the Issuer may redeem at its option all or a portion of the Sterling Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Sterling Notes*" plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to April 15, 2019, the Issuer may redeem at its option on one or more occasions the Sterling Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Sterling Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 105.75% of the principal amount of the Notes outstanding, plus accrued and unpaid interest, if any, to the applicable redemption date, so long as at least 50% of the aggregate principal amount of the Sterling Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

Prior to April 15, 2019, the Issuer may redeem during each twelve-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the Sterling Notes originally issued (including the aggregate principal amount of any additional Sterling Notes) at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

**Optional redemption for tax reasons** ... In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*".

**Change of control** ..... Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the

principal amount thereof on the date of purchase plus accrued and unpaid interest, and additional amounts, if any, to the date of purchase. See *"Description of the Notes—Change of Control"*.

**Additional amounts** ..... All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or the Guarantees will be made without withholding or deduction for taxes unless required by law. If any such taxes are required by law to be withheld or deducted in any relevant taxing jurisdiction with respect to a payment under or with respect to the Notes or any Guarantee, the Issuer or Guarantors will pay the additional amounts necessary so that the net amount received after such withholding or deduction will equal the amounts that would have been received in the absence of such withholding or deduction, subject to certain exceptions. See *"Description of the Notes—Withholding Taxes"*.

**Certain covenants** ..... The indenture governing the Notes will contain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Restricted Group;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to significant exceptions and qualifications. See *"Description of the Notes—Certain Covenants"*.

**Use of proceeds** ..... We expect to use the proceeds of the Notes offered hereby to fund the Notes Proceeds Loan to AML, which, in turn, will use the funds received (i) to redeem the Existing Notes on behalf of AM Capital, (ii) to redeem the Existing PIK Notes on behalf of AM Holdings, (iii) to pay commissions, fees and expenses associated with these transactions and (iv) for general corporate purposes, including working capital. See *"Use of Proceeds"*.

<b>Transfer restrictions</b> .....	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer). The Notes will be subject to certain other restrictions on transfer as described under " <i>Transfer Restrictions</i> ".
<b>No prior market</b> .....	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
<b>Listing</b> .....	Application will be made to the Channel Islands Securities Exchange Authority Limited for the listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited.
<b>Governing law of the Indenture, the Notes and Guarantees</b> .....	New York.
<b>Governing law of the Intercreditor Agreement</b> .....	England and Wales.
<b>Governing law of the Security Documents</b> .....	England and Wales, Jersey and New York.
<b>Trustee</b> .....	U.S. Bank Trustees Limited.
<b>Principal paying agent and transfer agent</b> .....	Elavon Financial Services DAC, U.K. Branch.
<b>U.S. paying agent and transfer agent</b> ...	U.S. Bank National Association.
<b>Registrar</b> .....	Elavon Financial Services DAC.
<b>Listing sponsor</b> .....	Carey Olsen Corporate Finance Limited.
<b>Calculation agent</b> .....	Elavon Financial Services DAC, U.K. Branch.
<b>Security Agent</b> .....	U.S. Bank Trustees Limited.
<b>ISIN</b>	
<b>Dollar Notes</b> .....	Reg S: USG05891AA76; Rule 144A: US04625HAA77.
<b>Sterling Notes</b> .....	Reg S: XS1533915564; Rule 144A: XS1533915218.
<b>Common Code</b>	
<b>Sterling Notes</b> .....	Reg S: 153391556; Rule 144A: 153391521.
<b>CUSIP</b>	
<b>Dollar Notes</b> .....	Reg S: G05891AA7; Rule 144A: 04625HAA7.

### **Risk factors**

An investment in the Notes involves a high degree of risk. You should carefully consider the information set forth under "*Risk Factors*" and all of the information in this Offering Memorandum before deciding to invest in the Notes.

## Summary historical consolidated financial and other data

Unless otherwise indicated, the historical and other financial data presented in the following tables have been derived from the historical consolidated financial statements of AM Holdings included elsewhere in this Offering Memorandum.

### Financial information of AM Holdings

The consolidated financial statements of AM Holdings for the years ended December 31, 2014, 2015 and 2016 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

AM Holdings will not provide a Guarantee or any type of credit support for the Notes (other than a share pledge over the Company's shares). The consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings which, after giving effect to the Transactions, are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AM Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. After giving effect to the Transactions, the material differences between the consolidated financial position and results of operations of AM Holdings and the Company will primarily relate to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which are obligations of AM Holdings, but not the Company, as well as £1.4 million, £3.9 million and £1.1 million of annual administration costs of AM Holdings for the years ended December 31, 2014, 2015 and 2016, respectively. Therefore, we have presented in this Offering Memorandum the financial and operating results and certain other information relating to AM Holdings in lieu of the Company. We believe that AM Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position.

### Pro forma and other non-IFRS financial information

The following tables also include certain unaudited pro forma consolidated financial information, including pro forma cash and cash equivalents, pro forma total debt, pro forma net debt and pro forma interest expense (each, as defined in this Offering Memorandum) and leverage and coverage ratios, which have been adjusted to give pro forma effect to the Transactions as if they had occurred on (i) December 31, 2016 for the purposes of the calculation of our pro forma total debt and pro forma net debt, and (ii) January 1, 2016 for the purpose of the calculation of our pro forma interest expense. Pro forma cash and cash equivalents have been adjusted to give effect to our estimated cash position after given effect to the Transactions. Such pro forma measures are not financial measures defined in accordance with IFRS and, as such, may not be comparable to similarly titled measures used by other companies.

February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA, as well the relevant adjustments, are based solely on internal information used by management and are based on our management accounts, plus, in the case of Pro Forma Adjusted February LTM EBITDA, expectation for future periods based on our order book.

We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person. See "*Forward-Looking Statements*" and "*Risk Factors—The adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision*".

The unaudited pro forma consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma consolidated financial information is for informational purposes only and should be read in conjunction with the information contained in "Presentation of Financial and Other Information and Use of Non-IFRS Financial Information," "Selected Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements included in this Offering Memorandum.

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

(£ in millions unless otherwise indicated)	For the year ended December 31,		
	2014	2015	2016
<b>Consolidated Statement of Comprehensive Income Data:</b>			
Revenue .....	468.4	510.2	593.5
Cost of sales .....	(313.5)	(345.3)	(371.9)
<b>Gross profit</b> .....	<b>154.9</b>	<b>164.9</b>	<b>221.6</b>
Selling and distribution expenses .....	(33.4)	(32.1)	(41.9)
Administrative and other expenses <sup>(1)</sup> .....	(139.8)	(191.1)	(212.0)
<b>Operating profit/(loss)</b> .....	<b>(18.3)</b>	<b>(58.3)</b>	<b>(32.3)</b>
Finance income .....	2.5	2.1	2.5
Finance expense <sup>(2)</sup> .....	(56.0)	(71.8)	(133.0)
<b>Net financing expense<sup>(2)</sup></b> .....	<b>(53.5)</b>	<b>(69.7)</b>	<b>(130.5)</b>
<b>Profit/(loss) before tax<sup>(2)</sup></b> .....	<b>(71.8)</b>	<b>(128.0)</b>	<b>(162.8)</b>
Income tax credit/(expense) .....	7.1	21.0	15.2
<b>Profit/(loss) for the year<sup>(2)</sup></b> .....	<b>(64.7)</b>	<b>(107.0)</b>	<b>(147.6)</b>
Other comprehensive income for the year, net of income tax .....	(12.1)	6.9	(53.2)
<b>Total comprehensive income/(expense) for the year<sup>(2)</sup></b> .....	<b>(76.8)</b>	<b>(100.1)</b>	<b>(200.8)</b>

(1) Administrative and other expenses includes £1.4 million, £3.9 million and £1.1 million for the years ended December 31, 2014, 2015 and 2016, respectively, of costs attributable to AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and these costs will not be attributable to the Company or its subsidiaries.

(2) Finance expense includes interest expense with respect to the Preference Shares, which are obligations of AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. Finance expense with respect to the Preference Shares was £nil, £10.8 million and £29.1 million for the years ended December 31, 2014, 2015 and 2016, respectively. The following table presents the above line items from finance expense through to total comprehensive income/(expense) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions unless otherwise indicated) <sup>(a)</sup>	For the year ended December 31,		
	2014	2015	2016
Finance expense .....	(56.0)	(61.0)	(103.9)
<b>Net financing expense</b> .....	<b>(53.5)</b>	<b>(58.9)</b>	<b>(101.4)</b>
<b>Profit/(loss) before tax</b> .....	<b>(71.8)</b>	<b>(117.2)</b>	<b>(133.7)</b>
Income tax credit/(expense) .....	7.1	21.0	15.2
<b>Profit/(loss) for the year</b> .....	<b>(64.7)</b>	<b>(96.2)</b>	<b>(118.5)</b>
Other comprehensive income for the year, net of income tax .....	(12.1)	6.9	(53.2)
<b>Total comprehensive income/(expense) for the year</b> .....	<b>(76.8)</b>	<b>(89.3)</b>	<b>(171.7)</b>

(a) The figures in this table have been adjusted to exclude the impact of the Preference Shares.

(£ in millions unless otherwise indicated)	As of the year ended December 31,		
	2014	2015	2016
<b>Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents .....	89.3	65.6	101.7
Working capital <sup>(1)</sup> .....	46.4	2.7	(41.0)
Property, plant and equipment .....	174.4	166.3	196.3
Total assets .....	1,084.0	1,109.2	1,269.8
Total current liabilities .....	193.3	212.3	373.0
Total non-current liabilities <sup>(2)</sup> .....	412.5	532.2	696.1
Total shareholders' equity .....	352.8	264.1	72.7
Total liabilities .....	731.1	845.2	1,197.1

(1) Working capital is calculated as current assets less current liabilities.

(2) Represents the book value of our total debt, determined in compliance with IFRS. Total non-current liabilities includes the Preference Shares, which are obligations of AM Holdings but excludes (i) other financial liabilities of £2.9 million, £1.5 million and £9.6 million for the years ended December 31, 2014, 2015 and 2016, respectively, related to hedging; and (ii) employee benefits, provisions and deferred tax liabilities which together amounted to £122.4 million, £99.1 million and £118.4 million for the years ended December 31, 2014, 2015 and 2016, respectively. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. The Preference Shares represented £nil, £98.3 million and £218.0 million of indebtedness for the years ended December 31, 2014, 2015 and 2016, respectively.

(£ in millions unless otherwise indicated)	For the year ended December 31,		
	2014	2015	2016
<b>Consolidated Statement of Cash Flows Data:</b>			
Net cash flows from operating activities .....	57.9	75.2	164.6
Net cash flows used in investing activities .....	(123.1)	(161.0)	(190.2)
Net cash flows (used in)/from financing activities .....	80.6	62.8	53.6
Net (decrease)/increase in cash and cash equivalents .....	15.4	(22.9)	28.0

(£ in millions unless otherwise indicated)	As of and for the year ended December 31,		
	2014	2015	2016
<b>Other Financial Data:</b>			
Depreciation and amortization .....	80.3	119.5	133.2
Capital expenditures .....	126.5	163.1	192.8
<i>of which:</i>			
<i>Non-product capital expenditure</i> .....	21.6	5.9	11.8
<i>Product capital expenditure</i> .....	8.8	35.2	64.5
<i>Capitalized engineering/research &amp; development costs</i> .....	96.1	122.0	116.5
Total product development expenditures <sup>(1)</sup> .....	115.0	167.8	191.9
Total debt <sup>(2)</sup> .....	412.5	433.9	478.1
Net debt <sup>(3)</sup> .....	343.1	384.8	381.6
EBITDA <sup>(4)</sup> .....	61.9	61.2	100.9
Cash conversion ratio <sup>(5)</sup> .....	94%	123%	163%

	For the twelve months ended February 28,	
	2017	
February LTM EBITDA <sup>(4)</sup> .....	114.9	
Pro Forma Adjusted February LTM EBITDA <sup>(4)</sup> .....	161.0	

(£ in millions unless otherwise indicated)	As of and for the year ended December 31,		
	2014	2015	2016
<b>Other Operating Data:</b>			
Total unit sales to dealers (number of cars) .....	3,686	3,615	3,687
Average car sale price (£ in thousands) <sup>(6)</sup> .....	114.0	116.0	137.0

As of and for  
the year ended  
December 31, 2016

**Pro Forma Financial Data<sup>(7)</sup>:**

Pro forma cash and cash equivalents <sup>(8)</sup> .....	138.2
Pro forma total debt <sup>(9)</sup> .....	544.2
Pro forma net debt <sup>(9)</sup> .....	406.0
Pro forma interest expense <sup>(7)</sup> .....	35.5
<b>Ratio of pro forma net debt to Pro Forma Adjusted February LTM</b>	
EBITDA <sup>(10)</sup> .....	2.5x
<b>Ratio of Pro Forma Adjusted February LTM EBITDA to pro forma interest</b>	
expense <sup>(11)</sup> .....	4.5x

- (1) Total product development expenditures are the sum of (i) product capital expenditures; (ii) capitalized engineering/research and development costs; and (iii) research and development costs recognized as an expense.
- (2) Total debt represents our total non-current borrowings (excluding £5.2 million, £16.6 million and £19.8 million for the years ended December 31, 2016, 2015 and 2014, respectively, of short term indebtedness comprised of the Inventory Funding Facilities as well as vehicle financing for AM Works). Total debt also excludes the Preference Shares, which are obligations of AM Holdings and are treated as debt for purposes of IFRS. Following the Transactions, AM Holdings will not be part of the Restricted Group. The Preference Shares represented £nil, £98.3 million and £218.0 million of indebtedness for the years ending December 31, 2014, 2015 and 2016, respectively.
- (3) Net debt represents our total debt (as described in the previous footnote) adjusted for cash and cash equivalents as of the applicable date.
- (4) EBITDA is a non-IFRS financial measure and is defined as net income (loss) before financial income (expense), income taxes benefit (expenses), depreciation, and amortization. EBITDA reflects the impact of earnings or charges resulting from matters that we and the holders of the Notes may consider not to be indicative of our ongoing operations. Therefore, we also present February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA. February LTM EBITDA is defined as EBITDA for the year ended December 31, 2016 as adjusted to include EBITDA for the two months ended February 28, 2017, less the EBITDA for the two months ended February 29, 2016. Pro Forma Adjusted February LTM EBITDA is defined as February LTM EBITDA as adjusted to give pro forma effect to the EBITDA contribution for Orders in Production (net of expected costs as of February 28, 2017) that are scheduled to be in production during the period from March 1, 2017 to May 31, 2017, less the EBITDA for the comparable period in 2016. While the amounts included in EBITDA, February LTM EBITDA and pro forma Adjusted February LTM EBITDA have been derived from our consolidated financial statements or management accounts, they are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to net income or operating income as indicators of our performance, or as alternatives to operating cash flows as a measure of our liquidity. Our management uses EBITDA, February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA to assess our operating performance. In addition, we believe that EBITDA, February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA are measures commonly used by investors. EBITDA, February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA, as presented in this Offering Memorandum, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. EBITDA, February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA are calculated as follows:

(£ in millions)	For the year ended December 31,		
	2014	2015	2016
Net income (loss) .....	(64.8)	(107.0)	(147.6)
Income tax (benefit) expense .....	(7.1)	(21.0)	(15.2)
Financial (income) expense .....	53.5	69.7	130.5
Depreciation and amortization .....	80.3	119.5	133.2
<b>EBITDA</b> .....	<b>61.9</b>	<b>61.2</b>	<b>100.9</b>
February LTM adjustment <sup>(a)</sup> .....			14.0
<b>February LTM EBITDA</b> .....			<b>114.9</b>
Orders in Production adjustment <sup>(b)</sup> .....			46.1
<b>Pro Forma Adjusted February LTM EBITDA</b> .....			<b>161.0</b>

(a) February LTM adjustment represents EBITDA of £17.5 million for the two months ended February 28, 2017 less EBITDA of £3.5 million for the two months ended February 29, 2016. See “—Recent operational trading” and “Annex—Additional EBITDA Information”.

(b) Orders in Production adjustment for the period from March 1, 2017 amounts to £55.8 million, less the EBITDA for the comparative period in 2016 of £9.7 million. The Orders in Production as of March 1, 2017, adjustment represents the expected EBITDA contribution of fully committed orders, or 1,438 Orders in Production as of March 1, 2017, from our customers and dealers, which have been loaded on to our internal scheduling system and which are scheduled to be in production during the period from March 1, 2017 to May 31, 2017. This adjustment includes the impact of expected costs based on our production schedule, in each case, for the period from March 1, 2017 to May 31, 2017. Orders in Production are fully specified, meaning the ordered unit’s specifications such as the trim, upholstery colors and material finishes have been specified by the customer. We require 12 weeks, at minimum, to satisfy our production

scheduling for an order. Orders in Production are firm orders for which we have scheduled supply of components from suppliers. Orders in Production cannot be unilaterally cancelled by the dealers. The costs for the period from March 1, 2017 to May 31, 2017 are estimated based on projected operating costs for each model produced plus known additional costs for the period, such as marketing expenses associated with the Geneva Motor Show. See *"Presentation of Financial Information—Pro Forma Financial Information"* and *"Presentation of Financial Information—Order Book"*.

February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA, as well the relevant adjustments, are based solely on internal information used by management and are based on our management accounts and our expectation for future periods based on our order book. Our actual consolidated financial results may differ from our preliminary estimated results and remain subject to our procedures and review process. Those procedures have not been completed. Accordingly, these results may change, those changes may be material. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us. February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA 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. See *"Forward-Looking Statements"*, *"Risk Factors—The adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision"* and *"Annex—Additional EBITDA Information"*.

- (5) Cash conversion ratio is calculated as net cash flows from operating activities divided by EBITDA.
- (6) Average car sale price is calculated as revenue from sale of cars divided by total unit sales for the period.
- (7) Pro forma financial data gives effect to this offering and the use of proceeds therefrom (as described under *"Use of Proceeds"*) as if they had occurred on December 31, 2016 for the balance sheet data and on January 1, 2016 for our income statement data.
- (8) Pro forma cash and cash equivalents is calculated as cash and cash equivalents for the year ended December 31, 2016 as adjusted for the £36.5 million of proceeds of the offering of the Notes to be available for general corporate purposes (including working capital).
- (9) Pro forma total debt represents total debt as adjusted to give effect to this offering and the use of proceeds therefrom (as described under *"Use of Proceeds"*), including the principal amount of the Notes of £550.0 million and £5.2 million under our Inventory Funding Facilities less £11.0 million of capitalized transaction costs.
- (10) Pro forma net debt is calculated as of December 31, 2016 whereas Pro Forma Adjusted February LTM EBITDA relates to the twelve-month period ending February 28, 2017. Accordingly, the ratio contains components derived from different periods and pro forma net debt might vary for the twelve months ended and as of February 28, 2017.
- (11) Pro forma interest expense is calculated for the year ending December 31, 2016 whereas Pro Forma Adjusted February LTM EBITDA relates to the twelve-month period ending February 28, 2017. Accordingly, the ratio contains components derived from different periods and pro forma interest expense might vary for the twelve months ended and as of February 28, 2017.



## Risk factors

*An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our businesses, results of operations, financial condition, or our ability to fulfill our obligations under the Notes and affect your investment.*

*This Offering Memorandum contains “forward-looking” statements that involve risks and uncertainties. Our 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 Offering Memorandum. Please see “Forward-Looking Statements”.*

### **Risks relating to our business and industry**

***Our future success depends on our continued ability to introduce our next generation of cars, which will require significant capital expenditures.***

New model introductions and refurbishments drive customer visits to our dealers’ showrooms and sales. As part of our Second Century Plan, we have a program of product refreshment and enhancement and intend to introduce one to two new core models or derivatives every year for the next seven years. We began the next generation of our model line up with the launch of the new DB11 model in the fall of 2016. In order to meet our sales goals, we must continue to invest heavily in car and powertrain design, engineering and manufacturing. Our ability to realize acceptable returns on these investments will depend in large part on consumers’ acceptance of our new car offerings, as well as our ability to complete our car launch schedule on the contemplated timeline.

While we intend to develop most of our future models based on our modular architecture, which employs a Carry Over-Carry Across principle for key systems and components and allows for flexible and profitable manufacturing at low volumes and easy adaptation to new models with limited additional investment, or by way of collaboration with other manufacturers, as we have done in the past on an opportunistic basis, we must undertake significant upfront investments in order to launch new models and update existing models. In order to make such large capital expenditures, we must either have sufficient cash from operations or raise funding from outside sources, which may not be available to us on commercially reasonable terms or in an amount sufficient to enable us raise such funds, or available to us at all. A significant part of our capital expenditures are contracted or necessary maintenance in order to maintain our business. If we were unable to raise sufficient cash, or if a liquidity event were to occur that would prevent us from making such large capital expenditures, such events would directly harm our business. For the next 12 months, we expect our capital expenditures to be in the range of £250 million to £260 million, after taking into account grants and monies provided in consideration of our entrance into a lease arrangement for our St. Athan plant. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital expenditures and total product development expenditures*”.

If our new cars or upgraded variants of our existing models are not received favorably by consumers, our car sales, market share and profitability will suffer. If we are required to cut capital expenditures due to insufficient car sales and profitability or for any other reason, our ability to continue our program of developing the next generation of cars and keep pace with product and technological innovations would diminish, which could reduce demand for our cars and negatively impact our business, brand and results of operations.

***Our future business success depends on our ability to develop attractive products that are tailored to our customers’ needs and tastes.***

Our success depends on the continued popularity of our existing products and our ability to provide our customers with new, attractive products tailored to their needs and tastes. These new products may not achieve the level of consumer acceptance that we anticipate. Our ability

to recognize and react to changes in trends in customer needs and tastes in sufficient time is a significant factor that will determine our future success in strengthening our position in our existing product range and in the market segments we already serve and expanding into new market segments.

Trends affecting consumer demand may depend on factors such as disposable income, brand prestige and environmental consciousness, some of which are difficult to plan for and may be influenced by popular media. We must continue to identify trends in customer needs and tastes in sufficient time to react to these changes and thus strengthen our market position and expand into new segments. A misjudgment or delayed recognition of trends and customer needs and tastes in individual markets or other changes in demand could lead to a decline in demand and sales of our products in the short term and, over the long term, damage our brand. It could also lead to significantly unprofitable investments and associated costs. These risks could be exacerbated by the relatively small scale of our operations and our limited product range.

Even when we are able to successfully identify trends affecting demand, we may suffer delays in bringing new car models to market or be unable to produce new models in sufficient numbers to meet demand, including due to delays in the delivery of parts, components and materials, difficulties in achieving efficiency targets without a decline in quality or a lack of customer acceptance of new models introduced, all of which could reduce our potential sales, increase costs and damage our brand.

***Our future business success depends on our ability to maintain the high quality of our cars and brand and to be able to pass through the cost of that high quality to our customers.***

Our quality standards and the Aston Martin brand can only be maintained by incurring costs for maintaining and ensuring quality. Errors or defects in parts and components procured externally or manufactured in-house, or assembly mistakes, could prompt us to implement servicing or recall campaigns for cars manufactured and delivered, or even to develop new technical solutions, each of which has happened to us in the past. Such measures may require significant time and financial resources from us, which in turn may lead to higher provisions for warranties and expenses over and above the levels of existing provisions. The impact of any such measures could be exacerbated by the relatively small scale of our operations, our limited product range and the fact that all of our current products are produced at our Gaydon facility and could have a material effect on our business, financial position and results of operations. See “—We are currently dependent on our sole manufacturing facility at Gaydon, United Kingdom and we may incur unanticipated costs or delays in launching our new plant in St. Athan”.

We believe that for customers, one of the determining factors in purchasing cars manufactured by us is our brand and the high quality of our products. A decrease in the quality of our cars or the public perception of such a decrease in quality could damage our brand image and reputation.

Further, there is no guarantee that we will be able to sell our cars to customers at prices that are appropriate for the high quality of our products. Pricing pressure from customers could limit our ability to pass on production costs to customers. These pricing pressures could also exert additional cost and price pressures on our suppliers, which in turn may have a negative effect on product quality and damage our reputation or reduce demand for our products.

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

The Aston Martin brand is widely recognized for its beautiful design and attention to detail and is one of our key selling points. Moreover, due to our heritage of prestige, luxury, quality and beauty, the Aston Martin brand requires minimal financial investment and advertisement. Our brand could be damaged or the strength of our brand weakened by a failure to continue to produce cars that are competitive in terms of performance, aesthetics and quality, and that meet our customers’ needs and tastes, failure to keep up with new technologies, consumer preference against high performance sports cars or high emission cars, specific quality issues or recalls, dealers promoting other manufacturers’ cars in priority to ours, counterfeit cars and parts affecting performance and quality perceptions and changing consumer fashions. The increase in the number of cars that we currently manufacture, and plan to produce in the future pursuant to our growth strategy, compared to the number of cars that we have historically manufactured,

could also reduce the exclusivity of Aston Martin cars and weaken our brand. Our brand may also be diluted by non-automotive Aston Martin branded products and services, the exclusive rights for which we have licensed to a third party (which is an affiliate of certain of our shareholders) and that may also be produced illegally by counterfeiters. The sale of such products and services at low prices, high volumes or of low quality could have a negative effect on the Aston Martin brand. These risks are of particular importance in our new and growth markets, such as Asia Pacific, where our brand is less established and the incidence of counterfeiting is higher than in our established markets. If our brand is damaged or weakened, demand for our cars may be significantly and negatively affected and could require us to devote greater resources to marketing our brand, which could have a material adverse effect on our business, financial position and results of operations.

***Demand for our products and our 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 impacted by a decrease in a 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 our 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. Similarly, increasing awareness of environmental issues, in particular pollution levels, may reduce demand for our sports cars since they produce more emissions than the average car.

Our products are priced and positioned in the high luxury sport ("HLS") car segment, which is at the top-end of the car market and as a result our customers require considerably higher than average levels of income or assets to be in a position to afford our products. This makes our car sales dependent on the number of high net worth individuals ("HNWIs") in the world, and our 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 and increased political turmoil. The increase in levels of inequality over the last decade may increase the risk of some of these factors arising by fueling popular discontent with the number and wealth of HNWIs. In particular, to take advantage of rising wealth and the number of high net worth individuals in Asia Pacific, we are focused on increasing our sales in Asia Pacific over the coming years. However, changes in the economy, governmental regulation and taxes, political changes and other factors in this region could halt or reverse this trend.

Additionally, we have been successful in increasing the average price of our cars over the last few years, which has provided some degree of protection to our profitability. We may not be able to continue increasing the average price of our cars and we may face pressure to reduce our prices. Pricing pressure could result from declines in absolute demand for our products, which could arise as a result of economic conditions or due to a higher demand for cars produced by other manufacturers or consumer backlash against high prices, as well as better dealer incentives, including margins on sales, by other manufacturers' cars sold in multi-brand dealers.

A decrease in our potential customers' purchasing power or a change in consumer sentiment against high luxury sports cars could have a material adverse effect on our business, financial position and results of operations.

In addition, our reliance on key markets increases the risk of negative impact of adverse change in customer demand in those regions. For example, we have a significant presence in the United States, the United Kingdom and Europe, which together accounted for 71%, 73% and 72%, respectively, of our unit sales for the year ended December 31, 2014, 2015 and 2016, respectively. A decline in demand for our vehicles in these major markets may in the future significantly impair our business, financial position and results of operations.

***Our profitability is dependent on our ability to secure orders of our special edition models and we may be delayed or unable to deliver these models in the applicable timeframe, which could lead to an incurrence of additional costs, a loss in profitability and damage to our reputation.***

In addition to the consistent production of our five core models, we offer limited numbers of special models, such as the Vanquish Zagato Coupe and the Vanquish Zagato Volante, which we limited to a run of only 99 cars and which have an MSRP of £525,000 and £577,500, respectively and the new Aston Martin Valkyrie, which has been limited to only 150 units of the road car version. Our profitability is dependent upon our ability to secure orders for these special models and deliver them to the customer within our targeted timeframe. We accept deposits on all of our special models in advance of production in order to cover the increased costs associated with the production of the special model, which allows us to cover such costs while generating a more consistent cash flow into our company to allow continued investment in our research and development, manufacturing and overall operations. For example, we have allocated all 150 units of the road car version of the Aston Martin Valkyrie, but deliveries will not commence until 2019. Although we have accepted large deposits, which we expect will cover the development and working capital of the overall project, if our production is delayed we may incur additional costs. If an event results in a delay or halt in production, such as technological failures in our factories, industrial actions such as strikes or similar measures at our facility, or any supplier's facility, such as Ford or Daimler, our key suppliers for engines, or if we experience production issues with a special model in general, these events could result in a delay in release of our special model, increase costs of production and lead to a loss in profitability and damage to our customer relationships, reputation, our brand and results of operations. See "*—We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers, in particular Ford and Daimler*".

***We face strong competition, which could lead to a significant drop in unit sales or price deterioration.***

We compete with a number of other manufacturers with strong brands and reputations, such as Ferrari, Lamborghini, Bentley and Porsche, many of which have greater financial resources than us, often as a result of their being owned by or associated with mass car manufacturers. For example, Lamborghini, Bentley and Porsche are all part of the Volkswagen Group. If we are unable to continue to produce cars that are, or that consumers and industry commentators consider to be, competitive, including in particular as to performance, quality and aesthetics, demand for our cars could be adversely affected, which could result in a drop in unit sales or pricing pressure.

Such other manufacturers may also be more successful at introducing new technologies, meeting new regulatory requirements, such as emissions restrictions, and entering new areas of the HLS automotive market due to their greater resources which could enable them to obtain other competitive advantages over us. For example, high performance luxury sports cars are characterized by leading-edge technology which is constantly evolving, and influenced by racing technology. Although we invest heavily in research and development, we may be unable to maintain our position in high performance car technology and, as a result, our competitive position may suffer. As technologies change, we plan to upgrade or adapt our cars and introduce new models in order to continue to provide cars with the latest technology. However, our cars may not compete effectively with our competitors' cars if we are not able to develop, source and integrate the latest technology into our cars. Developing and applying new automotive technologies is costly, and may become even more costly in the future as available technology advances and competition in the industry increases. If our research and development efforts do not lead to improvements in car performance relative to the competition, or if we are required to spend more to achieve comparable results, sales of our cars or our profitability may suffer. Additionally, in order to maintain our competitive position, we are entering new areas of the HLS market which exposes us to new risks. Our DBX, announced in 2015, is our first SUV and we will begin production on our first fully electric concept, the RapidE, in late 2018. Our investments in these concepts may not bring the expected returns that we might expect with a new model base on our core portfolio.

Finally, other manufacturers may be more successful than us in dealing with changes in economic conditions which could give them greater flexibility than us, including in the prices of their cars.

All of these factors could be exacerbated by the size of the high luxury sports cars market, which is relatively small due to the nature of the cars within the segment and the price at which they are sold, and the significant investment required to introduce new models to the market.

***We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers, in particular Ford and Daimler.***

The V12 (and certain V8) engines used in our sports cars are assembled by Ford at a facility dedicated solely to assembling Aston Martin engines pursuant to a long term supply agreement which expires on December 31, 2020, unless an extension is agreed. In addition, we have begun to source certain entertainment and other electrical systems from Daimler as part of our strategic cooperation with Daimler and we currently plan to source certain engines from Daimler AG in the future. Our reliance on Ford and Daimler as our principal engine suppliers for our sports cars means that we are exposed to the risk that Ford or Daimler becomes unable or unwilling to produce and supply engines or that the quality and performance of the engines produced declines, for reasons such as favoring other purchasers due to better pricing or volume, financial difficulties, damage to their production facilities caused by accidents and disasters such as fires and floods, transportation difficulties, labor disruption, including strikes, supply bottlenecks of raw materials and pre-products, war, terrorism and political unrest. If the quality or performance of the engines declines, demand for our products may be adversely affected which could damage our brand since engine performance is a key factor in sports car performance. If we are unable to continue obtaining engines from Ford and Daimler, we would need to seek an alternative engine supplier, or expand our manufacturing operations to build engines ourselves. Although we own or have licensed to us the intellectual property rights in the engines produced and supplied to us by Ford and Daimler, seeking an alternative engine supplier or expanding our facilities to manufacture engines ourselves would take time and significant capital expenditure, which could restrict or delay our ability to produce new cars since we do not keep stocks of engines, and as a result materially reduce our revenues. In addition, either of these alternatives could increase the cost of our engines compared to the prices that we currently pay and affect the quality and performance of our engines, which could have a material adverse effect on our business and results of operation.

In addition, we rely on a limited number of suppliers for certain raw materials and components used in our products. For reasons of quality assurance, cost effectiveness or availability, we procure certain raw materials and components from sole and limited source suppliers. For example, to ensure that the leather used in our products is of the highest quality, we source the majority of the leather used in our products pursuant to a long-standing relationship with one supplier who has a number of abattoirs in the United Kingdom. Additionally, we rely on exotic materials such as carbon fiber for which there are limited suppliers. Our dependence on a limited number of third-party suppliers involves several risks, including the risk of supplies 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 our suppliers do not fulfill their delivery obligations, or they are unable to supply products of the requisite quality, there is a significant risk that our ability to produce vehicles or the quality of our vehicles could be negatively impacted, which could adversely affect demand for our vehicles and damage our brand. The impact of this could be exacerbated since we do not generally keep significant inventories of raw materials and components.

If we are unable to obtain raw materials or components from our key sole or limited source suppliers, or if the quality of their products declines, our business, financial position and results of operation could be materially adversely affected.

***Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.***

Sales in the automotive industry have been cyclical in the past, and we expect this cyclicity to continue. The sales volumes and prices for our cars are influenced by the cyclicity and seasonality of demand. For example, sales tend to be lower in the first quarter in line with lower customer demand in winter in the Northern Hemisphere. We are also affected by the biannual registration of vehicles in the United Kingdom, when new vehicle registrations take place in March and September, which in turn has a positive impact on the resale value of vehicles

registered starting March 1 or September 1. This leads to an increase in sales during the period when the biannual registration of vehicles occurs. Sales in the Middle East and the United States are driven by model year changes. Most markets are driven by the introduction of new models, which has historically occurred in the autumn of each year. Furthermore, a large number of markets tend to be impacted by the summer vacation period which results in lower demand. The resulting sales profile influences operating results on a quarter-to-quarter basis. If sales during our peak periods, particularly the autumn season when new models are introduced, are significantly lower than expected for any reason, we may be unable to adjust our expenses in time to react to reduced levels of sales. In addition, our cash needs in connection with our business are seasonally correlated, reaching their highest level in the first quarter and their lowest level in the fourth quarter, since we receive most of our payments in the fourth quarter. This tends to reduce our profitability and margins for the first three months of our financial year since several elements of our costs and expenses, including in particular the fixed element of our cost of sales, do not reduce in line with our sales. As a result, we may be left with excessive costs and may experience a significant drop in cash flow and funds to operate our business, which could have a material effect on our business, financial condition and results of operation.

***Conditions in the global economy may adversely affect us.***

Sales of our products and services are affected by overall general economic conditions, and our sales can be materially impacted by the economic cycle. Periods of deteriorating general economic conditions may result in a significant reduction in product sales which may negatively impact our profitability and put downward pressure on our product and service prices and volumes. This was demonstrated in the most recent economic downturn during which our car sales fell from 7,281 cars for the year ended December 31, 2007 to 6,088 cars for the year ended December 31, 2008 and 3,131 cars for the year ended December 31, 2009. While our sales have since recovered, they still remain below 2007 levels, with 3,687 car sales for the year ended December 31, 2016.

The impact of adverse economic conditions could also be exacerbated by our 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 our 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 our new cars.

Declines in demand associated with economic conditions, may require cutbacks in production, reduced working hours and redundancies to reduce our 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 our relative market position as compared to our competitors and reduce potential revenues and profits.

Downturns in general economic conditions may also materially impact our suppliers. Adverse economic conditions may cause our suppliers to be unable to meet their commitments to us, which could limit our ability to produce sufficient numbers of cars to meet demand, or our ability to produce any cars at all. Our 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 our reputation. Suppliers may also seek to make changes in the credit terms they extend to us, which could affect our liquidity. These factors, in turn, could assert a negative pressure on our dealers, which may adversely affect our dealer network.

***Legal, political and economic uncertainty surrounding the planned exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition.***

The UK held a referendum on June 23, 2016, to determine whether the UK should leave the EU or remain as a member state, and the outcome of that referendum was in favor of leaving the

EU. Under Article 50 of the 2009 Lisbon Treaty ("Article 50"), the UK will cease to be a member state when a withdrawal agreement is entered into, or failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the UK) unanimously decides to extend this period. The UK has not formally notified the European Council of its intention to leave the EU. The British government has indicated that it plans to trigger Article 50 and commence negotiations to determine the terms of the UK's withdrawal from the EU by the end of March 2017. On February 1, 2017, the UK House of Commons voted to advance the bill that would give the British government the authority to invoke Article 50, and on March 13, 2017, the House of Lords also voted in favor of the bill's passage. Until the UK officially exits the EU, EU 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 UK economy, the uncertainty and unpredictability concerning the UK's legal, political and economic relationship with Europe after the UK exits the EU 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 UK's withdrawal from the EU.

We are based in the UK and sold 18% of our cars in EU member states outside of the UK, so any negative impact on our ability to continue selling cars in EU member states and the terms on which we make such sales, including the imposition of import duties, could have a significant adverse impact on our 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 we purchase from Ford and Daimler in euro) and other raw materials, as well as other obligations, including the Dollar Notes offered hereby.

It is also possible that the outcome of the UK referendum will lead other EU member states to consider leaving the EU, which could be an additional source of instability in the international markets. 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 UK from the EU. For these reasons, the UK's decision to leave the EU could have a material adverse effect on our business, results of operations and financial condition.

***Our long-term success depends on attracting and retaining key management and other personnel, and failure to attract, retain and maintain good relationships with our employees may adversely affect our business.***

Our future success depends substantially on the continued service and performance of the members of our senior management team for the running of our daily operations as well as for the planning and execution of our strategy. We are also dependent on our ability to retain and replace our design, engineering and technical personnel so that we are able to continue to produce products 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 we lose the services of any of our existing members of senior management or other key personnel we may have difficulty and incur additional costs in replacing them. If we are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. In addition, our ability to realize our strategic objectives could be impaired if we are unable to recruit sufficient numbers and quality of new personnel to support these objectives.

In addition, the labor intensive nature of our business requires an adequate supply of qualified, skilled production workers necessary to maintain the high manufacturing standards required for our products as well as experienced engineers for developing future models. In a number of areas, including leather sewing, the pool of skilled workers has declined over the last decade. We may experience a high rate of skilled employee turnover. Labor shortages, increased employment competition from other manufacturers, the inability to hire or retain these skilled employees or increased labor costs generally could have a material adverse effect on our ability to control expenses and efficiently conduct our operations. Many of the other manufacturers with whom we compete for skilled employees have greater financial resources than us, in part because

certain of these other manufacturers are part of a larger automotive group. We also face particular risks from the proximity of our manufacturing facility in Gaydon to a number of other automotive manufacturers, including Jaguar Land Rover, whose engineering facility is adjacent to the Gaydon facility and whose nearest manufacturing facility is 24 miles from the Gaydon site.

Further, approximately 21% of our employees are unionized and are members of Unite. If production or other areas of our business are compromised by prolonged industrial action, our business, financial position and results of operations 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 we have. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible legal and regulatory environments. This could enable such competitors to sell cars at a lower price than us. We may not be able to continue to hire and retain the sufficiently skilled labor force necessary to operate efficiently and to support our operating and growth strategies. In addition, our labor expenses could increase as a result of continuing shortages in the supply of personnel or employment competition from other manufacturers. Increased labor costs or shortages as a result of the above or other factors could have a material adverse effect on our business, financial position and results of operations.

***We face risks arising from foreign currency exchange rates and from related hedging.***

We operate globally in a number of countries and generate a significant portion of our revenue and costs, including costs to service our debt obligations, in currencies other than pounds sterling, including in particular the U.S. dollar and euro. In addition, a portion of our costs are denominated in a variety of currencies, in particular the euro, which is the currency in which we purchase engines from Ford and Daimler. An unfavorable exchange rate trend could affect operating results as well as our financial position and cash flow. For example, we recognized an exchange rate-related loss of £27.6 million on the translation of the Existing PIK Notes, which are denominated in U.S. Dollars, for the year ended December 31, 2016. Further, the Dollar Notes offered hereby will be denominated in U.S. Dollars and could result in further exchange rate-related losses in future. Over the past three years there have been significant exchange rate fluctuations, particularly with respect to the performance of the pound sterling, the U.S. dollar, the euro and the yen, which have had a corresponding effect on our business, financial position and results of operation.

Our operations are sensitive to currency fluctuations and we attempt to manage this currency risk through hedging. For example, if all other variables were held constant, if the U.S. dollar exchange rate were to decrease by five percent, the effect on our profit after tax in 2016 would have been a gain of £7.7 million. Although it is impossible to hedge against all currency risks, since 2003 we have used derivative financial instruments in order to reduce the substantial effects of currency fluctuations on our cash flows and financial condition. We have entered into, and intend to continue to enter into, forward exchange contracts to hedge our residual exposure to the pound sterling. Specifically, we intend to enter into forward exchange contracts to hedge our exposure due to the issuance of the U.S. dollar-denominated Notes offered hereby.

As with all hedging instruments, there are risks associated with the use of such instruments. While limiting to some degree our risk from fluctuations in currency exchange rates by utilizing such hedging instruments, we potentially forgo benefits that might result from other fluctuations in currency exchange rates. We are also exposed to the risk that our counterparties to hedging contracts will default on their obligations. We manage exposure to counterparty credit risk by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. However, any default by such counterparties might have an adverse effect on our business, financial conditions and results of operation. Exchange rate fluctuations and the costs associated with, or a realization of losses related to, hedging policies may have a material adverse effect on our business, financial position and results of operations.

***Our low volume strategy may limit potential profits.***

A key to the appeal of the Aston Martin brand and our marketing strategy is the aura of exclusivity and the sense of luxury which our brand conveys. A central facet to this exclusivity is the limited number of models and cars we produce and our strategy of maintaining our car



waiting lists to reach the optimal combination of exclusivity and client service. Our low volume strategy is also an important factor in the prices that our clients are willing to pay for our cars.

While important to our current marketing strategy, our focus on maintaining low volumes and exclusivity may limit our potential sales growth and profitability. We may from time to time face investor and market pressure to demonstrate growth, including by increasing the volume of cars we sell. If we were to change our strategy and increase production of our cars more aggressively, we may be unable to maintain the exclusivity of the Aston Martin brand, and if we are unable to balance brand exclusivity with increased production, we may erode the desirability and ultimately the consumer demand for our cars. As a result, if we are unable to increase our car production meaningfully or introduce new car models without eroding the image of exclusivity in our brand, we may be unable to significantly increase our revenues.

***The trend towards smaller cars and engines with lower engine capacity and new drive technologies could negatively impact us.***

For several years, various markets, such as those in Europe, the United States and China, have seen a general trend toward demand for engines that use less fuel and emit fewer harmful emissions. This has led to manufacturers introducing engines which have a lower engine capacity, while maintaining performance levels through technological advances, as well as a trend toward hybridization. Factors contributing to this trend include rising fuel prices, decreasing disposable incomes, increasing government regulation of greenhouse gas (“GHG”) emissions and vehicle fuel economy to counteract climate change and global warming, speed limits, higher taxes on certain types of cars such as luxury cars, traffic density in large cities, as well as environmental protection from air pollutant emissions.

We offer high luxury sports cars that use comparatively more fuel and produce comparatively higher levels of emissions than those in lower car classes. Therefore, the continuation of this trend could adversely impact our business. In addition, the development of engines that have lower capacity and consume less while retaining close to the same performance levels is technologically challenging and cost intensive and we may only be capable of passing the cost on to customers to a limited extent or not at all.

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. Incorporating new technologies into vehicle designs costs the same or more for smaller volume manufacturers, yet the costs are spread over significantly smaller volumes. This could lead to increased demand for competitors’ products and result in a loss of our 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/or 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 us. All of these factors could have a material adverse effect on our business, financial condition and results of operation.

***New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, vehicle safety or environmental, health and safety laws or changes in other existing laws, may have a significant effect on our business.***

We are subject to comprehensive and constantly evolving laws, regulations and policies throughout the world. We expect the extent of the legal and regulatory requirements affecting our business and our operations and costs of compliance to continue to increase in the future. In Europe and the United States, for example, significant governmental regulation is driven by environmental (including climate change), fuel economy, vehicle safety and noise emission concerns. In particular, vehicle emissions standards and test procedures have been under scrutiny in Europe and the United States following investigations into the use of software designed to produce compliant emission standards only when such software detected that the vehicle was being subjected to an emissions compliance test (a so-called, “defeat device”). As such, regulators, consumers and environmental and social interest groups are now heavily focused on emissions data, testing procedures and any inconsistencies (notably, the European Union has

introduced the “Real Driving Emissions” test). As such, evolving regulatory requirements could significantly affect our product development plans and may limit the number and types of cars we sell and where we sell them, which may affect revenue. Governmental regulations may increase the costs we incur to design, develop and produce our cars and may affect our product portfolio. Regulation may also result in a change in the character or performance characteristics of the cars, which may render them less appealing to customers.

For example, current European legislation limits fleet average CO2 emissions for new passenger cars, and new targets were set in 2014 with more stringent emission targets applicable to the 2017-2021 period. Due to our small volume manufacturer (SVM) status, we benefit from a derogation from the existing CO2 emissions requirement and are instead required to meet alternative targets for our fleet of EU-registered vehicles. Therefore, in 2015, we submitted our proposed CO2 emissions target for the 2017-2021 period to the EU Commission for approval. We are currently awaiting approval which is expected to be published in May 2017.

In the United States, the U.S. Environmental Protection Agency (“EPA”) and the National Highway Traffic Safety Administration (“NHTSA”) have set federal standards for passenger cars and light trucks to meet certain corporate average fuel economy (“CAFE”) levels and GHG emissions standards. These requirements are scheduled to become increasingly more stringent for model years 2017-2021, and standards for model year 2022-2025 are set to become even more stringent unless revised by EPA and NHTSA.

NHTSA has authority to exempt from the generally applicable CAFE standards manufacturers that produce fewer than 10,000 passenger cars globally. If NHTSA exempts a manufacturer, it must establish an alternate standard for that manufacturer for that model year, at the level that the agency decides is the maximum standard that is feasible for that manufacturer. NHTSA has adopted alternative standards for some small volume manufacturers. We have petitioned NHTSA for alternative CAFE standards for each model year from 2012 through 2019. NHTSA has not acted on any of our petitions.

Although NHTSA has not taken the position that we failed to meet CAFE standards applicable to past model years, a manufacturer is subject to substantial civil penalties if it fails to meet CAFE standards, and we cannot rule out the possibility that NHTSA will in the future allege that we failed to meet CAFE standards for model year 2012 or after. Future ability to apply for alternative standards is dependent upon not exceeding the 10,000 vehicles produced for global sale. We expect to exceed this figure in the 2020/2021 calendar year timeframe, at which point CAFE fines will begin to apply if default standards are not met.

Our fleetwide GHG emissions exceeded the level allowed by EPA’s GHG standard for model years 2012-2016, and although EPA deemed us conditionally exempt from the requirement for 2012, we are currently negotiating to purchase GHG credits to cover our exceedances for model years 2013-2016. We cannot assure you that we will be able to purchase credits at a reasonable cost, and if we are not able to do so, that we will be able to satisfy EPA that we made the requisite good faith effort. Beginning with the 2017 model year, SVMs 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 our capability but also adhering to a notional year on year improvement. We have petitioned EPA for an alternative GHG standard to begin with model year 2017; however, EPA has not yet granted our request. Our fleet average GHG emissions for the 2017 and 2018 model years exceed the GHG standard that would apply if EPA were to deny the request, meaning that unless the petition is granted, we will need to purchase GHG credits to avoid being subject to penalties.

EPA also has adopted tailpipe and evaporative emissions standards which become increasingly stringent over time. EPA’s “Tier 3” standards for tailpipe and evaporative emissions and gasoline sulfur content will increase in stringency for model years 2017 through 2025. California has also adopted its own “Low Emissions Vehicle Program,” or “LEV3” standards, which will require additional reductions in emissions. Thirteen additional states in the U.S. and the District of Columbia have adopted the LEV3 standards.

Canada applies an exemption from standards to us as long as we sell under 750 cars in that market. In 2016, we sold 68 cars into Canada.

Other governments around the world, such as those in China, Hong Kong, Canada, South Korea, and certain Middle Eastern countries are also creating new policies to address these issues which could be even more stringent than the U.S. or European requirements. As in the United States and Europe, these government policies if applied to us could significantly affect our product development plans. In China, for example, Stage III fuel consumption regulations targeted a national average fuel consumption of 6.9 L/100km by 2015 and Stage IV targets a national average fuel consumption of 5.0 L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards for Mainland China. It is unclear whether the new standards, if adopted, will include exceptions for SVMs similar to those currently in place in the United States and in the EU.

We could lose our eligibility for SVM-specific derogations in the EU and/or the United States if we do not continue to meet all of the necessary eligibility criteria under applicable regulations as they evolve. In order to meet these criteria we may need to modify our growth plans or other operations. Furthermore, even if we continue to benefit from derogations as a SVM, we will be subject to alternative standards that the regulators deem appropriate for our technical and economic capabilities and such alternative standards may be significantly more stringent than those currently applicable. It is generally accepted that emissions and fuel economy standards will continue to develop and will encompass greater stringency. It is the timing of the application of these tighter standards that will be an issue, where being ineligible for any SVM exemptions may mean we have limited time or limited capability to meet those standards.

We are at a disadvantage when compared to other automakers in meeting fleet-wide average emissions and fuel economy standards given that many other automakers have relatively lower-emitting and higher fuel economy vehicles in their fleets than we do. Further, our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly, oftentimes because crashworthiness standards tend to conflict with the need to reduce car weight in order to meet emissions and fuel economy standards and maintain performance levels. For example, certain of our vehicles are permitted to be sold in the United States pursuant to a temporary exemption related to safety standards related to crash protection, and once this temporary exemption expires later this year, we plan to stop selling such vehicles in the United States. While we are managing our 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. In some circumstances, governmental authorities may initiate a recall as a result of their own investigations into our operations. We may expend considerable resources in connection with product recalls, and these resources may typically include the cost of the part being replaced and the labor required to remove and replace the defective part. In addition, product recalls could prevent or delay launch of new model cars or cause our consumers to question the safety or reliability of our cars and harm our reputation. Any harm to the reputation of any one of our models could result in a substantial loss of customers. 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 our cars. The occurrence of the above may have a material adverse effect on our business, financial position and results of operations.

Under these existing regulations, as well as new or stricter rules or policies, we could be subject to sizeable civil or criminal penalties if we are found to have breached such regulations, be subject to third party claims against us for loss or injury, we might have to restrict or modify product offerings drastically to remain in compliance and/or we could suffer damage to our reputation. Violations of these laws may occur, among other ways, from errors in monitoring emissions from our 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 unauthorized acts of our employees, suppliers or agents. As a result of the current and any future emissions requirements, we may be required to apply for exemptions for small-scale producers, pay penalties, make significant investments, alter our product line-up or be unable to sell our products in certain jurisdictions. In addition, to comply

with current and future environmental, health and safety norms (such as air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean up of contamination, chemical regulation, process safety, 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), we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities. All of these factors could increase our costs and have a material adverse effect on our business, financial condition and results of operation.

***The effects of certain vehicle safety regulations may have an adverse impact on us.***

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 NHTSA is proposing to issue a new safety standard requiring all new light vehicles to be capable of vehicle-to-vehicle ("V2V") communications, such that they will send and receive basic safety messages to and from other vehicles. These regulations may require us to develop (or purchase) new products and technologies, resulting in additional costs and risks associated with our ability or inability to develop or procure compliant systems. Additionally, in the absence of regulations, failure to keep up with state-of-the-art technologies can also be a risk from a product liability perspective, as the absence of a state-of-the-art feature (that exists within the wide vehicle population) could be considered as a defect. Additional costs associated with developing or procuring the relevant products to ensure compliance with these new regulations, any penalties should we not be in a position to comply with such regulations or any product liability or other losses as a result of our inability to keep up with state-of-the-art technologies, could have a material impact on our business, financial condition and results of operations.

***The effects of certain European regulatory changes may have a material adverse impact on us.***

Due to the rules contained in the European Commission's industry-specific Block Exemption Regulation (EU) No. 461/2010 of May 27, 2010 and the current expansion of access to technical information on genuine parts for independent market participants as a result of the amendment of the Euro 5/Euro 6 legislation (Regulation (EC) No. 715/2007 of the European Parliament and of the Council of June 20, 2007 on type approval of motor cars with respect to emissions from light passenger and commercial cars and on access to car repair and maintenance information as well as Commission Regulation (EC) No. 692/2008 of July 18, 2008 implementing and amending Regulation (EC) No. 715/2007), there is a risk of independent market participants obtaining greater access to technical information on genuine parts. The expansion of independent market participants' access to technical information regarding genuine parts could give rise to additional testing expenses and other costs for us in order to adapt to the new regulations. The expansion of independent market participants' access to technical information regarding genuine parts could also cause us to be exposed to greater competition in the parts business in the future.

In the area of new car sales and in accordance with the specifications of the Motor Vehicle Block Exemption Regulation (EC) No 1400/2002 of the Commission of July 31, 2002 ("Motor Vehicle BER (2002)"), we apply qualitative and quantitative selection criteria, that is, the number of dealers that must fulfill specified qualitative standards can be limited. Under the provisions of the Motor Vehicle BER (2002), such a selective sales and distribution system is exempt from Article 101(1) of the Treaty on the Functioning of the European Union ("TFEU") if the market shares of the producer do not exceed 40%. If the market share exceeds this level, only qualitative selection is permitted. As of June 1, 2013, the non-sector-specific block exemption regulation for vertical agreements (Commission Regulation (EC) No. 330/2010 of April 20, 2010 ("Vertical BER")) also applied to the purchase, sale, or resale of new motor cars. There are no longer special exemptions for the sale or resale of new motor cars. According to the Vertical BER, a quantitatively selective sales and distribution system is only permitted if the market share of the companies concerned does not exceed 30% in their respective markets. In the supplementary

guidelines for vertical restrictions in agreements concerning the sale and repair of motor cars and for the distribution of motor car genuine parts, the European Commission specifies that quantitatively selective distribution generally satisfies the exemption requirements of Article 101(3) of the TFEU if the market shares of the companies concerned do not exceed 40%. This could have a significant adverse impact on our business if customers do not continue to use manufacturer produced parts. In addition, we also face the risk of new competition law regimes around the world, such as in Hong Kong, which could impact sales by dealers in the rest of the world.

***We are exposed to risks in connection with product related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns, which may be costly and may harm our reputation.***

As a result of contractual and legal provisions, we are obliged to provide extensive warranties to our customers, dealers and distributors. There is a risk that, relative to the guarantees and warranties granted, the calculated product prices and the provisions for our guarantee and warranty risks have been set or will in the future be set too low. In the year ended December 31, 2016, we recognized a provision of £13.7 million for expected claims based on past experience of the level of actual warranty claims received compared to £14.6 million in the year ended December 31, 2015. There is also a risk that we will be required to extend the guarantee or warranty originally granted in certain markets for legal reasons, or provide services as a courtesy or for reasons of reputation where we are not legally obliged to do so, and for which we will generally not be able to assert claims in recourse against suppliers or insurers. In addition, we may from time to time be required to recall certain products. Any of the foregoing could have a material effect on our business, financial position and results of operations.

***We are dependent upon our dealers for the sale and promotion of our products.***

We are almost entirely dependent upon third-party dealers for the sale and promotion of our products and services. These dealers may exert upward pressure on the level of our dealer margins and incentives and may also encounter financial difficulties which could restrict them from selling our products in sufficient numbers to meet demand, or from selling our products at all, require us to provide support or investment or cause them to seek to sell more demo or floor models than they would usually, and at lower prices, which may reduce demand for our new cars. In addition, if financial difficulties affect a significant number of dealers in a region, our sales to that region as a whole and our brand visibility could be adversely affected in that market or require us to incur significant investment to seek out new dealers in that region and to promote our brand. See also “—Our business model is based on the availability of the Wholesale Finance Facility and the loss of our ability to draw under this facility or its credit insurance backing could have a material adverse effect on our business”.

Many of our dealers are owned by dealer groups which could spread the impact of the above factors across more than one dealership. The above risks are potentially more acute in the Middle East and North Africa where the sole Aston Martin car distribution rights are owned by a third party, albeit that such third party is owned by certain of our shareholders.

Our growth strategy is also dependent on a sufficient number of new Aston Martin dealers opening to sell our products in new areas and jurisdictions. In particular, we may face competition from other high luxury sport manufacturers for potential new dealer openings, based on, among other things, dealer margin, incentives and the performance of other Aston Martin dealers in the relevant jurisdiction. If insufficient new Aston Martin dealers open in new areas and jurisdictions, our growth prospects could be materially adversely affected.

***Our growth strategy exposes us to risks.***

Under our Second Century Plan, we are undertaking a substantial and relatively rapid expansion of our operations, including the launching of several new car models and derivatives of our current models and the development of dealer operations in new countries. See “Business”. In particular, our growth strategy relies on the expansion of operations into regions characterized by higher growth potential than other regions with more mature automotive markets. See “—Developments in emerging markets may adversely affect our business”. In addition, we are

also expanding into new types of products, such as our DBX and our RapidE, our first fully-electric car concept. The costs associated with entering and establishing ourselves in these new regions' markets may be higher than expected and we may face significant competition in those regions and markets. See "*We face strong competition, which could lead to a significant drop in unit sales or price deterioration*".

Our growth strategy will expose us to new business risks that we may not have the expertise, capability or the systems to manage. These risks include language barriers, 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 our 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), foreign investment restrictions, foreign exchange controls 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. Our growth strategy will also place significant demands on us by requiring continuous evolution and improvement of our operational, financial and internal controls. Continued expansion also increases the challenges involved in maintaining high levels of quality, management and customer satisfaction and recruiting, training and retaining sufficient skilled management, technical and marketing personnel. For further information, see "*Business—Our Strategies*".

Inability to manage these risks or meet these demands could harm our growth prospects and may have a material adverse effect on our business, financial position and results of operation.

***Developments in emerging markets may adversely affect our business.***

We operate in a number of emerging markets, both directly and through our dealers and we have experienced increasing demand in Asia Pacific and the Middle East.

Our strategy contemplates expanding our sales in Asia Pacific and Middle East regions, recognizing the increasing HNWI's 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, we are unable to foresee the extent to which economic growth in these emerging markets will be sustained. 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 us to increase unit sales and revenues in those regions in the near term.

Our exposure to emerging markets is likely to increase, as we pursue expanded sales in such markets. Economic and political developments in emerging markets, including economic crises or political instability, could have in the future material adverse effects on our results of operations and financial condition. Further, in certain markets in which we or our dealers operate, required government approvals may limit our ability to act quickly in making decisions on our operations in those markets. Other government actions may also impact the market for luxury goods in these markets, such as tax changes or the active discouragement of luxury purchases.

Maintaining and strengthening our position in these emerging markets is a key component of our 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, we anticipate that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and our inability to gain or hold market share, which could have a material adverse effect on our results of operations and financial condition.

***We are currently dependent on our sole manufacturing facility at Gaydon, United Kingdom and we may incur unanticipated costs or delays in launching our new plant in St. Athan.***

Currently, all of the vehicles that we sell and some sub-assemblies for aftermarket parts, such as seats and bodies, are manufactured at our Gaydon facility. In 2016, we announced a new

manufacturing facility in St. Athan, UK. Construction work started at St. Athan in December 2016, and we expect full vehicle production to commence in 2019. Until then (and even after), our 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 us to continue manufacturing our cars in the United Kingdom. In the event that we were unable to manufacture cars, or only able to manufacture cars in limited numbers, at our Gaydon facility or it became uneconomic for us to continue to manufacture cars at Gaydon, we would need to seek alternative manufacturing arrangements which would take time and therefore may reduce our ability to produce sufficient cars to meet demand. This would materially reduce our revenues and could require significant investment, which as a result could have a material adverse effect on our business, financial position and results of operations.

There are a number of financing, construction and operating risks associated with the construction of new plants. Usually, construction and fit-out must be completed within a designated timeframe in order to allow for production in our design cycle. Therefore, such construction projects may be required to be completed on an expedited basis or may require additional development efforts to meet predetermined deadlines that may result in significant additional costs. An unanticipated increase in development costs may result in reduced liquidity available for investments in car and powertrain design, engineering and manufacturing and other capital expenditures necessary to maintain our schedule of product refreshment and enhancements. In addition, it may take a significant period of time before the new plant in St. Athan becomes operational and starts to manufacture cars. The increase in development costs or a significant operational delay could have a material adverse effect on our business, prospects, results of operations, cash flow and financial condition.

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

In certain regions, 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 our cars less affordable or cause consumers to purchase less expensive cars, adversely affecting our results of operations and financial condition. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, our clients may choose not to, or may not be able to, obtain financing to purchase our cars.

***We may become subject to risks arising from legal disputes and may become the subject of government investigations.***

In connection with our general business activities, we may become the subject of legal disputes and governmental or regulatory investigations in the United Kingdom as well as abroad. Such investigations may, in particular, arise from our relationship with authorities, suppliers, dealers, customers or investors. We may be required to pay fines, take certain actions or refrain from other actions.

To the extent that customers, particularly in the United States, assert claims for existing or alleged car defects individually or in a class action lawsuit, we may be compelled to initiate costly defense measures and pay significant amounts in damages, or even punitive damages. Complaints, specifically complaints relating to future civil lawsuits and actions relating to patent rights as well as antitrust disputes, brought by suppliers, dealers, investors or other third parties (such as governmental authorities or patent exploitation companies), particularly in the United States, may result in comparable costs, risks or damages. It is also possible that there may be investigations by governmental authorities into circumstances of which we cannot currently be aware, or which have already arisen or will arise in the future, including possible supervisory and environmental law, competition law, state aid or criminal proceedings.

Since a number of risks cannot be estimated or can be estimated only with difficulty, it cannot be ruled out that losses will nevertheless be incurred that are not covered by the insured amounts or amounts recognized as provisions. In addition, any claims, whether or not successful, could have

an adverse effect on our brand and reputation. Furthermore, given the relatively small scale of our operations, the consequences of any claims and the related management time required, could have a significant impact on our ability to operate our business.

Thus, the occurrence of legal disputes in the United Kingdom or abroad, or government investigations into allegedly defective devices or pollution emissions, for example, or generally into our business may have a material adverse effect on our business, financial position and results of operations. See "*Business—Litigation*".

***Changes in tax, tariff or fiscal policies could adversely affect demand for our products.***

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for our vehicles and our 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 could also adversely affect our results of operations. For example, the US government's new administration has consistently indicated that it intends to levy new import tariffs on goods produced outside of the United States as part of its focus on tax policy, trade and tariffs, which, if enacted, could have an adverse effect on our position in the US market and therefore our results of operations. While we are managing our 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 our cars in the relevant jurisdiction.

***We may not succeed in adequately protecting our intellectual property and know-how.***

We possess a number of patents, registered trademarks, 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 our business success. The grant of Registered IP and our 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 our IP could be infringed, or challenged by third parties, as has happened in the past or that our confidential know-how or trade secrets are misappropriated or disclosed to the public without our consent. In such cases, we may not be able to, or may be limited in our ability to, prevent such infringements, misappropriations or disclosures, despite our Registered IP. This applies particularly to instances of product piracy where our components are copied, possibly with poor quality, resulting in an additional reputation risk and warranty risk for us. In addition, there is no guarantee that all applications for Registered IP filed for or intended to be filed for by us for our new technologies will be issued or granted in all countries where we believe this to be prudent. Additionally it cannot be ruled out that, independently of us, third parties might develop the same or similar know-how or trade secrets or obtain access to it.

Inadequate or loss of protection of our IP may restrict our ability to profitably exploit technological advances 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 us with fewer development expenses of their own, and hence more cost-effectively. This could harm our competitive position. Moreover, high costs may be incurred in responding to infringements or breaches of our IP or misappropriations of our know-how and trade secrets. The occurrence of any of these events may have a material adverse effect on our business, financial position and results of operations.

***It cannot be ruled out that we 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 we believe that we hold all the rights required for our business operations (our own IP and third-party licenses), the risk of infringement or misappropriation of the IP and know-how/trade secrets of third parties cannot be completely excluded, since many competitors and suppliers also submit patent applications for their inventions and subsequently secure patent



protection or other IP. Moreover, findings of infringements or other violations by courts or even the mere assertion of infringements or violations of intellectual property rights or know-how/trade secrets could have a negative impact on us. In such cases, we may be barred from marketing products in the jurisdiction concerned and might potentially be compelled to acquire licenses or modify our manufacturing processes. This could lead to further legal disputes or settlement negotiations, which may give rise to significant costs. In addition, we could be required to pay damages or redesign products or processes infringing or misappropriating IP. We may also be exposed to temporary or permanent injunctions and additionally may have to rely on acquiring licenses in order to use third-party technologies, which would result in corresponding costs. There is, however, no guarantee that we will be able to obtain the licenses necessary for our business success in the future to the extent necessary and on reasonable terms and conditions. We also rely on licenses of certain IP from third parties and cannot rule out that these licenses could be terminated under certain circumstances. There can also be no assurance that our existing licensing agreements will be extended.

All of the above factors could, individually or collectively, lead to delivery and production restrictions and/ or interruptions to delivery and production, and have a material adverse effect on our business, financial position and results of operations.

***We rely on confidential know-how and trade secrets to protect our intellectual property which cannot be patented and this depends on confidentiality of this information being maintained.***

Certain of our 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 in order to protect this proprietary information. Such obligations rely on individuals complying with those obligations and if there are breaches, our valuable information could fall into the public domain and be used by our competitors. Equally, the movement of employees between us and our competitors could result in an increased risk of this information being shared with and used by our competitors.

These factors could, individually or collectively, lead to our competitors having access to our confidential information and using it to their advantage which could have a material adverse effect on our business, financial position and results of operations.

***We are exposed to operational risks, including risks in connection with the use of information technology.***

Due to our complex manufacturing, research, procurement, and sales and marketing operations, we are exposed to a variety of operational risks, that is, risks of loss resulting from inadequate or failed internal processes, people and systems or from external events. These risks include, but are not limited to losses that are caused by:

- lack of controls within internal procedures;
- violation of internal policies by employees;
- disruption or malfunction of IT systems, computer networks and telecommunications systems;
- mechanical or equipment failures, particularly as a result of our planned IT system upgrade;
- human error;
- natural disasters; or
- malicious acts by third parties.

We are generally exposed to risks in the field of information technology, since unauthorized access to or misuse of data processed on our IT systems, human errors associated therewith or technological failures of any kind could disrupt our operations, including the manufacturing, design and engineering process. A disruption in Aston Martin's information technology could compromise confidential information and sensitive information which could materially affect our trade secrets, reputation and intellectual property and customer base, which could then, for example, expose us to litigation or additional costs to our operations in order to address such a

disruption. If the measures put in place to protect against operational risks prove insufficient, our results of operations and financial condition may be materially affected.

***We may lose or fail to maintain licenses, permission or certifications that we currently use to import our products into other markets.***

In order to export our cars into certain jurisdictions, we have received and maintain various permits and licenses from the relevant governmental bodies. To maintain these permits and licenses, we must meet certain standards. Any failure to satisfy such standards or maintain or renew the relevant permits or licenses, could result in our inability to export our products into such markets. For example, our China import license was temporarily suspended in 2014 due to issues arising following a recall of certain of our models. Any loss of such a permit or license that would prevent us from selling our products in such market, could materially and adversely affect our business, brand, prospects, results of operations, cash flow and financial condition.

***We operate a number of pension arrangements, including a UK defined benefit pension scheme to which we have been required to increase our contributions to fund an increase in the cost of future benefits and/or funding shortfalls.***

We provide retirement benefits to certain of our current and former employees through a number of pension arrangements. These include the operation of a UK defined benefit pension scheme (the "UK DB Plan"), which is now closed to new employees but remains open to future benefit accrual for existing active members. As of December 31, 2016, the total expense relating to the UK DB Plan was £10.2 million, and the outstanding contributions were £0.6 million.

We currently estimate contributions to our UK DB Plan will be £12.7 million in 2017. The expected cash outflows in 2017 and subsequent years are uncertain and may change as a consequence of statutory funding requirements as well as changes in actual versus currently assumed discount rates, estimations of compensation increases and returns on pension plan assets.

While the latest actuarial valuation of the UK DB Plan on April 6, 2014 showed a surplus in the scheme of £3.4 million on a scheme-specific funding basis, a subsequent deterioration of the funding position has resulted in our recognition of a liability of £69.8 million on our balance sheet in respect of this scheme in recent periods. As a result, in addition to our agreed annual contributions to fund the ongoing accrual of benefits, we have agreed to make recovery contributions to the UK DB Plan of approximately £2.8 million each year until March 31, 2021, together with potential additional contributions of up to £3 million per annum if our business meets certain defined performance targets in the future.

Should a wind-up trigger or insolvency event occur in relation to the UK DB Plan, the buy-out deficit will become due and payable to the relevant plan by the participating employers. The buy-out deficit of the UK DB Plan as at April 6, 2014 was £137.6 million. The UK DB Plan's buy-out deficit would rank as an unsecured claim against the participating employers in the plan if they became insolvent.

If the market value of the assets in the UK DB Plan continues to decline in relation to the assessed liabilities, which depends on, among other things, the real returns that can be obtained on the assets, the longevity of members, the rate of increase of salaries, discount rate assumptions and inflation or if the trustees determine that our financial position requires a different approach to contributions and deficit reduction, we may be required to increase our contributions, which could have an adverse impact on our business, financial position and results of operations.

***The Pensions Regulator in the United Kingdom has the statutory power in certain circumstances to issue contribution notices or financial support directions which, if issued, could result in significant liabilities arising for us or our significant shareholders.***

Under the UK Pensions Act 2004, the Pensions Regulator in the United Kingdom may issue a contribution notice or a financial support direction to any employer in the UK DB Plan or any person who is connected with or is an associate of any such employer. The Pensions Regulator must satisfy a number of prescribed statutory tests in order to do so.

The terms "associate" and "connected person" are widely defined in the relevant legislation and could cover our significant shareholders and others deemed to be shadow directors. Liabilities

imposed under a contribution notice or financial support direction may be up to the amount of the buy-out deficit in the UK DB Plan

***Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business.***

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all the risks associated with the operation of our business, there can be no assurance that any claim under our insurance policies will be honored fully or in a timely manner, that our insurance coverage will be sufficient in any respect or that our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

***The adjustments to Pro Forma Adjusted February LTM EBITDA presented in this Offering Memorandum should be treated with caution when making an investment decision.***

In this Offering Memorandum, we present Pro Forma Adjusted February LTM EBITDA, which is derived using various assumptions, including assumptions related to our ability to recognize revenue from car orders that we have not yet completed. See “*Summary—Summary Historical Consolidated Financial and Other Data*” for additional details regarding these adjustments to February LTM EBITDA and their underlying assumptions.

The assumptions we have made with respect to the Pro Forma Adjusted February LTM EBITDA that we present in this Offering Memorandum are based on our current estimates, and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such adjusted financial information. Specifically, in order to make the Orders in Production adjustment that we present in this Offering Memorandum to derive Pro Forma Adjusted February LTM EBITDA, we have assumed that the EBITDA that we expect to realize during the period from March 1, 2017 to May 31, 2017 from orders as of March 1, 2017 which are in production during this period will in fact be realized and that these orders will not otherwise fail to result in payment being made with respect to such orders. While we believe that we will be able to realize the EBITDA related to our Orders in Production adjustment, there can be no guarantee that we will do so, and any failure to do so could have a material adverse effect on our business, financial position and results of operations. Additionally, while our Pro Forma Adjusted February LTM EBITDA reflects our estimate of certain incremental costs that we may incur as a result of certain events that will become effective, or materialize, in the future, including incremental costs related to the Orders in Production adjustment, we cannot guarantee that our Pro Forma Adjusted February LTM EBITDA includes the impact of all such incremental costs.

Further, February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA have been derived from management accounts and have not been audited or independently reviewed by our auditors. They should not be considered as alternatives to net income or operating income as indicators of our performance, or as alternatives to operating cash flows as a measure of our liquidity. While we use February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA to assess our operating performance, and we believe that these or similar measures are measures commonly used by investors, we cannot guarantee that February LTM EBITDA and Pro Forma Adjusted February LTM EBITDA, as presented in this Offering Memorandum, are comparable to similarly titled measures reported by other companies, including due to differences in the way these measures are calculated.

***Our order book is not necessarily indicative of our future revenue or results of operations.***

Because we produce a limited number of cars per year, our dealers and customers often place orders for vehicles well in advance. We have several metrics for tracking orders of our cars. We

also have other metrics of tracking customer interest in certain models of our cars and, but only define orders as Orders in Production that represent fully committed orders of our cars from our customers or dealers as of March 1, 2017 which are scheduled to be in production during the period from March 1, 2017 to May 31, 2017, and which have been loaded on our internal scheduling system. These orders are fully specified, meaning the ordered unit's specifications such as the trim, upholstery colors and material finishes have been specified by the customer. We require 12 weeks, at minimum, to satisfy our production scheduling for our orders. Orders in Production are firm orders for which we have scheduled supply of components from suppliers and begun production and which our dealers cannot unilaterally cancel.

When we define an order as an Order in Production, we assume that both parties will satisfy their obligations under the order and that production and payment will be on a timely basis consistent with historical experience. We believe that our order book is a useful indicator of the assess of our business' performance and provides useful trend information and visibility on our future financial results. However, Orders in Production as well as our Pro Forma Adjusted February LTM EBITDA are based on a number of assumptions and estimates. Consequently, as both figures are subject to change, they are not necessarily indicative of our expected revenue, EBITDA, cash flows or results of operations. Unforeseen events or circumstances, including, for example, termination, increased time requirements to complete the work, delays in commencing work, impacts of currency fluctuations, disruption of work, irrecoverable cost overruns, product recalls or other unforeseen events may affect our ability to fulfil Orders in Production and could have a material adverse effect on our business, financial condition and results of operations.

We also track Qualified Marketing Leads. A Qualified Marketing Lead refers to potential customers who have shown interest in buying one of our cars, either by visiting a dealership or inquiring by phone or email. We believe that the number Qualified Marketing Leads is a good indicator of potential future interest in our cars. However, a Qualified Marketing Lead may not result in an Order not yet in Production nor an Order in Production. Therefore, although Qualified Marketing Leads are valuable indicators to track potential orders, they do not affect our Pro Forma Adjustment February LTM EBITDA.

***Our business model is based on the availability of the Wholesale Finance Facility, which involves certain liquidity risks, and the loss of our ability to draw under this facility or its credit insurance backing could adversely affect the Group's liquidity and therefore have a material adverse effect on our business.***

We are a party to a Wholesale Finance Facility pursuant to which AML and AMLNA offer to Standard Chartered Bank certain receivables owing to them by dealers who have acquired Aston Martin cars from them on credit terms not exceeding 270 days from the date of dispatch. Where this facility is used (i.e. where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility agreement) 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. We are 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. We re-charge any discount rate approved by Standard Chartered Bank and other fees associated with the facility to our dealers from time to time. The Wholesale Finance Facility is backed by a credit insurance contract between AML and its insurer, Atradius Credit Insurance NV, in the event that a dealer fails to repay its financing under this scheme. Our direct liability in respect of dealer default under the Wholesale Finance Facility (in the event that the credit insurance does not cover the default) where AML or AMLNA is required to repurchase the relevant receivable is limited to an aggregate of £200,000 over the two year period ending August 31, 2018. Although the Wholesale Finance Facility is backed by credit insurance, in exceptional circumstances, after thorough consideration of the credit history of an individual dealer, we may sell cars to the dealer outside the credit risk insurance policy or on deferred payment terms. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our financial condition may be affected. Further we rely on drawings under this facility to fund our working capital and to minimize the impact of the delay between shipment and

receipt of funds. As of February 28, 2017, the Wholesale Finance Facility was almost fully utilized, with drawings of £123.1 million of the available £125 million, primarily due to the introduction of the DB11.

This facility, in addition to our American Inventory Funding Facility, enables us to manage our working capital and sell cars. If these facilities became unavailable, we may need to sell cars to dealers without such financing arrangements, subjecting us to the credit risk of our counterparties. If this were to occur, we could experience a shortfall in working capital, which could impair our ability to make certain capital expenditure, pay our suppliers or require us to negotiate credit extensions with such suppliers or secure alternative financing, any of which could materially negatively impact our operations. As of the year ended December 31, 2016, we had £14 million in overdue receivables.

We closely monitor cash flow forecasts and liquidity requirements to ensure we have sufficient cash to meet our operational needs, while attempting to maintain sufficient headroom on our Wholesale Finance Facility and our American Inventory Funding Facility. If we were unable to utilize either facility or if Standard Chartered Bank no longer made these facilities available to us and our dealers on substantially similar terms or at all, it could have a material adverse impact on our liquidity position, business, financial condition and results of operations. And, in such circumstances, we may not be able to find a replacement on reasonable terms or at all.

### **Risks related to our indebtedness and the Notes**

#### ***The Issuer is a special purpose finance subsidiary with no revenue generating operations of its own.***

The Issuer is a special purpose finance subsidiary that has no revenue generating operations of its own. The Issuer conducts no business or operations and, after giving effect to this offering and the use of proceeds therefrom, will have no assets other than the Notes Proceeds Loan to be made with the proceeds of the offering to AML. The Issuer's ability to service the Notes (or other future indebtedness it may incur under limited circumstances), is entirely dependent upon the receipt of funds from us under the terms of the Notes Proceeds Loan or otherwise. Our ability to make payments to the Issuer will depend on our cash flows and earnings which, in turn, may be affected by all of the factors discussed in these "Risk Factors".

#### ***Our leverage may make it difficult for us to operate our businesses.***

We currently have, and after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of December 31, 2016, as adjusted to give effect to this offering and the application of the proceeds therefrom, our total indebtedness would have been £544.2 million. In addition on the Issue Date, our New Revolving Credit Facility, which will not be drawn, will allow for an additional £80 million in future borrowings on a committed basis. In addition, prior to the expected amendment of the Preference Shares on or about the Issue Date, the terms of the Preference Shares currently permit us to incur ratio debt so long as AM Holdings consolidated leverage ratio is less than 5.0 to 1.0. See "*Principal Shareholders—Preference Shares.*" Our leverage could have important consequences for our business and operations and for you as a holder of Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debts and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund acquisitions, organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our future acquisitions or other working capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. The terms of the indenture governing the Notes offered hereby and the New Revolving Credit Facility permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify.

For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and capital resources*".

***We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make payments on or to refinance the Notes or our other debt obligations will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In addition, the New Revolving Credit Facility Agreement will contain a cross-default provision with respect to our payment obligations under the Guarantee Fee Agreement that we have entered into with the government of Wales in respect of our occupation of the premises for our St. Athan's plant. In the event that we are unable to satisfy our debt obligations under the Notes, or if we fail to make the payments due under the Guarantee Fee Agreement, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand or may cause us to be in default under the Guarantee Fee Agreement, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict our ability to transfer or sell assets. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet our debt service obligations then due.

***We may not be able to finance a change of control offer.***

The Indenture will require us to make an offer to repurchase the Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase if we experience certain specified change of control events. Additionally, a change of control under the New Revolving Credit Facility Agreement, unless waived by the lenders, results in cancellation of the commitments under the New Revolving Credit Facility and all amounts outstanding under the New Revolving Credit Facility would become immediately due and payable. The source of funds for any repurchase required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the Indenture. Furthermore, certain important corporate events that might adversely affect the value of the Notes (including certain reorganizations, restructurings and mergers) would not constitute a "change of control" under the Indenture. For a complete description of the events that would constitute a "change of control" under the Notes, see the section entitled "*Description of the Notes—Certain Definitions—Change of Control*".

***We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.***

We may incur substantial additional debt in the future. Although the Indenture, the Preference Shares and the New Revolving Credit Facility Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness so long as on a pro forma basis our Fixed Charge Coverage Ratio (as defined in "*Description of the Notes*") is at least 2.00 to 1.00 and in the event such indebtedness is secured indebtedness, our Consolidated Senior Secured Leverage Ratio (as defined in "*Description of the Notes*") is equal to or less than 3.50 to 1.00.

We will also be able to draw amounts under our New Revolving Credit Facility and incur certain other indebtedness at a time when we do not meet these ratios (subject always to compliance with restrictions on the incurrence of additional indebtedness set out in "*Description of the Notes*"). The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes (subject to compliance with the restrictions in the Intercreditor Agreement) and may be secured by Collateral that does not secure the Notes. In addition, the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under the Indenture. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

***The loans under our New Revolving Credit Facility bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.***

The loans under our Revolving Credit Facility bear interest at floating rates of interest per annum equal to LIBOR, as adjusted periodically, plus a spread. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, thereby reducing our cash flow.

***Our hedging and other derivative arrangements may not effectively or sufficiently offset the negative impact of interest rate or foreign currency fluctuations.***

We may use a combination of natural hedging techniques and financial derivatives to protect against certain interest rate and foreign currency risks. We make use of hedging arrangements to protect our business against interest rate and foreign currency fluctuations with respect to existing financing arrangements. In addition, following the Issue Date, the Issuer may enter into hedging arrangements with respect to the Notes relating to foreign currency variations and/or interest rate variations. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from foreign currency variations or interest rate variations. Gains or losses associated with hedging activities may also negatively impact operating results. Moreover, in the event of economic uncertainty and financial institution failures, we may be exposed to the risk that our counterparty in a derivative transaction may be unable to perform its obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, we may experience losses that could materially adversely affect our financial condition, financial returns and results of operations.

***We are subject to restrictive covenants which limit our operating and financial flexibility.***

Our New Revolving Credit Facility Agreement, the Preference Shares and the Indenture do and will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Restricted Group;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, pursue acquisitions, investments or alliances, restructure our organization or finance our capital needs.

Our failure to comply with the covenants under the New Revolving Credit Facility Agreement or the indenture, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition and results of operations or, in the case of the Preference Shares, result in the need to refinance or redeem such Preference Shares utilizing resources in part from the Restricted Group (subject to restrictions in the Indenture and the New Revolving Credit Facility) or potentially resulting in a Change of Control of the Company.



***The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.***

Certain of our subsidiaries will Guarantee the Notes. Our subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they Guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed as a creditor against the assets of such subsidiary; and
- the creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) of our non-guarantor subsidiaries. As of December 31, 2016, after giving pro forma effect to the issuance of the Notes and the use of proceeds therefrom, our non-guarantor subsidiaries would have had £3.9 million of total liabilities, including trade payables but excluding intercompany balances, all of which would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that our non-guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

***Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.***

The Guarantors will guarantee the payment of the Notes on a senior basis. Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will include language to the effect that each Guarantee and each security interest granted will be limited so as to ensure compliance with local law. The Guarantees, security interests and other obligations will also be subject to applicable corporate and other laws. In general, these laws prohibit companies from providing financial assistance to anyone for the purpose of acquiring their shares and limit the circumstances in which companies can transfer economic benefits to their shareholders outside the payment of properly declared dividends. They also provide for limitations that affect the rights of creditors generally in case an entity becomes insolvent. See "*Certain Insolvency and Local Law Limitations*" for more details regarding limitations on Guarantees and security interests in Jersey, the State of New York and England and Wales.

Moreover, certain transaction documents are governed by U.S. law judgments rendered by a U.S. court will generally not be directly enforceable in any of the jurisdictions in which the majority of the assets by which the Notes are secured are located. Instead, in many of these jurisdictions, as a pre-condition to enforcing a U.S. judgment, a local court will subject the judgment to a multi-factor test. Several of the factors the court will consider involve a considerable amount of discretion. And even if the court ultimately finds that the judgment is enforceable, the process may take a lengthy amount of time to complete. For all of these reasons, an investment in the Notes involves unique risks that may not apply or apply differently in a more conventional secured bond offering. If any of these risks materializes, your ability to collect payments of principal and interest under the Notes may be materially adversely affected.

***The Notes will be secured only to the extent of the value of the assets that have been granted as security, and in the event that the security is enforced against the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the New Revolving Credit Facility and any other holders of additional super priority secured debt.***

The Notes will be secured only to the extent of the value of the assets that have been granted as security and in the event that the security is enforced against the Collateral, the holders of the

Notes will receive proceeds from the Collateral only after the lenders under the New Revolving Credit Facility and any other holders of additional super priority secured debt and certain priority hedging counterparties (if any) have been paid in full.

If a default occurs and the obligations under the Notes are accelerated, the holders of the Notes will be secured only to the extent of the value of the assets underlying their security interest. Not all of our assets secure the Notes and certain liens may not be perfected on assets which do secure the Notes. In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary as a restricted subsidiary or otherwise, is subject to certain Agreed Security Principles. The Agreed Security Principles set out a number of limitations on the rights of the holders of Notes to require a guarantee or security in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any guarantee or security provided by any subsidiary being limited and/or security not being granted over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the Guarantees and security provided by us and our subsidiaries.

Furthermore, upon enforcement against any Collateral or in insolvency, under the terms of the Intercreditor Agreement, the claims of the holders of our Notes to the proceeds of such enforcement will rank behind the claims of the lenders under our New Revolving Credit Facility and other holders of super priority secured indebtedness (to the extent permitted to have super-priority by the Indenture), including counterparties to certain hedging obligations. As a result, in the event of our bankruptcy, there will be fewer assets available to satisfy our obligations under the Notes. Also, in such an event, the claims of the holders of the Notes to the proceeds of such enforcement will rank equally with the claims of the holders of additional secured indebtedness (to the extent such indebtedness is permitted by the Indenture). As a result, holders of the Notes will receive less from the proceeds of Collateral in an enforcement or insolvency scenario than if they were not required to share proceeds.

No appraisals of any of the Collateral have been prepared by us or on behalf of us in connection with the offering. The fair market value of the Collateral is subject to fluctuations based on factors that include, among others, our ability to implement our business strategy, the ability to sell the Collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of any Collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the Collateral at such time, general, market and economic conditions and the timing and the manner of the sale.

There also can be no assurance that the Collateral will be saleable and, even if saleable, the timing of its liquidation is uncertain. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral. By its nature, some or all of the Collateral may be illiquid and may not have readily ascertainable market value. In the event that a bankruptcy case is commenced by or against us, if the value of the Collateral is less than the amount of principal and accrued and unpaid interest on the Notes and all other senior secured obligations, interest may cease to accrue on the Notes from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay the obligations due under the Notes.

***The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.***

The security interests in the Collateral that will secure the obligations of the Issuer and the Guarantors under the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent has the right to enforce the Collateral. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take

enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

***There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.***

Under various circumstances, the Guarantees and the Collateral will be released automatically and unconditionally including, without limitation:

- in connection with any sale or other disposition of Collateral, directly or indirectly, to a person that is not (either before or after giving effect to such transaction) the Issuer or any restricted subsidiary (but excluding any transaction subject to the covenant described under "*Description of the Notes—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the provisions of the Indenture;
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;
- if the Issuer designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such restricted subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- (i) in connection with an initial public offering of the Issuer, the release, at the option of the Issuer, of all or part of the pledge over the capital stock of the Issuer within a reasonable time prior thereto to facilitate such Initial Public Offering and (ii) following an Initial Public Offering of the Issuer, the release of any security interests over all or part of the pledge over the capital stock of the Issuer that is subject to security interests in connection with issuances and/or sales of such capital stock within a reasonable time prior thereto to facilitate such issuance or sale; provided that, in each case, such security interests so released will, as soon as reasonably practicable, be granted in favor of the Notes in the event that the initial public offering or other sale or issuance, as the case may be, does not complete for any reason;
- in the case of the security assignment over the receivables in respect of the intercompany loans, upon partial repayment thereof, the security interests created over the receivables will be automatically reduced in proportion to such partial repayment and, upon full repayment thereof, the security assignment shall be automatically and fully released; or
- as otherwise permitted in accordance with the Indenture or the Intercreditor Agreement.

In addition, Liens on property or assets constituting Collateral may also be released to the extent necessary to enable the Issuer or one of our restricted subsidiaries to consummate the sale, transfer or other disposition of such property or assets, including (but not limited to) in connection with certain factoring transactions; provided that such sale, transfer or other disposition does not violate the covenant described in "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*".

The Indenture will also provide that the Collateral securing the Notes may be released and retaken in several circumstances, including in connection with the refinancing of certain indebtedness, including the Notes. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Security—Release of Liens*".

***Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.***

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and the grantor of the

security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we (or the Security Agent, as applicable) fail or are unable to take the actions required to perfect any of these liens or if it has been agreed that such perfection steps shall not be taken on the basis that such steps have undesirable effects. For the avoidance of doubt, subject to applicable law, the Security Agent will not have any obligation to take any steps or actions necessary to perfect any such liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker over the claims the security taker (as creditor) has against the debtor and there has occurred an event of default under the Indenture. Finally, since the ranking of pledges is typically determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification or as otherwise provided under applicable law) may have priority.

The Issuer and the Guarantors have limited obligations to assist the Security Agent in perfecting the security interest of the holders of the Notes in the Collateral. There can be no assurance that the Security Agent will monitor, or that the Issuer will inform the Security Agent of, the future acquisition of property and rights that should constitute Collateral, and that the necessary action will be taken to properly create and perfect the security interest in such property and rights acquired post completion. Subject to the applicable law, the Security Agent has no obligation to monitor the acquisition of additional property or rights that should constitute Collateral or the creation or perfection of any security interest. The failure to create or perfect such additional security interests may adversely affect the relevant security interest and/or the priority of such security interest in favor of the Notes.

In the case of the laws of England and Wales, where the security is registerable, provided that such security is registered, then the ranking of security interests granted by security providers incorporated in England and Wales is, subject to certain exceptions, determined by the date on which they were created. Accordingly, a security interest created on a later date over the same Collateral which has been duly registered will take priority over an earlier created security interest which has not been registered within the appropriate timeframe. The ranking of certain other security interests is determined by the date of registration or, as applicable, the date of notice.

***The insolvency laws of Jersey and England and Wales may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.***

The Issuer is incorporated under the laws of Jersey and the Guarantors are incorporated under the laws of England and Wales and Jersey. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, Jersey or English insolvency law, as applicable. Jersey or English insolvency law may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar. See "*Certain Insolvency and Local Law Limitations*".

In the event that the Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the Collateral in these jurisdictions and limit any amounts that you may

receive. See “—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability”.

***The security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.***

In the case of the laws of England and Wales, section 423 of the Insolvency Act 1986 applies in respect of transactions entered into at an undervalue defrauding creditors. This provision can be used at any time and any person prejudiced by the relevant transaction may apply to the court to have such transaction set aside or to have their interests protected by other means. Remedies granted under this provision are not limited to transactions entered into within set time limits and transactions can be avoided even if the company was solvent at the time of the transaction.

***Enforcement of the Collateral across multiple jurisdictions may be difficult.***

The Collateral will be governed by the laws of Jersey, England and Wales and the State of New York. The rights under the Collateral will thus be subject to the laws of the respective jurisdiction, and it may be difficult to effectively enforce such rights in multiple bankruptcies, insolvency and other similar proceedings. Moreover, such multijurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction’s law should apply and could adversely affect the ability to enforce the Collateral and to realize any recover under the Notes and the Notes Guarantee. See “*Enforcement of Civil Liabilities*”.

***Under the Intercreditor Agreement, the holders of the Notes will be required to share recovery proceeds with other secured creditors, will recover proceeds only after the lenders under the New Revolving Credit Facility, other future lenders of super priority debt and certain priority hedging counterparties (if any) are repaid in full, and are subject to certain limitations on their ability to enforce the Security Interests.***

The Trustee under the Indenture will on the Issue Date enter into the Intercreditor Agreement with, among others, the Facility Agent under the New Revolving Credit Facility, counterparties to certain hedging obligations (if any) and the Security Agent. Other creditors may become parties to the Intercreditor Agreement or we may enter into additional intercreditor agreements in the future. Among other things, the Intercreditor Agreement governs the enforcement of the collateral, the sharing in any recoveries from such enforcement and the release of the collateral by the Security Agent. The Intercreditor Agreement provides that the Security Agent shall act upon the instructions of the Facility Agent under the New Revolving Credit Facility Agreement (as instructed by more than 50 percent of the lenders under the New Revolving Credit Facility) or the Trustee for the Notes (as instructed by holders of a majority in principal amount of the Notes then outstanding) in accordance with the provisions of the Intercreditor Agreement. The Facility Agent under the New Revolving Credit Facility (as instructed by more than 50 percent of the lenders under the New Revolving Credit Facility) or the Trustee for the Notes (as instructed by holders of a majority in principal amount of the Notes then outstanding) will be entitled to instruct the Security Agent to enforce the security in accordance with the provisions of the Intercreditor Agreement. In the event of conflicting instructions, the Intercreditor Agreement contains provisions as to which set of instructions will prevail. See “*Description of Other Financial Arrangements—Intercreditor Agreement*”.

The Intercreditor Agreement provides that in the event that the classes of creditors entitled to provide enforcement instructions to the Security Agent provide conflicting instructions, such creditors must, subject to certain exceptions, consult with each other for a period of 15 days before any enforcement action may be taken (the “Consultation Period”). Enforcement instructions given by the requisite percentage of holders of the Notes will prevail after such Consultation Period. However, if:

- the creditors under our New Revolving Credit Facility and the existing hedging counterparties (if any) are not fully repaid within six months of the proposed date of issuance of enforcement instructions to the Security Agent; or

- for any reason the Security Agent has not commenced any enforcement action within three months of the end of the Consultation Period; or
- any event of insolvency occurs and the Security Agent has not commenced enforcement or enforcement action at that time,

then enforcement instructions by the requisite percentage of lenders under our New Revolving Credit Facility and any super senior hedge counterparties will prevail.

These arrangements could be disadvantageous to the holders of the Notes in a number of respects including as a consequence of the time periods noted above. In addition, other creditors not subject to the Intercreditor Agreement could commence enforcement action against the Issuer or its subsidiaries during such period, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain collateral could otherwise be impaired or reduced in value.

In addition, in certain circumstances, including acceleration of the New Revolving Credit Facility or the Notes, any amounts recovered in respect of the Notes, including payments of interest or proceeds from the enforcement of Guarantees or collateral, will be required to be turned over to the Security Agent. Subject to the prior payment of fees, costs and expenses of the Facility Agent under the New Revolving Credit Facility, the Trustee and Security Agent and any receiver (if appointed), the Intercreditor Agreement requires the Security Agent to pay amounts turned over to it or otherwise received by it in respect of the Notes, such as proceeds from the enforcement of the collateral, to the lenders under the New Revolving Credit Facility and counterparties to certain hedging obligations (if any) in priority to the holders of the Notes.

Our New Revolving Credit Facility will provide for total original facility commitments of £80 million. In addition, the Indenture and our New Revolving Credit Facility will permit us, in compliance with the covenants in those agreements, to incur additional indebtedness secured by liens on the collateral. Our ability to incur additional debt in the future secured on the collateral may have the effect of diluting the ratio of the value of such collateral to the aggregate amount of the obligations secured by the collateral.

***Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

***Investors in the Notes may have limited recourse against our independent auditors.***

In respect of the audit reports relating to the annual financial statements reproduced herein, KPMG LLP, our independent auditor, provides: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed" or similar wording.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than the members of the Company with respect to those reports.

The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of

securities registered under the U.S. Securities Act, or in a report filed under the Securities Exchange Act. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against our auditors for damages arising out of an investment in the Notes.

***Investors may not be able to recover in civil proceedings for U.S. securities law violations.***

The Issuer and the Guarantors and their respective subsidiaries (other than Aston Martin Lagonda of North America, Inc. "AMLNA") are organized outside the United States, and their business is conducted largely outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries (other than AMLNA) and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Enforcement of Civil Liabilities*".

***Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.***

Because the Notes and the Guarantees have not been, and will not be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, to non-U.S. persons in offshore transactions, in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*".

***There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.***

The Notes are new issues of securities for which there is currently no established trading market. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance.

***The Notes may not remain listed on the Channel Islands Securities Exchange Authority Limited.***

Although the Issuer will, in the Indenture, agree to use its commercially reasonable efforts to have the Notes listed on the Official List of the Channel Islands Securities Exchange Authority

Limited and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the listing of or permission to deal in the Notes will remain. If the Issuer cannot maintain the listing on and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited or it becomes unduly burdensome to maintain such listing, the Issuer may cease to maintain such listing on the Official List of the Channel Islands Securities Exchange Authority Limited, provided that it will use commercially reasonable efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Channel Islands Securities Exchange Authority Limited or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Channel Islands Securities Exchange Authority Limited or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market. In addition, if we cannot obtain or maintain our listing, we may be required to withhold tax from certain interest payments (see "*Certain Tax Considerations—Certain United Kingdom tax consequences*").

***The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.***

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream (with respect to the Sterling Notes) and DTC (with respect to the Dollar Notes). Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depository, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Sterling Notes and the nominee for DTC will be the sole registered holder of the global notes representing the Dollar Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to Euroclear and Clearstream or DTC, as applicable. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depository for Euroclear and Clearstream and the nominee for DTC, as applicable, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream or DTC, as applicable, and if investors are not participants in Euroclear and Clearstream or DTC, as applicable, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream or DTC, as applicable. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream or DTC, as applicable. The procedures to be implemented through Euroclear and Clearstream or DTC, as applicable, may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry; Delivery and Form*".

***The interests of our controlling shareholders may differ amongst one another and may differ from the interests of the holders of the Notes.***

On the date of this Offering Memorandum, ASMAR Limited owns 19.0% of the ordinary shares of AM Holdings (the "Shares") and International Oasis Holding Company ("IOH") owns 24.2% of the Shares, including through 100% ownership of intermediary entities, including its ownership



of Primewagon (Jersey) Limited (which itself owns 19.5% of the Shares). IOH also indirectly owns 29.51% of the ordinary shares of ASMAR Limited. In addition it is currently contemplated that IOH may reorganize its holdings in AM Holdings. The change, which remains subject to certain consents, will not impact its beneficial ownership, but may impact direct holdings by certain of its affiliates. Further funds or investment subsidiaries, as applicable, managed by Investindustrial Advisors Limited or their affiliates beneficially own 37.7% of the Shares through their indirect 100% ownership of Prestige Motor Holdings S.A.; Adeem Automotive Manufacturing Company Limited owns 11.0% of the Shares; and Stehwaz Automotive Jersey Limited owns 2.5% of the Shares. Investindustrial Advisors Limited is an investment manager regulated by the Financial Conduct Authority in the United Kingdom. In addition, Daimler AG owns 4.9% of the Shares, however Daimler's Shares are non-voting ordinary shares. As a result, our shareholders are able to control matters requiring approval by our holding company's shareholders, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. In addition, certain of our shareholders hold the Preference Shares which are entitled to a 15% fixed preferential yearly dividend which compounds annually and is payable on the redemption date of the relevant Preference Share. The interests of our shareholders may differ from yours in material respects. For example, the interests of the shareholders, as ordinary and preference equity holders in our holding company, may be in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a holder of Notes. Our shareholders have no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we encounter financial difficulties, are unable to pay our debts as they mature or otherwise require additional funding. Additionally, the Indenture permits us to pay advisory fees, dividends or make other restricted payments under certain circumstances, and the shareholders may have an interest in our doing so.

Further, the interests of our controlling shareholders may differ from one another, and such differences could result in disagreements between our controlling shareholders regarding strategic or other decisions of AM Holdings. Such disagreements could render us unable to pursue certain strategic alternatives or take other actions that require ultimate approval from our 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 us, or with which we conduct business. The shareholders may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects.

See "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions*".

## Use of proceeds

The gross proceeds from the offering will be approximately £550.0 million equivalent, and will primarily be used by the Issuer to fund the Notes Proceeds Loan to AML, which, in turn, will use the funds received (i) to redeem the Existing Notes on behalf of AM Capital, (ii) to redeem the Existing PIK Notes (which were issued to fund further investment by the Group) on behalf of AM Holdings, (iii) to pay commissions, fees and expenses associated with these transactions and (iv) for general corporate purposes, including working capital. In addition, the Company and certain of its subsidiaries will cancel the Existing Revolving Credit Facility and will enter into a new £80 million revolving credit facility agreement, among, *inter alios*, J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as arrangers, JPMorgan Chase Bank, N.A., London Branch, Deutsche Bank AG, London Branch, Goldman Sachs Bank USA, Bank of America Merrill Lynch International Limited, HSBC Bank plc, Morgan Stanley Senior Funding Inc, Standard Chartered Bank and UniCredit Bank AG, London Branch, as original lenders, Elavon Financial Services DAC, UK Branch, as facility agent and U.S. Bank Trustees Limited, as security agent (the "New Revolving Credit Facility Agreement"). For a description of the New Revolving Credit Facility Agreement, see "Description of Other Financial Arrangements—New Revolving Credit Facility Agreement".

The following table sets forth the estimated sources and uses of the proceeds from this offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from the estimate of fees and expenses, foreign exchange rates and outstanding amounts upon repayment.

Sources of Funds	(in £ millions)	Uses of Funds	(in £ millions)
Notes offered hereby <sup>(1)</sup> . . . . .	550.0	Redemption of Existing Notes <sup>(2)</sup> . . . .	318.6
		Redemption of Existing PIK Notes <sup>(3)</sup> . . . . .	183.9
		Transaction fees <sup>(4)</sup> . . . . .	11.0
		General corporate purposes <sup>(5)</sup> . . . . .	36.5
<b>Total</b> . . . . .	<b>550.0</b>	<b>Total</b> . . . . .	<b>550.0</b>

(1) Represents the gross proceeds of the £230 million aggregate principal amount of Sterling Notes and the pounds sterling equivalent of the \$400 million aggregate principal amount of Dollar Notes offered hereby, translated at an exchange rate of \$1.2478 = £1.0, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York). For presentation purposes, the pounds sterling amounts in this table have been rounded down from £550.6 million to £550.0 million and, as such, you should not view such rounded translation as a representation that such pounds sterling amounts actually represent such U.S. dollar amounts, or could be or could have been converted into U.S. dollars at the rate indicated or at any other rate, on the Issue Date or any other date.

(2) Represents the redemption price for the entire £304 million aggregate principal amount of Existing Notes at the applicable redemption price of 102.3125%, plus £7.6 million of accrued but unpaid interest to (but excluding) the assumed redemption date of April 22, 2017.

(3) Represents the redemption price for the entire \$218.4 million aggregate principal amount of Existing PIK Notes, at the applicable redemption price at 102%, plus \$6.8 million of capitalized interest since January 1, 2017 to (but excluding) the assumed redemption date of April 22, 2017, translated at an exchange rate of \$1.2478 = £1.0, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York).

(4) Represents estimated fees and expenses associated with this offering and the use of proceeds therefrom, including Initial Purchasers' fees, legal and accounting expenses and other transaction costs as well as a fee expected to be paid to holders of the Preference Shares relating to certain proposed amendments of the terms of the Preference Shares.

(5) General corporate purposes may include working capital, capital expenditures and investments, among other items.

## Capitalization

The following table sets forth the unaudited consolidated cash and cash equivalents and capitalization as of December 31, 2016 on an actual basis (for AM Holdings) and on an adjusted basis (for the Company) to give effect to the Transactions. The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the offering.

You should read this table together with the sections of this Offering Memorandum entitled "Use of Proceeds", "Selected Historical Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

	As of December 31, 2016	
	Actual AM Holdings	As adjusted The Company
<b>(£ in millions)</b>		
Cash and cash equivalents <sup>(1)</sup>	101.7	138.2
Indebtedness:		
New Revolving Credit Facility <sup>(2)</sup>	—	—
Existing Revolving Credit Facility <sup>(2)</sup>	—	—
Notes offered hereby <sup>(3)</sup>	—	550.0
Existing Notes <sup>(4)</sup>	304.0	—
Existing PIK Notes <sup>(5)</sup>	175.0	—
Inventory Funding Facilities	5.2	5.2
Capitalized financing fees <sup>(6)</sup>	(2.5)	(11.0)
<b>Total indebtedness<sup>(7)</sup></b>	<b>481.7</b>	<b>544.2</b>
Total shareholders' equity <sup>(8)</sup>	72.7	70.2
<b>Total capitalization<sup>(7)</sup></b>	<b>554.4</b>	<b>614.4</b>

(1) As adjusted cash and cash equivalents is adjusted to give effect to the £36.5 million of proceeds from the Offering of the Notes available for general corporate purposes (including working capital).

(2) On or about the date of this Offering Memorandum, we expect to enter into a New Revolving Credit Facility providing for borrowings from time to time of up to £80 million. No amounts will be drawn under the New Revolving Credit Facility on the Issue Date. The New Revolving Credit Facility will benefit from guarantees from each entity that guarantees the Notes and from security over the same assets that secure the Notes. See "Description of Other Financial Arrangements". As part of the Transactions, the Existing Revolving Credit Facility will be cancelled.

(3) Represents \$400.0 million aggregate principal amount of Dollar Notes and £230.0 million aggregate principal amount of Sterling Notes, translated at an exchange rate of \$1.2478 = £1.0, which represents the rate of exchange as of March 21, 2017, as published by Bloomberg Composite Rate (New York). For presentation purposes, the pounds sterling amounts in this table have been rounded down from £550.6 million to £550.0 million and, as such, you should not view such rounded translation as a representation that such pounds sterling amounts actually represent such U.S. dollar amounts, or could be or could have been converted into U.S. dollars at the rate indicated or at any other rate, on the Issue Date or any other date.

(4) Indebtedness in respect to the Existing Notes is based on the aggregate principal amount rather than its carrying value on our balance sheet. The redemption price for the entire £304 million aggregate principal amount of Existing Notes at the applicable redemption price of 102.3125%, plus £7.6 million of accrued but unpaid interest to the assumed redemption date of April 22, 2017, is £318.6 million.

(5) Indebtedness in respect to the Existing PIK Notes is based on the aggregate principal amount of \$218.4 million (translated at an exchange rate of \$1.2478 = £1.0). The redemption price for the entire \$218.4 million aggregate principal amount of Existing PIK Notes (which are a liability of AM Holdings) at a redemption price of 102%, including \$6.8 million of capitalized interest since January 1, 2017, to the assumed redemption date of April 22, 2017 (translated at the same exchange rate), is £183.9 million.

(6) Capitalized finance fees includes £2.3 million relating to original issuance costs associated with the Existing Notes and £0.2 million with respect to the Existing PIK Notes, each of which will be written down and expensed in connection with the Transactions and the use of proceeds therefrom.

(7) Total indebtedness and total capitalization exclude the Preference Shares. AM Holdings issued the Preference Shares in two tranches, in April 2015 and April 2016. See "Principal Shareholders—Preference Shares." The consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings, including the liabilities and costs associated with the Preference Shares. Immediately following the redemption of the Existing Notes, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. See "Summary—The Transactions—The Reorganization".

(8) Total shareholders' equity has been adjusted to reflect the write-down of the capitalized financing fees associated with the Existing Notes and the Existing PIK Notes.

## **Selected historical consolidated financial and other data**

Unless otherwise indicated, the historical and other financial data presented in the following tables have been derived from the historical consolidated financial statements of AM Holdings included elsewhere in this Offering Memorandum.

### **Financial information of AM Holdings**

The consolidated financial statements of AM Holdings for the years ended December 31, 2014, 2015 and 2016 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

AM Holdings will not provide a Guarantee or any type of credit support for the Notes (other than a share pledge over the Company's shares). The consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings which, after giving effect to the Transactions, are not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AM Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. After giving effect to the Transactions, the material differences between the consolidated financial position and results of operations of AM Holdings and the Company will primarily relate to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which are obligations of AM Holdings, but not the Company, as well as £1.4 million, £3.9 million and £1.1 million of annual administration costs of AM Holdings for the years ended December 31, 2014, 2015 and 2016, respectively. Therefore, we have presented in this Offering Memorandum the financial and operating results and certain other information relating to AM Holdings in lieu of the Company. We believe that AM Holdings' consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position.

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

(£ in millions unless otherwise indicated)	For the year ended December 31,		
	2014	2015	2016
<b>Consolidated Statement of Comprehensive Income Data:</b>			
Revenue . . . . .	468.4	510.2	593.5
Cost of sales . . . . .	(313.5)	(345.3)	(371.9)
<b>Gross profit . . . . .</b>	<b>154.9</b>	<b>164.9</b>	<b>221.6</b>
Selling and distribution expenses . . . . .	(33.4)	(32.1)	(41.9)
Administrative and other expenses <sup>(1)</sup> . . . . .	(139.8)	(191.1)	(212.0)
<b>Operating profit/(loss) . . . . .</b>	<b>(18.3)</b>	<b>(58.3)</b>	<b>(32.3)</b>
Finance income . . . . .	2.5	2.1	2.5
Finance expense <sup>(1)</sup> . . . . .	(56.0)	(71.8)	(133.0)
<b>Net financing expense<sup>(1)</sup> . . . . .</b>	<b>(53.5)</b>	<b>(69.7)</b>	<b>(130.5)</b>
<b>Profit/(loss) before tax<sup>(1)</sup> . . . . .</b>	<b>(71.8)</b>	<b>(128.0)</b>	<b>(162.8)</b>
Income tax credit/(expense) . . . . .	7.1	21.0	15.2
<b>Profit/(loss) for the year<sup>(2)</sup> . . . . .</b>	<b>(64.7)</b>	<b>(107.0)</b>	<b>(147.6)</b>
Other comprehensive income for the year, net of income tax . . . . .	(12.1)	6.9	(53.2)
<b>Total comprehensive income/(expense) for the year<sup>(1)</sup> . . . . .</b>	<b>(76.8)</b>	<b>(100.1)</b>	<b>(200.8)</b>

(1) Administrative and other expenses includes £1.4 million, £3.9 million and £1.1 million for the years ended December 31, 2014, 2015 and 2016, respectively, of costs attributable to AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and these costs will not be attributable to the Company or its subsidiaries.

(2) Finance expense includes interest expense with respect to the Preference Shares, which are obligations of AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. Finance expense with respect to the Preference Shares was £nil, £10.8 million and £29.1 million for the years ended December 31, 2014, 2015 and 2016, respectively. The following table presents the above line items from finance expense through to total comprehensive income/(expense) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions unless otherwise indicated) <sup>(a)</sup>	For the year ended December 31,		
	2014	2015	2016
Finance expense . . . . .	(56.0)	(61.0)	(103.9)
<b>Net financing expense . . . . .</b>	<b>(53.5)</b>	<b>(58.9)</b>	<b>(101.4)</b>
<b>Profit/(loss) before tax . . . . .</b>	<b>(71.8)</b>	<b>(117.2)</b>	<b>(133.7)</b>
Income tax credit/(expense) . . . . .	7.1	21.0	15.2
<b>Profit/(loss) for the year . . . . .</b>	<b>(64.7)</b>	<b>(96.2)</b>	<b>(118.5)</b>
Other comprehensive income for the year, net of income tax . . . . .	(12.1)	6.9	(53.2)
<b>Total comprehensive income/(expense) for the year . . . . .</b>	<b>(76.8)</b>	<b>(89.3)</b>	<b>(171.7)</b>

(a) The figures in this table have been adjusted to exclude the impact of the Preference Shares.

<b>(£ in millions unless otherwise indicated)</b>	<b>As of the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents . . . . .	89.3	65.6	101.7
Working capital <sup>(1)</sup> . . . . .	46.4	2.7	(41.0)
Property, plant and equipment . . . . .	174.4	166.3	196.3
Total assets . . . . .	1,084.0	1,109.2	1,269.8
Total current liabilities . . . . .	193.3	212.3	373.0
Total non-current liabilities <sup>(2)</sup> . . . . .	412.5	532.2	696.1
Total shareholders' equity . . . . .	352.8	264.1	72.7
Total liabilities . . . . .	731.1	845.2	1,197.1

(1) Working capital is calculated as current assets less current liabilities.

(2) Represents the book value of our total debt, determined in compliance with IFRS. Total non-current liabilities includes the Preference Shares, which are obligations of AM Holdings but excludes (i) other financial liabilities of £2.9 million, £1.5 million and £9.6 million for the years ended December 31, 2014, 2015 and 2016, respectively, related to hedging; and (ii) employee benefits, provisions and deferred tax liabilities which together amounted to £122.4 million, £99.1 million and £118.4 million for the years ended December 31, 2014, 2015 and 2016, respectively. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. The Preference Shares represented £nil, £98.3 million and £218.0 million of indebtedness for the years ended December 31, 2014, 2015 and 2016, respectively.

<b>(£ in millions unless otherwise indicated)</b>	<b>For the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Consolidated Statement of Cash Flows Data:</b>			
Net cash flows from operating activities . . . . .	57.9	75.2	164.6
Net cash flows used in investing activities . . . . .	(123.1)	(161.0)	(190.2)
Net cash flows (used in)/from financing activities . . . . .	80.6	62.8	53.6
Net (decrease)/increase in cash and cash equivalents . . . . .	15.4	(22.9)	28.0

# Management's discussion and analysis of financial condition and results of operations

*The following information should be read together with our selected consolidated financial and operating data and the consolidated financial statements and notes included elsewhere in this Offering Memorandum.*

*Unless otherwise indicated, the historical and other financial data presented in the following tables have been derived from the historical consolidated financial statements of AM Holdings included elsewhere in this Offering Memorandum.*

## Financial information of AM Holdings

The consolidated financial statements of AM Holdings for the years ended December 31, 2014, 2015 and 2016 are presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

AM Holdings will not provide a Guarantee or any type of credit support for the Notes (other than a share pledge over the Company's shares). However, the consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings which, after giving effect to the Transactions, will not be part of the Restricted Group and are therefore not attributable to the Company or its subsidiaries. As a result, the consolidated financial statements of AM Holdings are not directly comparable to the historical financial information of the Company and its subsidiaries. After giving effect to the Transactions, the material differences between the consolidated financial position and results of operations of AM Holdings and the Company will primarily relate to the liabilities and costs associated with the Preference Shares, including capitalized interest expense with respect thereto, which are obligations of AM Holdings, but not the Company, as well as £1.4 million, £3.9 million and £1.1 million of annual administration costs of AM Holdings for the years ended December 31, 2014, 2015 and 2016, respectively. Therefore, we have presented in this Offering Memorandum the financial and operating results and certain other information relating to AM Holdings in lieu of the Company. We believe that AM Holdings consolidated financial statements, subject to the differences noted above, adequately reflect the Company's consolidated financial results and financial position.

## Overview

The Aston Martin brand is one of the world's most iconic and leading luxury brands focused on the design, engineering and manufacturing of luxury sports cars. Our brand has a history of over 100 years and symbolizes luxury, exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. We believe our rich and prestigious heritage defines Aston Martin as something truly unique within the automotive industry.

Our cars solely address the high luxury sports ("HLS") segment and we believe they are the epitome of performance, luxury and styling. Our current core model line-up comprises five core models, including two sports cars (V8 Vantage S and V12 Vantage S), one grand tourer (the new DB11), one four-door, four-seat sports coupe (Rapide S) and one super car (Vanquish S). Some of these models are available in different model types, as well as in coupe and convertible models. We also regularly develop and produce special edition niche models, such as the Vantage GT12, Aston Martin Vulcan, Lagonda Taraf, Vanquish Zagato and our new hyper-car Aston Martin Valkyrie.

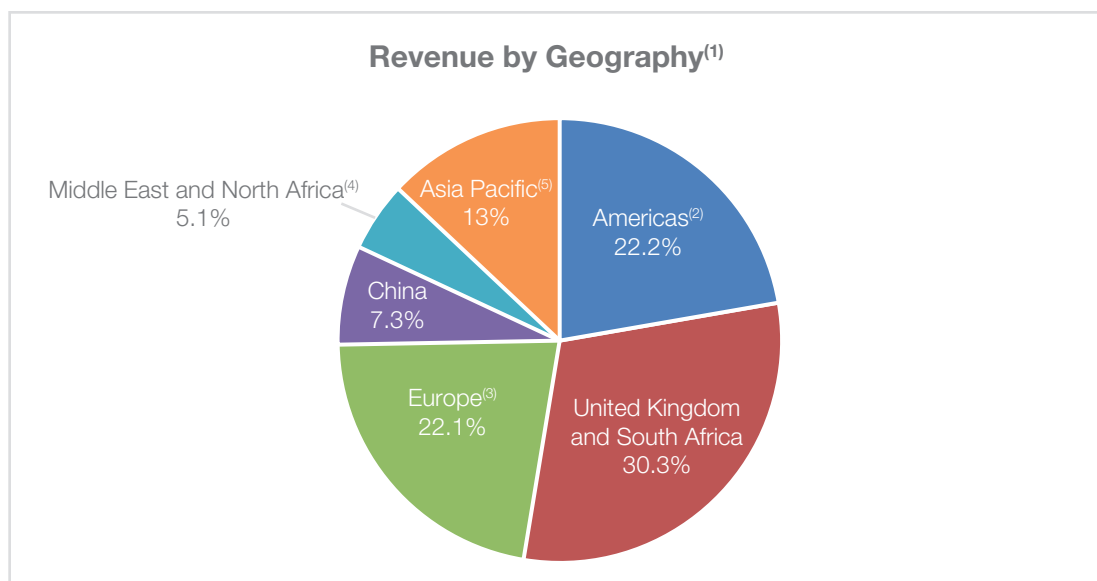
In 2015, we introduced our new Second Century Plan based on three key principles: one to two new core models or derivatives per year, promoting a self-funding business and diversifying our portfolio of products to cover sports cars, sedans and sports utility vehicle ("SUV"), or our "three pillar strategy". Our plan has four phases: business stabilization, core strengthening and expansion of our products portfolio, all culminating in our final phase to solidify our position as a self-sustaining luxury business. We have begun to transition from phase two to phase three of the plan following the successful introduction of the DB11 and the recent unveiling of the Aston Martin Valkyrie. We also made significant progress on plans to expand and diversify our product line-up by finalizing the acquisition of the St. Athan (Wales) manufacturing site where the DBX, our first SUV, will be made.

Adoption of our Second Century Plan was based on our strategy to introduce one to two new core models or derivatives every year for the next seven years to drive highly profitable growth and manage our cash flow. We introduced the DB11 in the fall of 2016. The launch of the DB11 marked the start of a new chapter for Aston Martin and an inflection point for the business. As of March 1, 2017, we had combined sales and total orders for 2,462 DB11 cars, of which 1,371 were sold through the end of February 2017 and 993 of which are Orders in Production as of such date. For the year ended December 31, 2016, we sold 3,687 cars, of which 1,005 were DB11 cars.

Our product development team is comprised of 747 designers, engineers and technicians, covering almost all aspects of new car planning, design and development. The products we design have resulted in numerous awards, including more 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 the DB11; Best Car 2016 (*Auto Motor und Sport*) for the Vanquish and Best Car 2014 (*Auto Motor und Sport*) for the Rapide S.

Our production facility is located in Gaydon, United Kingdom ("UK"). The Gaydon facility was opened in 2003, developed for the specific needs of Aston Martin and we believe it is one of Europe's most modern automotive manufacturing facilities and one of the most advanced manufacturing facilities in the HLS segment. All design activities are centered at Gaydon ensuring maximum efficiency, ease of oversight and promotion of harmony between our design teams, engineers and technicians. In addition, we are currently building a new plant in Wales, UK, for the future production of SUVs, which we anticipate will begin full production in 2019. At December 31, 2016, we employed 1,594 employees and 727 contractors.

We sell our cars through a global dealer network of over 165 dealers, as of December 31, 2016, which allows us to benefit from geographical diversification of revenues and access to high growth markets. We divide our markets into the following regions: Europe, the UK and South Africa, Americas, China, Asia Pacific and Middle East and North Africa. The following chart represents our revenue by geography for the year ended December 31, 2016:



(1) Revenue by geography is based on the location of the dealer to which we sell our cars.

(2) Americas consists of the Brazil, Canada, Chile, Mexico, Peru and the United States

(3) Europe excludes the United Kingdom.

(4) Middle East and North Africa consists of Azerbaijan, Bahrain, Egypt, Kuwait, India, Israel, Jordan, Lebanon, Oman, Qatar, Saudi Arabia and Turkey.

(5) Asia Pacific consists of Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Our Pro Forma Adjusted February LTM EBITDA for the twelve months ended February 28, 2017 would have been £161.0 million. Our EBITDA for the year ended December 31, 2016 was £100.9 million.



## Trends and factors affecting our results of operations

### *Introduction of new models and derivatives and associated capital expenditures*

In our 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 our costs (including capital expenditures) and can affect our margins where the profit contribution from a new model differs significantly to our existing models. For example, we had capital expenditures of £192.8 million for the year ended December 31, 2016 compared to £163.1 million for the year ended December 31, 2015 primarily due to new model investment, including tooling costs associated with our new modular architecture, which was an investment for the DB11 and future models of our Second Century Plan. We aim to introduce one to two new core models or derivatives every year for the next seven years. As a result, our results in prior periods may not be indicative of our results in periods of new model introductions and redesigns. For example, following the release of the DB11, we had 1,668 car sales in the fourth quarter of 2016, resulting in revenue of £285.0 million and EBITDA of £69.0 million for the quarter ending December 31, 2016, as compared to 1,128 car sales in the fourth quarter of 2015, which resulted in revenue of £185.0 million and EBITDA of £28.7 million for the quarter ending December 31, 2015. See “Annex—Additional EBITDA Information”.

As of March 1, 2017 we had 1,438 Orders in Production of which 993 related to the DB11. In addition, as of March 1, 2017, we had 2,018 Qualified Marketing Leads with respect to the DB11. A Qualified Marketing Lead refers to potential customers who have registered interest in buying one of our cars, either by visiting a dealership or inquiring by phone or email. We believe that the number of Qualified Marketing Leads is a good indicator of potential future interest in our cars as it tracks potential customers who have registered their interest and who have the means to complete such a purchase.

All of our announced special projects, the Vanquish Zagato Coupe, Vanquish Zagato Volante, Vantage GT8 and Aston Martin Valkyrie, have been pre-sold and allocated to customers. See “Risk Factors—Our order book is not necessarily indicative of our future revenue or results of operations” for a further description of how we track orders.

### *Average core model price increases*

We have been able to increase average selling prices of our core models by 96% between 2007 (£70,000) and 2016 (£137,000), mainly due to the strategic introduction of new core models and enhanced versions of existing models. Average core model sale price for the periods under review are shown in the table below:

	<u>For the year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average core model sale price . . . . .	£114,000	£116,000	£137,000

Our average car sale prices, which does not include any special editions in the respective period, have increased from approximately £114,000 in 2014 to approximately £137,000 for the year ended December 31, 2016, a 20.2% increase, which improved our gross margins for the years ended December 31, 2014, 2015 and 2016. This increase in average car sale prices has been driven by the introduction of new models and derivatives thereby shifting the mix towards models with a higher price point as well as positioning existing models at higher price points.

### *Increasing numbers of high net worth individuals*

The principal driver of the HLS segment is the number of high net worth individuals (“HNWI”) with the resources available to purchase HLS cars. The pool of HNWI is expanding due, in part, to high economic growth in emerging markets such as the Asia Pacific region, where we currently have lower exposure. For example, from 2014 to 2015, the number of HNWI individuals increased globally by 4.9%, and by 9.4% in the Asia Pacific region. The increasingly younger age at which individuals are obtaining high net worth status is an important factor, as the HLS segment attracts younger purchasers, and the increasing number of high net worth women and the higher average household income has also become a driver of the increase in the HLS segment.

We have strengthened our management and regional teams to ensure we have been able to capitalize on the increased number of HNWI in emerging markets.

### ***Increasing demand for luxury and customization***

We expect demand for luxury and customization to increase as the greater proliferation of cars in the HLS segment and the increase in the number of HNWI drives consumers to demand higher specifications and unique or personalized features, such as custom paint and interior trim colors, to distinguish their car from others in the HLS segment. For example, our Q by Aston Martin service produced 186, 204 and 342 customized or personalized cars in the years ended December 31, 2014, 2015 and 2016, respectively. We have also re-started our Q by Aston Martin program in 2016 to expand the ability of customers to customize our cars. This trend is expected to continue to have a positive effect on our revenues and profitability as we are able to charge a premium for options and customization.

### ***Increasing awareness of environmental protection and sustainability issues***

The increasing global awareness of environmental protection and sustainability issues of companies and of consumers has already forced and is expected to continue to force the automotive industry to align its product portfolio to new and generally increasingly stringent environmental compatibility criteria. At the same time, this trend has already and will continue to result in greater demand for low-consumption and environmentally-friendly cars, such as electric or hybrid drive cars. Also, the trend toward engine downsizing, such as increased demand for combustion engines that use less fuel and produce fewer harmful emissions with smaller engines that maintain or improve performance, could continue. This trend can already be clearly identified for both private and business customers, especially in Western Europe and the United States. Also in the United States, particularly in California, the government has already stipulated fuel consumption and emissions limits for the automobile industry in the area of car development and production in order to support this trend towards increased environmental protection. Eastern European and Asian countries, including the new growth markets, are also expected to follow this trend in the long term. See "*Risk Factors—Risks relating to our business and industry—New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, vehicle safety health and safety laws or changes in other existing laws, may have a significant effect on our business*".

## **Key factors affecting comparability**

### ***Diversification of revenues by geography***

Over the period discussed in this section, we have seen an increase in the proportion of our sales to dealers in the Asia Pacific and Middle East and North Africa regions, leading to less dependence on our more established markets in Europe, UK and South Africa and the Americas regions. For the year ended December 31, 2016, our unit sales to dealers in the Asia Pacific region, the Middle East, Northern Africa and China regions in the aggregate represented 24.5% of our total worldwide sales, compared to 22.6% and 23.5% for the years ended December 31, 2015 and 2014, respectively.

### ***Fluctuations in exchange rates***

We operate internationally and, as a result, are exposed to changes in various currency exchange rates. Although our reporting currency is the pound sterling, 65% of our sales were denominated in currencies other than the pound sterling for the year ended December 31, 2016. We also have exchange rate exposure to the euro, the renminbi, US dollar and Japanese Yen. 60% of our total costs were denominated in pounds sterling in the same period. As a consequence, we have considerable cash flow, revenue and assets in foreign currencies, primarily euro and U.S. dollars. Our exposure to changes in exchange rates may be described in terms of translation exposure and transaction exposure. See "*Risk Factors—Risks relating to our business and industry—We face risks arising from foreign currency exchange rates and from related hedging*."

### *Translation risk*

Translation risk is the risk that exchange rates impact the value of our sales, costs, assets and liabilities reported in pounds sterling on our 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 our net sales and costs as reported in pound sterling and, conversely, the strengthening of the pound sterling against the U.S. dollar will result in a decrease in our net sales and costs as reported in pound sterling. As many of our subsidiaries and affiliates operate in markets other than United Kingdom, these effects may be significant. We are primarily subject to translation effects with respect to our liabilities denominated in non-sterling currencies and our non-sterling revenues. For example in 2016, we recognized a £27.6 million foreign exchange loss relating to the Existing PIK Notes, which are denominated in US Dollars, due to the weakening of sterling.

### *Transaction risk*

A large portion of our fixed costs are denominated in pounds sterling, as the majority of our operations are in the United Kingdom, whereas 35% of our net sales were generated in pounds sterling in the year ended December 31, 2016. For the same period, 6.2% of our fixed costs and 27% of our sales were denominated in U.S. dollars. This results in operating profit being exposed to fluctuations in exchange rates between the pound sterling and the U.S. dollar. In addition, following the offering of the Notes, we will continue to have debt service obligations in both U.S. dollars and sterling. We estimate that a 5% decrease in the U.S. dollar to pounds sterling exchange rate, with all other variables held constant, would have increased our profit after tax by £7.7 million for the year ended December 31, 2016 and £4.4 million for the year ended December 31, 2015.

### ***Seasonality***

Our sales tend to be lower in the first quarter in line with lower customer demand in winter in the Northern Hemisphere. We are also affected by the biannual registration of vehicles in the United Kingdom, when new vehicle registrations take place in March and September, which in turn has a positive impact on the resale value of vehicles registered starting March 1 or September 1. We are also impacted by model year changes in the United States and the Middle East. This leads to an increase in sales during the period when the biannual registration of vehicles occurs. All markets are driven by the introduction of new models or derivatives. Furthermore, most markets tend to be impacted by the summer holiday which results in lower demand. Our sales are typically highest in the fourth quarter of our financial year compared to the remainder of the year primarily due to the foregoing. As a result, our sales are typically lowest in the first quarter. This tends to reduce our profitability and margins for the first three months of our financial year since several elements of our costs and expenses, including in particular the fixed element of our cost of sales, do not reduce in line with our sales. This factor was demonstrated in the quarter ended March 31, 2016, in which our operating loss as a percentage of revenue was 14.2%, compared to 5.4% for the year ended December 31, 2016.

### ***Exceptional expenses***

#### *Retirement of legacy models*

We periodically review the carrying value of certain tangible and intangible assets relating to our legacy car models, and we may determine to impair the value of these tangible and intangible assets from time to time if we determine 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 decisions will impact the comparability of our results, as such impairment charges are exceptional.

We conducted such a review in each of the years ended December 31, 2015 and 2016 in light of our planned launch of new models beginning in 2016. This review resulted in our decision to recognize an impairment of tangible and intangible assets related to the DB9, Vantage and Vanquish models of £30.2 million and £48.7 million during the years ended December 31, 2015 and 2016, respectively.

### *Business rebalancing program*

In October 2015, we announced a business rebalancing program to deliver efficiency and stability to the business, mostly affecting administrative and managerial positions as opposed to manufacturing operations. The rebalancing program also included a group wide operations review as well as a review of our dealer network. We incurred £7.6 million of exceptional costs associated with the rebalancing program, primarily associated with severance payments as well as consultancy costs in 2015.

### **The reorganization**

AM Holdings issued the Preference Shares in two tranches, in April 2015 and April 2016. The Preference Shares are treated as debt for the purposes of IFRS, but are equity like instruments. See "*Principal Shareholders—Preference Shares.*" The consolidated financial statements of AM Holdings include the results of operations and financial position of AM Holdings, including the liabilities and costs associated with the Preference Shares. Immediately following the redemption of the Existing Notes, AM Holdings will no longer be a part of the Restricted Group. Finance expense with respect to the Preference Shares was £10.8 million and £29.1 million for the years ended December 31, 2015 and 2016, respectively. In future periods, the finance expense and liabilities associated with the Preference Shares will not be attributable to the Company or its subsidiaries. See also "*Summary—The Transactions—The Reorganization.*"

### **Explanation of key income statement line items**

#### ***Revenue***

Our revenues are primarily derived from sales of our cars to our dealer network and, to a lesser extent, from sales of spare parts and from our servicing business. Revenue is net of wholesale and retail discounts, which we classify as "variable marketing costs", VAT and other sales taxes and duties.

#### ***Cost of sales***

We have split our cost of sales into three categories:

- material costs—these include the raw materials and components (including engines) used to manufacture our cars;
- direct labor costs—these include the salary and other employment related costs of employees and contractors engaged by us in manufacturing our cars; and
- overheads and other cost of sales—these include fixed manufacturing costs (such as quality and purchasing costs), engineering costs, research and development costs recognized as an expense (which consists primarily of non-model specific costs and include personnel costs for our engineers, third party fees paid to consultants, prototype development expenses and tooling costs used in the engineering and design process), logistics costs, warranty costs, parts and service fixed and variable costs, custom duties and gains and losses due on conversion of accounts receivable and accounts payable denominated in currencies other than pounds sterling.

#### ***Gross profit***

Gross profit is our revenue less our cost of sales, and gross margin is our gross profit as a percentage of our revenue.

#### ***Selling and distribution expenses***

Our 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.

#### ***Administrative expenses***

Our administrative expense consists primarily of salary and associated costs for management, finance, human resources, information technology, selling costs (which include overhead

associated with regional sales offices and sales personnel costs at such offices and at Gaydon), overseas operations (United States, Asia Pacific, the Middle East and continental Europe) and other administrative areas. It also includes impairment of tangible and intangible assets primarily related to runout models ahead of the release of new model introductions or derivatives as well as all depreciation and amortization costs. Our outside professional fees are also included in administrative expenses and include insurance, legal, pension, healthcare and audit fees.

***Operating profit***

Operating profit is our revenue, less cost of sales, distribution expenses and administration expenses, plus other operating income.

***Finance income (expense)***

Other finance income (expense) consists of interest earned on our cash, cash equivalents and investment balances, less interest expense on our debt (including debt issuance costs and capitalized interest), as well as capitalized interest expenses on the Preference Shares (which are obligations of AM Holdings but not the Company) and the Existing PIK Notes, returns and interest expenses related to our pension scheme, and certain other miscellaneous financing costs and income. It also includes the net gain or loss on financial instruments recognized at fair value.

***Profit before tax***

Profit before tax is our operating profit less our net financing expense.

***Income tax credit (expense)***

Income tax credit (expense) primarily comprises payments made pursuant to our UK corporation tax liabilities as well as similar tax liabilities in the United States, China, Germany, Japan and Singapore. We have significant net deferred tax assets resulting from tax credit carry forwards and deductible temporary differences that reduce our taxable income. Our ability to realize our deferred tax assets depends on our 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.

## Results of operations

### Year ended December 31, 2016 compared to year ended December 31, 2015

The following table sets forth our main operating results, extracted from our audited consolidated statement of comprehensive income, for each of the years ended December 31, 2015 and December 31, 2016 and shows these items as a percentage of revenue:

(£ in millions unless otherwise indicated)	For the year ended December 31, 2015		For the year ended December 31, 2016	
	(£ in millions)	(% of total revenue)	(£ in millions)	(% of total revenue)
<b>Consolidated Statement of Comprehensive Income</b>				
<b>Data:</b>				
Revenue	510.2	100.0%	593.5	100.0%
Cost of sales	(345.3)	67.7%	(371.9)	62.7%
<b>Gross profit</b>	<b>164.9</b>	<b>32.3%</b>	<b>221.6</b>	<b>37.3%</b>
Selling and distribution expenses	(32.1)	6.3%	(41.9)	7.1%
Administrative and other expenses <sup>(1)</sup>	(191.1)	37.5%	(212.0)	35.7%
<b>Operating loss</b>	<b>(58.3)</b>	<b>11.4%</b>	<b>(32.3)</b>	<b>5.5%</b>
Finance income	2.1	0.4%	2.5	0.4%
Finance expense <sup>(2)</sup>	(71.8)	14.1%	(133.0)	22.4%
<b>Net financing expense<sup>(2)</sup></b>	<b>(69.7)</b>	<b>13.7%</b>	<b>(130.5)</b>	<b>22.0%</b>
<b>Loss before tax<sup>(2)</sup></b>	<b>(128.0)</b>	<b>25.1%</b>	<b>(162.8)</b>	<b>27.5%</b>
Income tax credit	21.0	4.1%	15.2	2.6%
<b>Loss for the year<sup>(2)</sup></b>	<b>(107.0)</b>	<b>21.0%</b>	<b>(147.6)</b>	<b>24.9%</b>
Other comprehensive income/(expense) for the year, net of income tax	6.9	1.4%	(53.2)	9.0%
<b>Total comprehensive expense for the year<sup>(2)</sup></b>	<b>(100.1)</b>	<b>19.6%</b>	<b>(200.8)</b>	<b>33.9%</b>

(1) Administrative and other expenses includes £3.9 million and £1.1 million for the years ended December 31, 2015 and 2016, respectively, of costs attributable to AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and these costs will not be attributable to the Company or its subsidiaries.

(2) Finance expense includes the interest expense with respect to the Preference Shares, which are obligations of AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. Finance expense with respect to the Preference Shares was £10.8 million and £29.1 million for the years ended December 31, 2015 and 2016, respectively. The following table presents the above line items from finance expense through to total comprehensive income/(expense) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions unless otherwise indicated) <sup>(a)</sup>	For the year ended December 31,	
	2015	2016
Finance expense	(61.0)	(103.9)
<b>Net financing expense</b>	<b>(58.9)</b>	<b>(101.4)</b>
<b>Profit/(loss) before tax</b>	<b>(117.2)</b>	<b>(133.7)</b>
Income tax credit/(expense)	21.0	15.2
<b>Profit/(loss) for the year</b>	<b>(96.2)</b>	<b>(118.5)</b>
Other comprehensive income for the year, net of income tax	6.9	(53.2)
<b>Total comprehensive income/(expense) for the year</b>	<b>(89.3)</b>	<b>(171.7)</b>

(a) The figures in this table have been adjusted to exclude the impact of the Preference Shares.

### Revenue

Revenue was £593.5 million for the year ended December 31, 2016 compared to £510.2 million for the year ended December 31, 2015, an increase of 16.3% or £83.3 million. Revenue with respect to the sale of vehicles was £529.0 million for the year ended December 31, 2016 compared to £457.4 million for the year ended December 31, 2015, revenue with respect to the sale of parts was £53.6 million for the year ended December 31, 2016 compared to £44.7 million for the year ended December 31, 2015 and revenue with respect to the servicing of vehicles was £10.9 million for the year ended December 31, 2016 compared to £8.1 million for the year ended

December 31, 2015. The increase in revenue for the year ended December 31, 2016 was primarily attributable to the launch of the DB11 which replaced the DB9 and has a higher wholesale price, as well as increased volume of sales overall.

### ***Cost of sales***

Cost of sales were £371.9 million (or 62.7% of our revenue) for the year ended December 31, 2016, compared to £345.3 million (or 67.7% of our revenue) for the year ended December 31, 2015, an increase of 7.7% or £26.6 million. The increase in cost of sales for the year ended December 31, 2016 was primarily attributable to additional material and labor costs associated with the launch of the DB11. The decline of the cost of sales as a percentage of revenue by 5.0%, was primarily attributable to increased revenue due to the DB11 as well as cost savings initiatives associated with decreases of material costs, logistics costs and labor efficiencies.

Material costs for the year ended December 31, 2016 were £273.8 million or 46.1% of our revenue, compared to £250.3 million or 49.1% of our revenue for the year ended December 31, 2015, an increase of 9.4% or £23.5 million, primarily attributable to the increased volumes from the launch of the DB11.

Direct labor costs for the year ended December 31, 2016 were £20.0 million or 3.4% of our revenue, compared to £18.8 million or 3.7% of our revenue for the year ended December 31, 2015, an increase of 6.4% or £1.2 million, primarily attributable to additional employees and additional hours of our existing employees as a result of the increase in volumes arising from the launch of the DB11.

Overheads and other cost of sales for the year ended December 31, 2016 were £78.1 million or 13.2% of our revenue, compared to £76.2 million or 14.9% of our revenue for the year ended December 31, 2015, an increase of 2.5% or £1.9 million, primarily attributable to the increased volumes in the year.

### ***Gross profit***

Our gross profit was £221.5 million, or 37.3% of our revenue, for the year ended December 31, 2016, compared to £164.9 million, or 32.3% of our revenue, for the year ended December 31, 2015, an increase of 34.4% or £56.6 million. Our improved gross profit as a percentage of sales for the year ended December 31, 2016 was primarily due to the launch of the DB11 which has a higher revenue and gross margin than its predecessor model, the DB9.

### ***Selling and distribution expenses***

Our selling and distribution expenses were £41.9 million, or 7.1% of our revenue, for the year ended December 31, 2016, compared to £32.1 million, or 6.3% of our revenue, for the year ended December 31, 2015, an increase of 30.5% or £9.8 million. The increase in selling and distribution expenses was primarily due to our DB11 launch events (including the media launch in Tuscany, its unveiling at the Geneva Motor Show and the DB11 Confidential event at our facility in Gaydon). Additional expenditure was also incurred with respect to our motorsport activities, primarily our relationship with Red Bull.

### ***Administrative expenses***

Administrative expenses amounted to £212.0 million, or 35.7% of our revenue, for the year ended December 31, 2016, compared to £191.1 million, or 37.5% of our revenue, for the year ended December 31, 2015, an increase of 10.9% or £20.9 million. Within administrative expenses, exceptional costs amounted to £48.7 million and £40.4 million for the years ended December 31, 2016 and 2015, respectively. In 2015 and 2016, the exceptional element of administrative expenses related to the impairment of tangible and intangible assets of £30.2 million and £48.7 million, respectively, 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 our business rebalancing program and £2.6 million for a payment to a former director relating to the settlement of shares. There was also an increase in the engineering expense for costs that did not meet the capitalization criteria and performance related rewards. In addition for the years ended

December 31, 2015 and 2016, respectively, £3.9 million and £1.1 million of administrative costs associated with salary and other administrative costs were attributable to AM Holdings and thus, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries.

Depreciation and amortization for the year ended December 31, 2016 was £133.2 million or 22.4% of our revenue, compared to £119.5 million or 23.4% of our revenue for the year ended December 31, 2015, an increase of 11.5% or £13.7 million, primarily attributable to the additional impairment charge of £18.6 million discussed above.

### ***Operating loss***

Operating loss was £32.3 million for the year ended December 31, 2016 (or 5.5% of revenue), compared to £58.3 million for the year ended December 31, 2015 (or 11.4% of revenues), a decrease of 44.6% or £26 million. Excluding exceptional costs (as described under “—*Administrative expenses*” above), the operating result improved by £34.3 million to an operating profit of £16.4 million for the year ended December 31, 2016 from an operating loss of £17.9 million for the year ended December 31, 2015. The improved operating result was driven by increased gross profit arising from higher volumes and the launch of the DB11 at a higher margin, partly offset by higher fixed costs arising from fixed marketing, the launch of the DB11, and a higher charge for engineering costs and performance related rewards.

### ***Financial income (expense)***

Excluding the impact of the Preference Shares, we had net finance expense of £101.4 million for the year ended December 31, 2016, compared to net finance expense of £58.9 million for the year ended December 31, 2015, an increase of 72.2% or £42.5 million. Our finance expenses were primarily related to interest on loans and overdrafts (including the Existing Notes and the Existing PIK Notes), the net loss on financial instruments recognized at fair value, and the net foreign exchange loss on the US Dollar denominated Existing PIK Notes. The increase in our net finance expense in 2016 compared to 2015 was due to the exchange loss on the Existing PIK Notes due to the weakening of Sterling against the US Dollar, the net loss on the fair value adjustments on foreign exchanges hedges also as a result of weakening of Sterling against the US Dollar and a small increase in interest on bank loans and overdrafts. The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries. Interest on the Preference Shares amounted to £29.1 million and £10.8 million for the years ended December 31, 2016 and 2015, respectively.

### ***Income tax benefit (expenses)***

Income tax benefit for the year ended December 31, 2016 was £15.2 million, compared to an income tax benefit of £21.0 million for the year ended December 31, 2015, a decrease of £5.8 million. Our effective income tax benefit rate was 9.3% for the year ended December 31, 2016, whereas the credit in 2015 benefitted from the future reduction in the rate of corporation tax from 20% to 18% as enacted following the United Kingdom’s 2015 budget. The tax benefit for the year ended December 31, 2015 primarily related to losses in the year. The tax benefit for the year ended December 31, 2016 also arose due to losses in the year. In both years, the tax benefit was lower than the applicable tax rate of 20.25% in 2015 and 20.0% in 2016 as no benefit has been taken for certain losses, the utilization of which is uncertain, and certain costs that are disallowable for tax purposes, in particular interest on the Preference Shares.



## Year ended December 31, 2015 compared to year ended December 31, 2014

The following table sets forth our main operating results, extracted from our audited consolidated statement of comprehensive income, for each of the years ended December 31, 2014 and December 31, 2015 and shows these items as a percentage of total revenue:

(£ in millions unless otherwise indicated)	For the year ended December 31, 2014		For the year ended December 31, 2015	
	(£ in millions)	(% of total revenue)	(£ in millions)	(% of total revenue)
<b>Consolidated Statement of Comprehensive Income</b>				
<b>Data:</b>				
Revenue	468.4	100.0%	510.2	100.0%
Cost of sales	(313.5)	66.9%	(345.3)	67.7%
<b>Gross profit</b>	<b>154.9</b>	<b>33.1%</b>	<b>164.9</b>	<b>32.3%</b>
Selling and distribution expenses	(33.4)	7.1%	(32.1)	6.3%
Administrative and other expenses	(139.8)	29.8%	(191.1)	37.5%
<b>Operating loss</b>	<b>(18.3)</b>	<b>3.9%</b>	<b>(58.3)</b>	<b>11.4%</b>
Finance income	2.5	0.5%	2.1	0.4%
Finance expense	(56.0)	12.0%	(71.8)	14.1%
<b>Net financing expense</b>	<b>(53.5)</b>	<b>11.4%</b>	<b>(69.7)</b>	<b>13.7%</b>
<b>Loss before tax</b>	<b>(71.8)</b>	<b>15.3%</b>	<b>(128.0)</b>	<b>25.1%</b>
Income tax credit	7.1	1.5%	21.0	4.1%
<b>Loss for the year</b>	<b>(64.7)</b>	<b>13.8%</b>	<b>(107.0)</b>	<b>21.0%</b>
Other comprehensive (expense)/income for the year, net of income tax	(12.1)	2.6%	6.9	1.4%
<b>Total comprehensive expense for the year</b>	<b>(76.8)</b>	<b>16.4%</b>	<b>(100.1)</b>	<b>19.6%</b>

- (1) Administrative and other expenses includes £1.4 million and £3.9 million for the years ended December 31, 2014 and 2015, respectively, of costs attributable to AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and these costs will not be attributable to the Company or its subsidiaries.
- (2) Finance expense includes interest expense with respect to the Preference Shares, which are obligations of AM Holdings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. Finance expense with respect to the Preference Shares was £nil million and £10.8 million for the years ended December 31, 2014 and 2015, respectively. The following table presents the above line items from finance expense through to total comprehensive income/(expense) for the year, as adjusted to exclude the impact of the Preference Shares:

(£ in millions unless otherwise indicated)	For the year ended December 31,	
	2014	2015
Finance expense	(56.0)	(61.0)
<b>Net financing expense</b>	<b>(53.5)</b>	<b>(58.9)</b>
<b>Profit/(loss) before tax</b>	<b>(71.8)</b>	<b>(117.2)</b>
Income tax credit/(expense)	7.1	21.0
<b>Profit/(loss) for the year</b>	<b>(64.7)</b>	<b>(96.2)</b>
Other comprehensive income for the year, net of income tax	(12.1)	6.9
<b>Total comprehensive income/(expense) for the year</b>	<b>(76.8)</b>	<b>(89.3)</b>

### Revenue

Revenue was £510.2 million for the year ended December 31, 2015 compared to £468.4 million for the year ended December 31, 2014, an increase of 8.9% or £41.8 million. Revenue with respect to the sale of vehicles was £457.4 million for the year ended December 31, 2015 compared to £418.2 million for the year ended December 31, 2014, revenue with respect to the sale of parts was £44.7 million for the year ended December 31, 2015 compared to £42.1 million for the year ended December 31, 2014 and revenue with respect to the servicing of vehicles was £8.1 million for the years ended December 31, 2015 and 2014. The increase in revenue for the year ended December 31, 2015 was primarily attributable to a higher proportion of V12 as

compared to V8 sales, as our V12 cars generally have a higher wholesale price, as well as sales of the Taraf and Vulcan models.

### ***Cost of sales***

Cost of sales were £345.3 million (or 67.7% of our revenue) for the year ended December 31, 2015, compared to £313.3 million (or 66.9 % of our revenue) for the year ended December 31, 2014, an increase of 10.2% or £32.0 million, which was primarily attributable to higher costs as a result of higher material and labor costs related to a higher proportion of V12 car sales.

Material costs for the year ended December 31, 2015 were £250.3 million or 49.1% of our revenue, compared to £227.7 million or 48.6% of our revenue for the year ended December 31, 2014, an increase of 9.9% or £22.6 million, primarily attributable to more expensive raw material costs associated with a higher proportion of V12 car sales.

Direct labor costs for the year ended December 31, 2015 were £18.8 million or 3.7% of our revenue, compared to £20.5 million or 4.4% of our revenue for the year ended December 31, 2014, a decrease of 8.3% or £1.7 million, primarily attributable to temporary inefficiencies in 2014 that arose from transitioning one of our assembly lines away from DB9 production and expansion in advance of future model launches.

Overheads and other cost of sales for the year ended December 31, 2015 was £76.2 million or 14.9% of our revenue, compared to £65.1 million or 13.9% of our revenue for the year ended December 31, 2014, an increase of 17.1% or £11.1 million, primarily attributable to exchange losses due to unfavorable exchange movements as compared to exchange gains in 2014 and labor and overhead costs that had previously been absorbed into the cost of inventory being charged to the income statement due to declines in sales volumes. This was partly offset by lower warranty costs.

### ***Gross profit***

Our gross profit was £164.9 million, or 32.3% of our revenue, for the year ended December 31, 2015, compared to £154.9 million, or 33.1% of our revenue, for the year ended December 31, 2014, an increase of 6.5% or £10.0 million. This was primarily attributable to increased sales of the higher margin Vulcan model.

### ***Selling and distribution expenses***

Our selling and distribution expenses were £32.1 million, or 6.3% of our revenue, for the year ended December 31, 2015, compared to £33.4 million, or 7.1% of our revenue, for the year ended December 31, 2014, a decrease of 3.9% or £1.3 million. The decrease in selling and distribution expenses was primarily due to a greater emphasis being placed on sharing costs with our brand partners and production suppliers, thereby reducing our marketing costs.

### ***Administrative expenses***

Administrative expenses amounted to £191.1 million, or 37.5% of revenue, for the year ended December 31, 2015, compared to £139.8 million, or 29.8% of revenue, for the year ended December 31, 2014, an increase of 36.7% or £51.3 million. For the year ended December 31, 2015, there were £40.4 million of exceptional expenses comprising £30.2 million for the impairment of tangible and intangible assets in advance of the launch of new models, £7.6 million for costs associated with our business rebalancing program and £2.6 million for a payment to a former director relating to the settlement for shares. Exceptional costs for the year ended December 31, 2014 were £4.3 million comprising £6.0 million for concept vehicle development costs offset by £1.7 million for the gain on the disposal of an associated company. The additional increase of £15.2 million was mainly due to higher depreciation and amortization costs arising from increased levels of capital investment in new and existing products and performance related rewards to employees. In addition for the years ended December 31, 2014 and 2015, respectively, £1.4 million and £3.9 million of administrative costs associated with salary and other administrative costs were attributable to AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries.

### **Operating loss**

Operating loss was £58.3 million for the year ended December 31, 2015 (or 11.4% of our revenue), compared to £18.3 million for the year ended December 31, 2014 (or 3.9% of our revenue), an increase of 218.6% or £40.0 million arising from an increase in gross profit of £10.0 million offset by increased fixed costs of £50.0 million (as described under “—*Selling and distribution expenses*” and “—*Administrative expenses*” above) Excluding exceptional costs (as described under “—*Administrative expenses*” above), the underlying operating loss increased by £3.8 million or 27.0% to a loss of £17.9 million for the year ended December 31, 2015 from a loss of £14.1 million for the year ended December 31, 2014.

### **Finance income (expense)**

Excluding the impact of the Preference Shares, we had net finance expense of £58.9 million for the year ended December 31, 2015, compared to net finance expense of £53.5 million for the year ended December 31, 2014, an increase of 10.1% or £5.4 million. Our finance expenses were primarily related to interest on loans and overdrafts (including the Existing Notes and the Existing PIK Notes). The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries. Interest on the Preference Shares amounted to £10.8 million and £nil million for the years ended December 31, 2015 and 2014, respectively.

### **Income tax benefit**

Income tax credit for the year ended December 31, 2015 was £21.0 million, compared to £7.1 million for the year ended December 31, 2014. The tax benefit for the year ended December 31, 2015 increased due to the increased losses. The credit in 2015 benefitted from the future reduction in the rate of corporation tax from 20% to 18% as enacted following the United Kingdom’s 2015 budget. In both years the tax credit is lower than the corporation tax rate applicable to the group of 20.25% in 2015 and 21.5% in 2014, as no credit was taken for certain losses, the utilization of which is uncertain, and certain costs that are disallowable for tax purposes, in particular interest on the Preference Shares.

### **Liquidity and capital resources**

Our liquidity requirements arise primarily from our need to fund capital expenditures for our product development, for working capital and to service debt.

As of December 31, 2016, our cash balance was £101.7 million. We started 2016 with a cash balance of £65.6 million, and during the year we generated £164.6 million from operating activities, comprised of £90.3 million from trading activities and £74.3 million from improved working capital, in particular deposits received for future sales, in particular for the Aston Martin Valkyrie. We used £190.2 million in investing activities as we continued our investment in new products. AM Holdings also raised £100.0 million from the second tranche of Preference Shares, which was offset by interest paid and a reduction in short term borrowings. After giving effect to the Transactions, AM Holdings will not be part of the Restricted Group and the Preference Shares will not be attributable to the Company or its subsidiaries. As of December 31, 2015, the cash balance was £65.6 million, a decrease of £23.7 million from £89.3 million as at December 31, 2014. During the year ended December 31, 2015, we generated £75.2 million from operating activities, comprised of £55.4 million from trading activities and £19.8 million from improved working capital. During the year ended December 31, 2015, we used £161.0 million in investing activities and generated £62.8 million from financing activities, including 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 Preference Shares.

As of December 31, 2016, our total financial liabilities were comprised of borrowings under the Existing Notes, the Existing PIK Notes, the Preference Shares and the Inventory Funding Facilities, net of our cash balances. The book value of our total financial liabilities as of December 31, 2016 was £599.5 million. Net debt as of December 31, 2015 was £483.1 million, which was £116.4 million lower than the balance as at December 31, 2016. The increase in net debt during 2016 was primarily due to the issuance of the second tranche of £100.0 million of Preference

Share funding, interest on the Existing PIK Notes and Preference Shares and the exchange loss on the translation of the Existing PIK Notes which are denominated in US Dollars. Net debt as at December 31, 2014 was £343.2 million, which was £139.9 million lower than the balance as at December 31, 2015. The increase in net debt during 2015 was primarily due to the issuance of the first tranche of £100.0 million of Preference Share funding, interest on the Existing PIK Notes and Preference Shares and the translation of the Existing PIK Notes which are denominated in US Dollars. The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries. Excluding the impact of the Preference Shares, total financial liabilities was £381.5 million for the year ended December 31, 2016 as compared to £384.8 million for the year ended December 31, 2015.

For the year ended December 31, 2016, we incurred gross financing expenses of £133.0 million and net financing expenses of £130.5 million, with a weighted average interest rate on our gross debt of 11.2%. For the year ended December 31, 2015, we incurred gross financing expenses of £71.8 million and net financing expenses of £69.7 million, with a weighted average interest rate on our gross debt of 10.3%. For the year ended December 31, 2014, we incurred gross financing expenses of £56.0 million and net financing expenses of £53.5 million. The weighted average interest rate on our gross debt was 9.2% for the year ended December 31, 2014. The weighted average interest rates have been calculated using actual interest charges reported in our financial statements divided by average debt for the period based on opening and closing debt balances for each financial reporting period. Although the gross financing expenses discussed above include the relevant finance expense relating to the Existing PIK Notes and the Preference Shares, the finance expense relating to the Existing PIK Notes and Preference Shares is capitalized and thus not paid in cash until the relevant redemption date. We had £24.1 million, £39.5 million and £100.4 million non-cash pay finance expenses for the years ended December 31, 2014, 2015 and 2016, respectively. The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries. Excluding the impact of the Preference Shares, our net financing expense amounted to £53.5 million, £58.9 million and £101.4 million for the years ended December 31, 2014, 2015 and 2016, respectively.

In April 2015 and April 2016, in order to ensure sufficient liquidity and in light of our Second Century Plan, certain of our shareholders subscribed for Preference Shares in an aggregate amount of £100 million and £100 million, respectively. We used the proceeds for general corporate purposes and investment in new products. The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Our business may not generate sufficient cash flow from operations and future borrowings under our New Revolving Credit Facility or from other sources may not be available to us in an amount sufficient to enable us to repay our indebtedness, including any drawings under the New Revolving Credit Facility, which will have availability of £80 million as of the Issue Date, or the Notes, or to fund our other liquidity needs, including our working capital and capital expenditure requirements. In addition, we rely on our Inventory Funding Facilities to facilitate liquidity while our cars are being delivered to our foreign subsidiaries and our Wholesale Finance Facility, to facilitate sales of our cars to dealers and provide additional liquidity, which may not be available to us in the future. See *"Risk Factors—Our business model is based on the availability of the Wholesale Finance Facility and the loss of our ability to draw under this facility or its credit insurance backing could have a material adverse effect on our business."* See also *"Description of Other Financial Arrangements—Inventory Funding Facilities"* and *"Description of Other Financial Arrangements—Wholesale Finance Facilities"* for a further description of these facilities. If any of the foregoing were to occur, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. See also *"Risk Factors – We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful"*.

We believe that, based on our current level of operations as reflected in our results of operations for the year ended December 31, 2016, our sources of liquidity will be sufficient to fund our operations, capital expenditures and debt service requirements for the next 12 months.

### **Cash flows**

The following table sets forth our condensed consolidated statement of cash flows for the periods indicated:

	<b>For the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>(£ in millions)</b>			
<b>Cash flow from operating activities:</b>			
Loss after tax .....	(64.8)	(107.0)	(147.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities <sup>(1)</sup> .....	122.7	182.2	312.2
Net cash provided by (used for) operating activities .....	57.9	75.2	164.6
Net cash provided by (used for) investing activities .....	(123.1)	(161.0)	(190.2)
Net cash provided by (used for) financing activities .....	80.6	62.8	53.6
Total change in cash and cash equivalents .....	15.4	(23.0)	28.0
Effect of changes in exchange rates on cash positions .....	(0.8)	(0.7)	8.1
<b>Cash and cash equivalents at beginning of period .....</b>	<b>74.7</b>	<b>89.3</b>	<b>65.6</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>89.3</b>	<b>65.6</b>	<b>101.7</b>

(1) Adjustments comprise changes in working capital, depreciation and amortization, changes in provisions, income taxes and net finance costs.

### **Cash flow from operating activities**

The following table sets forth our condensed consolidated statement of cash flows from operating activities for the periods indicated:

	<b>For the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>(£ in millions)</b>			
Loss after tax .....	(64.8)	(107.0)	(147.6)
Depreciation and impairment of property, plant and equipment .....	28.3	46.3	38.3
Amortization and impairment of intangible assets .....	52.0	73.2	94.9
(Increase) / decrease in inventories .....	(21.8)	18.1	(36.9)
(Increase) / decrease in trade and other receivables .....	(8.1)	(19.8)	(39.1)
Increase / (decrease) in trade and other payables .....	26.7	21.6	150.3 <sup>(1)</sup>
Income taxes .....	(1.5)	(0.9)	(1.1)
Other .....	(9.5)	(23.1)	(16.5)
Net finance costs .....	56.6	66.8	122.3
<b>Net cash flow from operating activities .....</b>	<b>57.9</b>	<b>75.2</b>	<b>164.6</b>

(1) The increase in trade and other payables in 2016 primarily relates to deposits received for special edition vehicles which, as of December 31, 2016, had yet to be delivered to the customer.

We generated £164.6 million of net cash from our operating activities for the year ended December 31, 2016, compared to £75.2 million for the year ended December 31, 2015. This increase in cash generation was primarily due to improved cash generation from working capital of £74.3 million for the year ended December 31, 2016 as compared to £19.9 million for the year ended December 31, 2015. This increase in working capital was primarily due to an increase in trade payable resulting from deposits received for orders of the Aston Martin Valkyrie (and other special edition vehicles). In addition, EBITDA increased to £100.9 million for the year ended December 31, 2016, from £61.2 million for the year ended December 31, 2015 due primarily to improved sales as a result of the DB11 and increased sales volumes.

We generated £75.2 million of cash to fund our operations for the year ended December 31, 2015, as compared to £57.9 million for the year ended December 31, 2014.

The increase in net cash flow from operating activities to £75.2 million for the year ended December 31, 2015 was primarily due to an improvement in working capital of £19.9 million for the year ended December 31, 2015 as compared to a deterioration in working capital of negative £3.2 million for the year ended December 31, 2014.

### ***Cash flow from financing activities***

The following table sets forth our condensed consolidated statement of cash flows from financing activities for the periods indicated:

<b>(£ in millions)</b>	<b>For the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Interest paid .....	(31.9)	(32.3)	(32.6)
Proceeds from equity share issues .....	8.2	2.4	—
Movement in borrowings .....	5.3	(3.8)	(13.8)
New Borrowings .....	99.6	100.0	100.0
Transaction fees on new borrowings .....	(0.6)	(3.5)	—
<b>Net cash flow from financing activities .....</b>	<b>80.6</b>	<b>62.8</b>	<b>53.6</b>

Net cash generated from financing activities for the year ended December 31, 2016 amounted to £53.6 million, compared to net cash generated from financing activities of £62.8 million for the year ended December 31, 2015 and net cash generated from financing activities for the year ended December 31, 2014 of £80.6 million related to interest paid.

The £53.6 million net cash inflow from financing activities for the year ended December 31, 2016 consisted 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 our US and Chinese subsidiaries of £13.8 million pursuant to the Inventory Funding Facilities.

The £62.8 million net cash inflow from financing activities for the year ended December 31, 2015 consisted of a net £96.5 million from the first tranche of the Preference Shares after transaction fees and £2.4 million from equity share issues, less interest payments of £32.3 million and repayments of inventory funding in relation to our US and Chinese subsidiaries of £3.8 million pursuant to the Inventory Funding Facilities.

The £80.6 million net cash inflow from financing activities for the year ended December 31, 2014 was related to a net £99.0 million from the issue of the Existing PIK Notes, £8.2 million from equity share issues and £5.3 million from increased inventory funding in relation to our US and Chinese subsidiaries, less interest paid of £31.9 million.

The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will not be attributable to the Company or its subsidiaries.

### ***Cash flow from investing activities***

Net cash used in investing activities for the year ended December 31, 2016 was £190.2 million, compared to £161.0 million for the year ended December 31, 2015, and we used £123.1 million of cash in our investing activities for the year ended December 31, 2014. Net cash used by investing activities for the year ended December 31, 2016 included gross capital expenditures of £192.8 million, which primarily related to new model development, predominantly the DB11 model.

Net cash used in investing activities for the year ended December 31, 2015 amounted to £161.0 million. The cash used in 2015 primarily related to gross capital expenditures of £163.1 million related to new model development, predominantly the DB11 model.

For the year ended December 31, 2014, the net cash used in investing activities was £123.1 million. This related to new model programs.

### **Capital expenditures and total product development expenditures**

The following table sets forth our capital expenditures and total product development expenditures for the periods indicated:

<b>(£ in millions)</b>	<b>For the year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Non-product capital expenditures .....	21.6	5.9	11.8
Product capital expenditures .....	8.8	35.2	64.5
Capitalized engineering / research and development costs .....	96.1	122.0	116.5
<b>Total capital expenditure .....</b>	<b>126.5</b>	<b>163.1</b>	<b>192.8</b>
Research and development costs recognized as an expense .....	10.1	10.6	10.9
Non-product capital expenditures .....	(21.6)	(5.9)	(11.8)
<b>Total product development expenditures .....</b>	<b>115.0</b>	<b>167.9</b>	<b>191.9</b>

Our capital expenditure comprises (i) non-product capital expenditure, which is investment in facilities and systems that do not specifically relate to the launch of a new model or model derivative; (ii) product capital expenditure, which is capital expenditure relating to initiating production of new models and model derivatives, which may take the form of, for example, investment in suppliers, tooling and facilities; and (iii) capitalized engineering and research and development costs, which relate to the amortization, under IFRS, of engineering, research and development assets that are specific to the development of new models or model derivatives.

Capital expenditures increased to £192.8 million for the year ended December 31, 2016 compared to £163.1 million for the year ended December 31, 2015 primarily due to new model investment, including tooling costs associated with our new modular architecture for the DB11 and future models. Capital expenditures increased from £126.5 million for the year ended December 31, 2014 to £163.1 million for the year ended December 31, 2015, primarily due to new model investment.

For the next 12 months, we expect our capital expenditures to be in the range of £250 million to £260 million, after taking into account grants and other amounts to be received in consideration of our entrance into a lease arrangement in connection with our new facility in St. Athan. After the expected capital expenditures in the next 12 months, we expect to be well invested in accordance with our Second Century Plan and anticipate the capital expenditure as a percentage of our revenue will decline in the medium term. See "*Forward-Looking Statements*"

### **Capital resources**

#### **Short-term debt**

At December 31, 2014, 2015 and 2016, our short-term bank borrowings entirely consisted of the Existing Revolving Credit Facility and the Inventory Funding Facilities, as described above. The Wholesale Finance Facility is treated as an off-balance sheet arrangement. See—*Off-balance sheet arrangements.*"

#### **Long-term debt**

As of December 31, 2016, our long term debt was £717.7 million which was comprised of the Existing Notes with an aggregate principal amount of £304.0 million, the Existing PIK Notes with an aggregate principal amount of \$218.3 million (£176.6 million) and the Preference Shares (which is treated as debt under IFRS) with a total accrued value (including nominal value, share premium and capitalized dividends) of £237.1 million. The Preference Shares are obligations of AM Holdings and, after giving effect to the Transactions, will no longer be attributable to the Company or its subsidiaries.

On or prior to the Issue Date, we will enter into the New Revolving Credit Facility with an availability of £80 million. Borrowings under the New Revolving Credit Facility will be used to finance the general corporate and working capital purposes of the group. The New Revolving Credit Facility will be available for drawing from and including the Issue Date to and including one month before the fifth anniversary of the Issue Date. See "*Description of Other Financial Arrangements—New Revolving Credit Facility Agreement*".

## Notes offered hereby

The indenture governing the Notes offered hereby and the New Revolving Credit Facility will contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Restricted Group;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

## Preference Shares of AM Holdings

The terms of the Preference Shares of AM Holdings contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to incur or guarantee additional indebtedness and issue certain preferred stock and make certain payments and investments. Currently, the Preference Shares may be more restrictive than the Indenture governing the Notes and the New Revolving Credit Facility (including a restriction on our ability to incur debt, subject to certain exceptions, unless AM Holdings' consolidated leverage ratio is less than 5.0 to 1.0 and certain restrictions on making investments). In connection with the Transactions, we expect (on or about the Issue Date) to amend the terms of the Preference Shares to align with the relevant provisions of the Notes.

Each of the covenants is subject to a number of important exceptions and qualifications. These covenants could limit our ability to finance our future operations and capital needs. See "Description of Other Financial Arrangements—New Revolving Credit Facility Agreement", "Principal Shareholders—Preference Shares" and "Description of the Notes" for further information on the covenants and the exceptions and qualifications thereto contained in these agreements.

## Contractual obligations and commercial commitments

Presented below is a summary of our contractual obligations as at December 31, 2016, after giving effect to the Transactions and not including interest expense. See "Use of Proceeds".

(£ in millions)	Total	2017	2018	2019	2020	2021 and thereafter
Long-term debt <sup>(1)</sup>	550.0	—	—	—	—	550.0
Capital lease obligations	—	—	—	—	—	—
Short-term debt <sup>(2)</sup>	5.2	5.2	—	—	—	—
Operating leases	39.1	5.7	4.8	4.0	3.5	21.1
<b>Total</b>	<b>594.3</b>	<b>10.9</b>	<b>4.8</b>	<b>4.0</b>	<b>3.5</b>	<b>571.1</b>

(1) Long term debt comprises the Notes which mature in 2022 and excludes the Wholesale Finance Facility, which is treated as an off-balance sheet arrangement and the Preference Shares, which will not be attributable to the Company and its subsidiaries after giving effect to the Transactions.

(2) Short term debt primarily comprises the Inventory Funding Facilities.



## Pensions

We provide retirement benefits to certain of our former and current employees through a defined benefit pension arrangement (the "UK DB Plan"). Contributions to the UK 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. Since May 31, 2011, new employees have no longer been able to participate in the UK DB Plan, although the plan remains open to future benefit accrual for existing active members.

We currently estimate contributions to the defined benefit pension plan will be £12.7 million in 2017. The expected cash outflows in 2017 and subsequent years are uncertain and may change as a consequence of statutory funding requirements as well as changes in actual versus currently assumed discount rates, estimations of compensation increases and returns on pension plan assets.

While the latest actuarial valuation of the UK DB Plan on April 6, 2014 showed a surplus in the scheme of £3.4 million on a scheme-specific funding, subsequent deterioration of the funding position has resulted in our recognition of a liability on our balance sheet in respect of this scheme in recent periods. Specifically, the total fair value of plan assets was £253.7 million and the present value of funded obligations was a liability of £323.5 million, in each case as at December 31, 2016, therefore we recognized a liability of £69.8 million on the balance sheet as at December 31, 2016.

As a result, in addition to our agreed annual contributions to fund the ongoing accrual of benefits we have agreed to make recovery contributions to the UK DB Plan of approximately £2.8 million each year until March 31, 2021, together with potential additional contributions of up to £3.0 million per annum depending on our business meeting certain defined performance targets in the future.

The UK DB Plan's next actuarial valuation will need to take place with an effective date (at the latest) of April 6, 2017. Our contributions to the UK DB Plan may increase following the results of this valuation.

## Off-balance sheet arrangements

We also have a Wholesale Finance Facility to provide additional liquidity under which we can utilize up to £125 million (we are currently in the process of upsizing this facility and have received credit approval from Standard Chartered Bank to increase the availability under this facility to £145 million). The Wholesale Finance Facility is a global facility, pursuant to which AML and AMLNA offer to Standard Chartered Bank certain receivables owing to them by dealers who have acquired Aston Martin cars from them on credit terms not exceeding 270 days from the date of dispatch. Where this facility is used (i.e. where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility agreement) 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. We are 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. We re-charge all discount rate applied by Standard Chartered Bank or other fees associated with the Wholesale Finance Facility to our dealers from time to time. If we cannot utilize this facility in connection with sales to a dealer, the dealer is required to pay for the car prior to our delivery, other than in North America where dealers typically have 10 days to pay us. The Wholesale Finance Facility is backed by credit insurance in the event that a dealer fails to repay its financing under this scheme. Only if the credit insurance does not cover the cost of such financing do we have direct liability in respect of amounts due by such defaulting dealer to Standard Chartered, subject to an aggregate limit of £200,000 over the two year period ending August 31, 2018. As of December 31, 2016, the utilization of the Wholesale Finance Facility was £120.9 million. See *"Description of Other Financial Arrangements—Wholesale Finance Facility"*.

## **Qualitative and quantitative disclosures about credit risk, market risk, interest rate risk and foreign exchange rate risk**

We are exposed to changes in interest rates and foreign currency exchange rates because we finance certain operations through fixed and variable rate debt instruments and denominate our transactions in a variety of foreign currencies. Changes in these rates may have an impact on future cash flow and earnings. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, we are 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 of the end of each reporting period. When the fair value of a derivative contract is positive, the counterparty owes us, thus creating a receivable risk for us. We are exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. Our exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

We are exposed to credit risk because we sell parts and, in certain cases, cars on credit to dealers, as well as provide servicing and restoration services on terms under which payment is made on collection of the car.

### ***Interest rate risk***

Following the closing of the offering, and excluding the Wholesale Finance Facility (since the costs to us of the Wholesale Finance Facility we re-charge to dealers), the variable rate borrowing arrangements that we may have are (i) borrowings under the New Revolving Credit Facility, under which there will be no borrowings as of the consummation of the offering and (ii) the Inventory Funding Facilities. We will evaluate whether hedging our interest rate risk with interest rate swaps or other instruments is appropriate going forward.

### ***Foreign currency risk***

We are also exposed to risk from changes in foreign currency exchange rates, which could affect operating results as well as our financial position and cash flows. In addition, following the offering of the Notes, we will continue to have debt service obligations in both U.S. dollars and sterling. We monitor our exposures to these market risks and generally employ operating and financing activities to offset these exposures where appropriate. If we do not have operating or financing activities to sufficiently offset these exposures, from time to time, we 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.

Our primary foreign currency exposure relates to the pounds sterling to U.S. dollar exchange rate due to a significant proportion of our sales being to U.S. dollar denominated markets. However, our foreign currency exposures also relate, but are not limited, to the euro, Australian dollar, Canadian dollar and Japanese Yen. While we incur 75% of our costs in pounds sterling, we are also subject to cost based currency exposure in relation to the euro due to a significant portion of our costs sustained in this currency. We estimate that a 5% decrease in the U.S. dollar to pounds sterling exchange rate, with all other variables held constant, would have increased our profit after tax by £7.7 million for the year ended December 31, 2016 and £4.4 million for the year ended December 31, 2015.

It is our policy that transaction exposures are hedged. Accordingly, we identify and measure our exposure from transactions denominated in other than our own functional currency. We calculate our 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**

We sell cars through our dealer network. Dealers outside of North America are required to pay for cars in advance of their dispatch or purchase cars on deferred payment terms (where we can look to sell the resulting receivable to Standard Chartered Bank pursuant to the 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 the Wholesale Finance Facility are covered by credit risk insurance and our aggregate limit on direct liability in the event of the credit insurance not covering dealer default is £200,000 (in the two year period prior to August 31, 2018) as a result of the amendments made to the Wholesale Finance Facility on June 6, 2011. In exceptional circumstances, after thorough consideration of the credit history of an individual dealer, we may sell cars to the dealer outside of the credit risk insurance policy or on deferred payment terms where we are not able to sell that receivable to Standard Chartered Bank pursuant to the Wholesale Finance Facility. See *“Risk Factors—Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business”*.

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 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 our accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

- the point of capitalization and amortization of development costs; and
- the useful lives of tangible and intangible assets.

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 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. We determine 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 11 to the financial statements for the year ended December 31, 2016 included elsewhere in this Offering Memorandum).

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 (see note 21 to the financial statements for the year ended December 31, 2016 included elsewhere in this Offering Memorandum).

## **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 the Group, will be adopted in future accounting periods:

### ***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 January 1, 2018, with early adoption permitted. We currently plan to apply IFRS 9 initially on January 1, 2018. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated.

### ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We currently plan to apply IFRS 15 initially on January 1, 2018.

### ***IFRS 16 Leases***

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes 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. 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 January 1, 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. We currently plan to apply IFRS 16 initially on January 1, 2019.

The introduction of IFRS 15, IFRS 9 and IFRS 16 will have a significant impact on reported results of the Group, although it is not currently possible to quantify the effect because it will be dependent on the financial instruments that we hold and economic conditions at that time, as well as accounting elections and judgements that it will make in the future.

## Industry

*The information in this section that does not relate to us has not been independently verified by the Issuer, the Guarantors or the Initial Purchasers, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Where certain geographical information is not available, we have provided information for equivalent regions or other information which may be useful to investors. This information does not however necessarily represent actual results or trends for particular geographical regions. Prospective investors should not place undue reliance on any forecasts presented below and should make their own independent assessment of our future prospects and the risks relating to the markets in which we operate.*

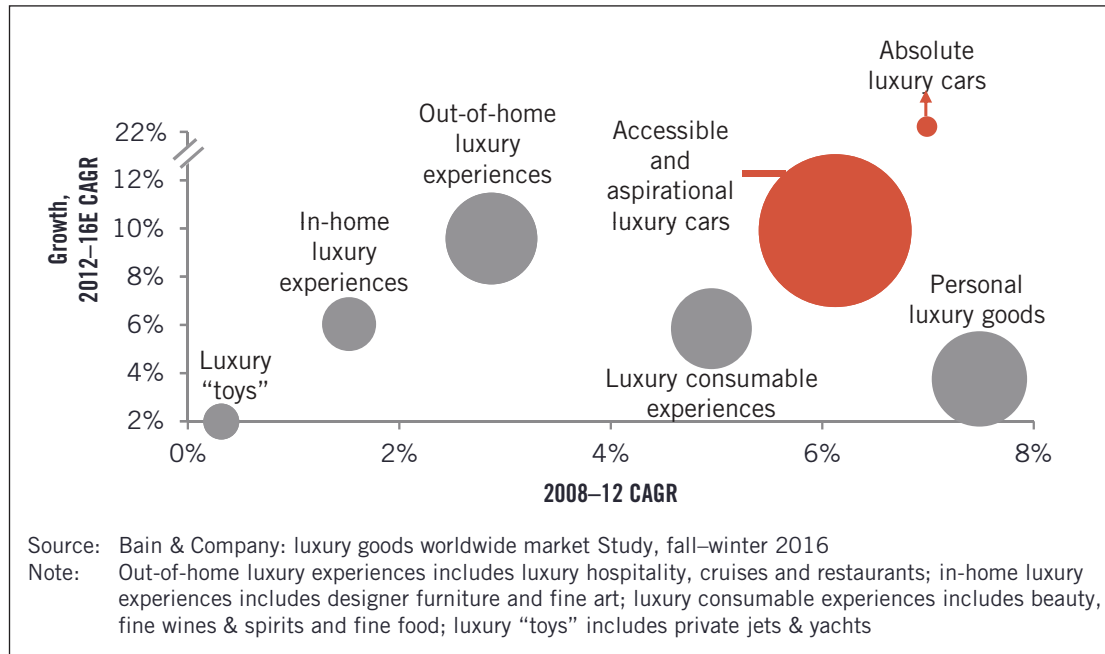
We operate in the High Luxury Sports (“HLS”) segment of the automotive industry, which includes a broad range of cars: from hyper-cars (such as the Aston Martin Vulcan) to premium and high luxury four-door coupe models (such as the Rapide S).

Compared to the broader passenger car market, the HLS segment shares several characteristics with other luxury goods such as prestige and exclusivity, aesthetics, appreciation of performance and quality. The luxury goods market is affected by global macroeconomic conditions, but is more directly impacted by population wealth, and high net worth individuals (“HNWI”) wealth for HLS cars in particular. The growth in the personal luxury goods market has significantly exceeded global GDP growth as shown in the chart below:



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

Since 2008, the HLS segment has grown faster than the broader luxury market and at a rate exceeding global GDP growth, driven by an expanding population of HNWI and increasing levels of HLS ownership among HNWI. The luxury cars segment, with an estimated value of €438 billion in 2016, was the fastest expanding segment in the worldwide luxury market, growing approximately 8% in 2016 according to the Bain & Company's Luxury Goods Worldwide Market Study and has historically been one of the fastest growing sub-segments in the luxury market, as shown in the below graphic:



Source: Bain & Company, Luxury Goods Worldwide Market Study, Fall-Winter-2016; World Bank Data for GDP growth 1994-2015; PwC Global Economy Watch estimate for GDP growth estimate for 2016

Economic growth, an increasing concentration of wealth, changing demand patterns and significant infrastructure investments have, in particular, led to a surge in demand for HLS cars worldwide. Additionally, the increasingly young age of HNWI and the introduction of new products have driven demand within the HLS segment.

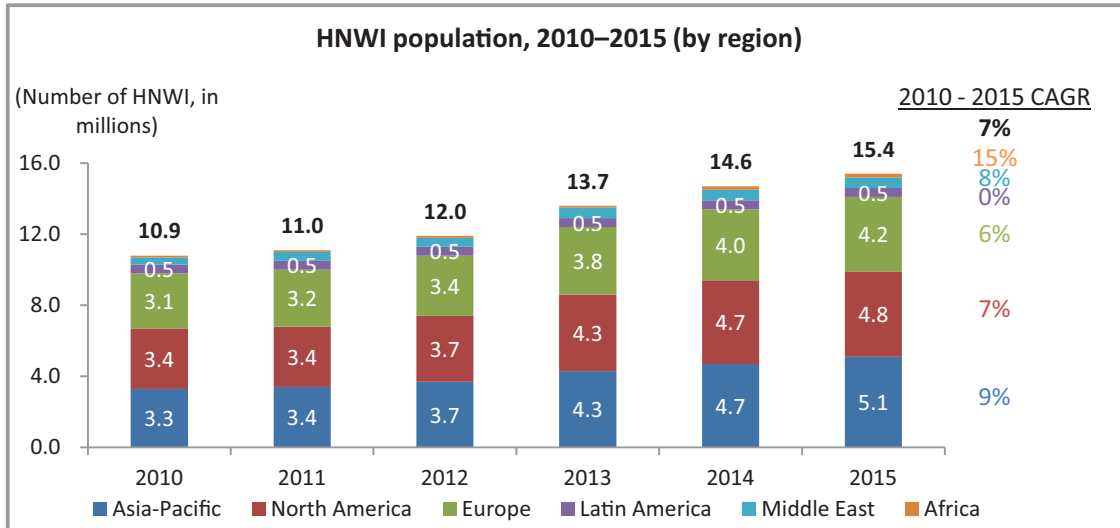
Manufacturers in the HLS segment can be separated into exclusive luxury brands and large automotive companies with certain product derivatives (such as BMW's M6 Coupe). Exclusive luxury brands such as Aston Martin, Bentley, Ferrari, Lamborghini, McLaren and Rolls-Royce generally pursue a low volume production strategy to maintain a reputation of exclusivity and scarcity and to promote premium pricing.

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

## Key market drivers

### Number of high net worth individuals

The principal driver of the HLS segment is the number of HNWI with the resources available to purchase HLS cars. The pool of HNWI has been impacted by global economic growth and wealth creation, particularly in certain emerging economies, rising levels of affluence and demand from the emerging middle and upper classes in the Asia Pacific region. According to Capgemini's 2016 wealth report, the population of HNWI has grown by 4.9% between 2014 and 2015 to 15.4 million HWIs globally. The HNWI population grew at a CAGR of approximately 7% between 2010 and 2015, as the following chart shows:



Note: Chart numbers and quoted percentages may not add up due to rounding. CAGRs are calculated on rounded figures.

Source: Capgemini Financial Services Analysis, 2016; World Wealth Report 2016, Capgemini.

HNWI wealth is expected to continue to expand rapidly, surpassing \$100 trillion globally by 2025 according to Capgemini Financial Services Analysis 2016. The increasingly younger age at which individuals are obtaining high net worth status is also an important factor, as the HLS segment attracts younger purchasers. We believe that age drives the penetration of the HNWI population into the HLS car market via age's effect on individual tastes in two respects. First, individuals are entering the HNWI population at increasingly younger ages, which is creating a larger market characterized by more youthful spending habits. 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 in the market of older members of the HNWI population for sporty cars. Additionally, the growth in the number of high net worth women, which leads to a correspondingly higher household income, has also become a driver of the increase in the HLS segment. The following chart sets forth the expected HNWI wealth projection by region:

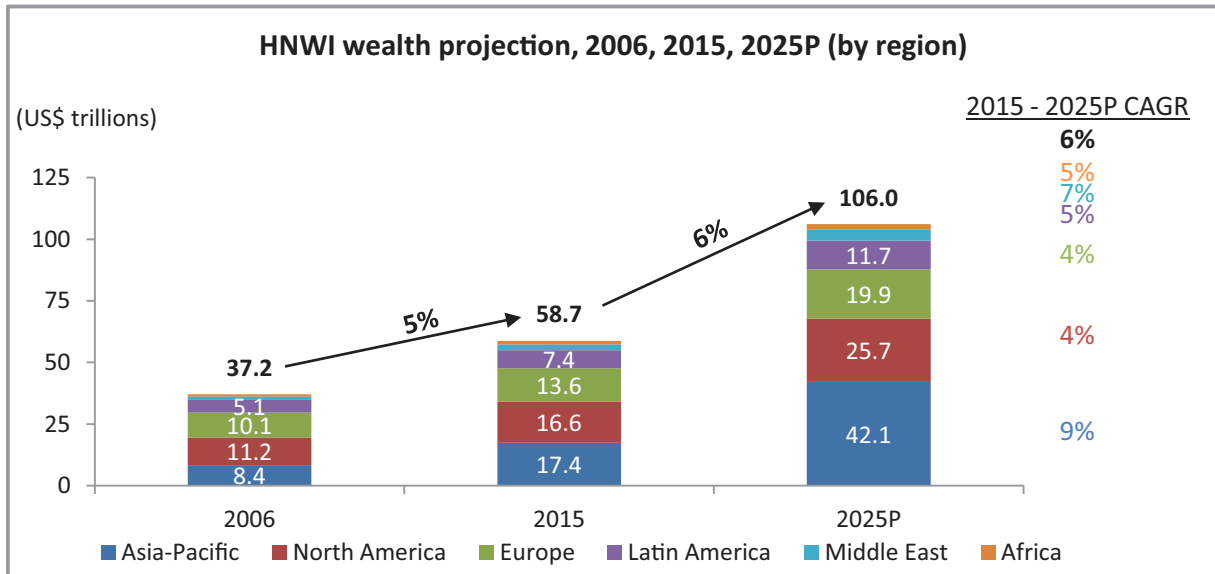


Chart numbers and quoted percentages may not add up due to rounding. 2025 data is calculated by applying the country-level annualized growth rate from 2006-2015 for the 2015-2025 period. CAGRs are calculated using rounded figures. Projected data is for illustrative purposes and should not be taken as indicative of future market value, which is impacted by many factors and is inherently uncertain.

Source: Capgemini Financial Services Analysis, 2016; World Wealth Report 2016, Capgemini.

### **Penetration of HLS among HNWI**

A further driver for the HLS segment is the rate of HLS penetration into the HNWI population, which is influenced by the growing availability of HLS cars given dealership network expansions and volume increases of major original equipment manufacturers ("OEMs"), while monitoring scarcity, availability of appropriate infrastructure and the relative affordability of new cars entering into the HLS segment at lower prices.

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 Western levels due to road and traffic constraints, widespread reliance on chauffeurs and lack of suitable racetracks.

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

Given the significant financial resources available to its HNWI customer base, a key characteristic of the HLS segment 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.

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. While high disposable income and liquid wealth levels of the HNWI segment mean that HLS customers are less affected by the economic cycle, other factors such as uncertainty of economic



outlook, declining return on investments, reduced income streams and social acceptance can have an impact on customers' willingness to buy HLS cars.

### ***Seasonality***

HLS cars are typically made to order. Customers are more inclined to order cars in the second quarter (spring/summer season) and fourth quarter. In parallel, dealers need to have a certain number of cars in their show rooms for "walk-ins".

Dealers typically stock up their inventories in the fourth quarter of the calendar year in the lead up to the holiday shopping season. HLS car sales are typically lowest in the first quarter, as dealers sell off excess inventory and purchase fewer cars. There is also a peak in sales in the second quarter of the year due to increased customer demand in anticipation of summer.

## **The HLS market**

### ***Characterization***

The HLS segment can be broken down by price range and degree of sporting characteristics. Classifications include hyper-cars, supercars, exotic cars, sports cars, sports grand tourer cars and 4-door coupes.

Typically, a customer's purchase of a HLS car is as a second car, particularly supercars and aggressive sports cars, which may only be driven on special occasions or purchased as trophy assets and driven rarely in order to preserve their value and condition. The driving characteristics and more limited comfort levels typically found in supercars and aggressive 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 or as weekend cars, or, in the case of four seater models, they may even be used as family cars.

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

The HLS segment varies significantly from one region to another in terms of expected growth, with significant variation between mature and developing markets.

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

Developed markets (Europe and North America) represent the majority of the HLS segment and constitute approximately 60% of world's HNWI population, according to the World Wealth Report 2016 issued by Capgemini, although only representing approximately 15% 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.

#### ***Developing markets***

Developing markets are rapidly gaining importance within the HLS segment. Changing demand patterns (such as choosing to drive oneself rather than using a chauffeur) and significant infrastructure investments have led to an increase in demand in the Russian, Indian and Chinese markets, and particularly in China and the wider Asia Pacific region. The average absolute purchasing power in these countries is expected to increase significantly in coming years, including with respect to HNWI. 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 HNWI within developing markets who may represent purchasers for the HLS segment. This is especially true in Japan and China, where there has been rising levels of affluence as well as a growth in luxury goods consumption in the highest income class. Both countries together drove close to 60% of global HNWI population growth in 2015 according to the World Wealth Report 2016 issued by Capgemini.

Brand recognition is particularly relevant in developing markets, given that only few brands are widely recognized.

### **Competitive position**

Competition in the luxury performance car market is concentrated in a fairly small number of producers, which include large automotive companies with respect to certain of their models as well as small producers, like Aston Martin, exclusively focused on luxury cars. 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 continuously stimulate customer demand.

The following table sets forth some examples of current HLS models in each of the model classification and producer types:

<b>Classification</b>	<b>Aston Martin Model</b>	<b>Selected Competitor Models</b>
Hyper-car/Exotic	Aston Martin Vulcan Aston Martin Valkyrie Vanquish Zagato	Ferrari LaFerrari Aperta
Supercar	Vanquish S	Lamborghini Aventador Ferrari F12 Ferrari GTC4 Lusso
Sports	Vantage GT8 Vantage GT12 V12 Vantage S V8 Vantage S	McLaren 650S Lamborghini Huracan Ferrari 488 Porsche 911 Turbo
Sports Grand Tourer	DB9 GT Vanquish DB11	Bentley Continental GT Ferrari California T Rolls-Royce Wraith Mercedes S65 Coupe
4 Door Coupe	Rapide S	BMW M6 Coupe Porsche Panamera Turbo/ Turbo S Bentley Flying Spur

Exclusive luxury brands ultimately differentiate themselves from the large automotive companies by their reputation of exclusivity and scarcity, which is largely driven by the low volume production, personalization and rare issues of special editions. Differentiated design, heritage, performance, innovation and luxury enable exclusive luxury brands to position their cars distinctively for HNWI. We believe that the Aston Martin brand is uniquely positioned in terms of its connotations of beauty, sophistication and luxury, with a clearly distinct design catering for the specific tastes and personal preferences of HNWI.

# Business

## Overview

The Aston Martin brand is one of the world's most iconic and leading luxury brands focused on the design, engineering and manufacturing of luxury sports cars. Our brand has a history of over 100 years and symbolizes luxury, exclusivity, elegance, power, beauty, sophistication, innovation, performance and an exceptional standard of styling and design. We believe our rich and prestigious heritage defines Aston Martin as something truly unique within the automotive industry.

Our cars solely address the high luxury sports ("HLS") segment and we believe they are the epitome of performance, luxury and styling. Our current core model line-up comprises five core models, including two sports cars (V8 Vantage S and V12 Vantage S), one grand tourer (the new DB11), one four-door, four-seat sports coupe (Rapide S) and one super car (Vanquish S). Some of these models are available in different model types, as well as in coupe and convertible models. We also regularly develop and produce special edition niche models, such as the Vantage GT12, Aston Martin Vulcan, Lagonda Taraf, Vanquish Zagato and our new hyper-car Aston Martin Valkyrie.

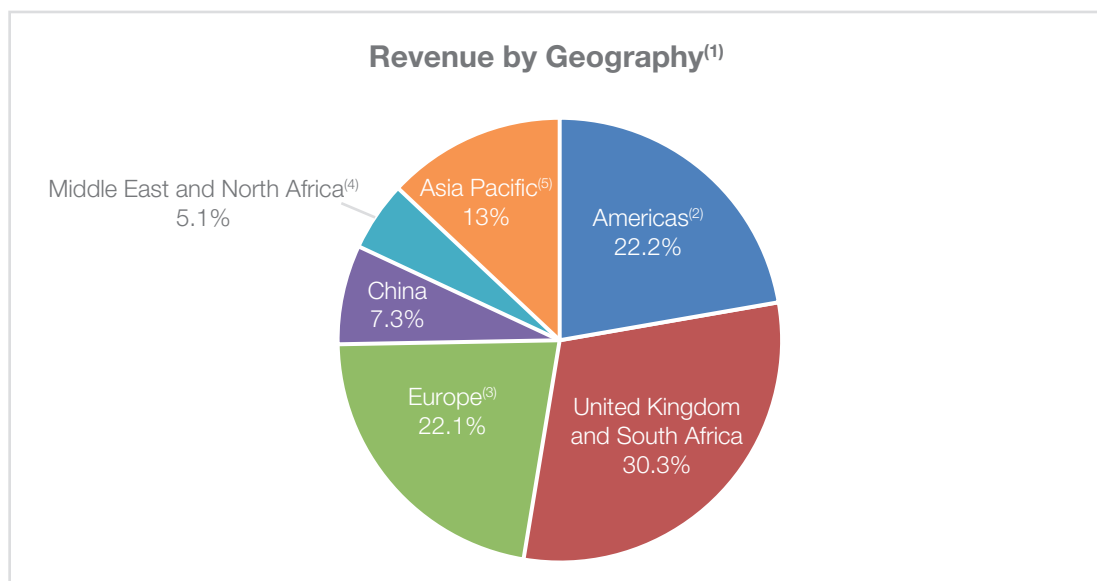
In 2015, we introduced our new Second Century Plan based on three key principles: one to two new core models or derivatives per year, promoting a self-funding business and diversifying our portfolio of products to cover sports cars, sedans and sports utility vehicle ("SUV"), or our "three pillar strategy". Our plan has four phases: business stabilization, core strengthening and expansion of our products portfolio, all culminating in our final phase to solidify our position as a self-sustaining luxury business. We have begun to transition from phase two to phase three of the plan following the successful introduction of the DB11 and the recent unveiling of the Aston Martin Valkyrie. We also made significant progress on plans to expand and diversify our product line-up by finalizing the acquisition of the St. Athan (Wales) manufacturing site where the DBX, our first SUV, will be made.

Adoption of our Second Century Plan was based on our strategy to introduce one to two new core models or derivatives every year for the next seven years to drive highly profitable growth and manage our cash flow. We introduced the DB11 in the fall of 2016. The launch of the DB11 marked the start of a new chapter for Aston Martin and an inflection point for the business. As of March 1, 2017, we had combined sales and total orders for 2,462 DB11 cars, of which 1,371 were sold through the end of February 2017 and 993 of which constituted Orders in Production as of such date. For the year ended December 31, 2016, we sold 3,687 cars, of which 1,005 were DB11 cars.

Our product development team is comprised of 747 designers, engineers and technicians, covering almost all aspects of new car planning, design and development. The products we design have resulted in numerous awards, including more 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 the DB11; Best Car 2016 (*Auto Motor und Sport*) for the Vanquish and Best Car 2014 (*Auto Motor und Sport*) for the Rapide S.

Our production facility is located in Gaydon, United Kingdom ("UK"). The Gaydon facility was opened in 2003, developed for the specific needs of Aston Martin and we believe it is one of Europe's most modern automotive manufacturing facilities and one of the most advanced manufacturing facilities in the HLS segment. All design activities are centered at Gaydon ensuring maximum efficiency, ease of oversight and promotion of harmony between our design teams, engineers and technicians. In addition, we are currently building a new plant in Wales, UK, for the future production of SUVs, which we anticipate will begin full production in 2019. At December 31, 2016, we employed 1,594 employees and 727 contractors.

We sell our cars through a global dealer network of over 165 dealers, as of December 31, 2016, which allows us to benefit from geographical diversification of revenues and access to high growth markets. We divide our markets into the following regions: Europe, the UK and South Africa, Americas, China, Asia Pacific and Middle East and North Africa. The following chart represents our revenue by geography for the year ended December 31, 2016:



(1) Revenue by geography is based on the location of the dealer to which we sell our cars.

(2) Americas consists of the Brazil, Canada, Chile, Mexico, Peru and the United States

(3) Europe excludes the United Kingdom.

(4) Middle East and North Africa consists of Azerbaijan, Bahrain, Egypt, Kuwait, India, Israel, Jordan, Lebanon, Oman, Qatar, Saudi Arabia and Turkey.

(5) Asia Pacific consists of Australia, Hong Kong, Indonesia, Japan, Macau, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Our Pro Forma Adjusted February LTM EBITDA for the twelve months ended February 28, 2017 would have been £161.0 million. Our EBITDA for the year ended December 31, 2016 was £100.9 million.

## Our history

We were founded in London in 1913 and for much of our history, we were a niche producer of luxury, high-performance sports cars, mainly for UK customers. In 1987, Ford acquired a 75% stake in the Company, which it increased to 100% in 1994. Following the Ford acquisition, our operations and sales expanded through the introduction of the DB7 and the Vanquish models. In 2004, the "Vertical Horizontal" architecture was introduced as the underpinning of our new products and the DB9, and the V8 Vantage were introduced, increasing sales from an average of less than 200 cars per year in the few years prior to 1987 to a pre-downturn peak of over 7,000 cars in 2007. In 2007, Ford sold majority ownership of the Company to a consortium of investors (including Investment Dar and Adeem Investment) and in 2013 investment subsidiaries of Investindustrial V L.P., purchased 37.7% of the business (in a primary transaction). In 2013, we continued our focus on high performance sports cars with the introduction of the V12 Vantage S and a facelift to our four-door sports coupe, the Rapide S. Also in 2013, we partnered with Daimler AG to provide us with Mercedes AMG engines, navigation and entertainment systems. As part of the partnership, Daimler AG became the holder of 4.9% of non-voting ordinary shares. Since 2013, our supportive shareholders have made significant investments, for example through the Preference Shares, in Aston Martin and in the Second Century Plan. In 2016, we introduced the DB11, replacing the DB9 vehicle. The DB11 introduced an improved modular architecture which will form the basis of our future sports cars. It was also the first product to introduce the Mercedes navigation and entertainment systems following our partnership with Daimler AG.

## **Our strengths**

We believe that the following key competitive strengths will help us to realize our strategic goals and reinforce our competitive position:

### ***A Quintessential luxury brand***

We believe that the Aston Martin brand is one of the most globally recognized luxury brands and a leader in the luxury sports cars segment. The strong heritage and global recognition of the Aston Martin brand has enabled us to achieve our market position and place us in a competitive class of our own.

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

The Aston Martin brand is internationally recognized for its iconic, beautiful design and the luxury experience associated with our meticulously crafted products. Founded in 1913, Aston Martin has a long tradition of exceptional design, engineering and manufacturing of luxury sports cars and sedans in addition to a racing pedigree, which includes a motorsport debut at the French Grand Prix in 1923 as well as DBR1's famous Le Mans 24 hour race victory in 1959, that has inspired various Aston Martin models over the last hundred years. An Aston Martin is recognized for its elegant and sophisticated British style, from the iconic DB5 introduced in the 1964 James Bond film *Goldfinger* to our newest DB model, the award-winning DB11. Long established as a strong player within our segment, our brand is exclusive, understated and elegantly styled, yet an Aston Martin product remains visible and sought-after, including our legacy models which typically command high resale prices.

Today, we perpetuate our exclusive brand image through the pairing of power and performance with refinement and style in our cars, as well as comprehensive brand management and effective public relations, including high-end dealer showrooms. Our customers are able to experience an emotional link with our brand as the design, performance and quality ensure their experience is a high-class and unique experience. The emotional connection between driver and car is furthered through our newly relaunched Q by Aston Martin program, whereby a customer can work with our award-winning design team to completely customize their Aston Martin by adding personalized, distinctive touches. The link between our customers and our products has also enabled us to further build our loyal consumer base and we will continue to cater to our loyal customers who benefit from exclusive offers and opportunities. For example the 150 road-going models of the Aston Martin Valkyrie were largely allocated to existing Aston Martin car owners and for future special edition models we expect to primarily target existing Aston Martin car owners. Our continual advances in automotive performance and our innovation in styling and design have resulted in our proud heritage of prestige, luxury, quality and beauty and have materially contributed to our financial success.

### ***Proven pricing power and value resilience***

As a result of Aston Martin brand's strength, from past to present, we have proven pricing power and value resilience. Customers purchase our products for a variety of reasons, but purchasing decisions are primarily based on emotive factors such as design, performance and quality. We have been able to increase average selling prices of our core models by 96% between 2007 and 2016, mainly due to the strategic introduction of new core models and enhanced versions of existing models that capitalize on such emotive factors. Each of our product launches, whether for new models or derivatives, is generally met enthusiastically, with demand outpacing production in the year of launch. The limited production of enhanced versions of existing models promotes exclusivity and our brand image, which allows us to raise price points for cars with these enhanced features and increase the price of existing models. For example, the road going version of our newly unveiled Aston Martin Valkyrie, our latest special edition model, fully sold out shortly after launch, despite the customer selection, price and deposit requirements. Our cars also maintain their values and often command collector premiums. The strength of our brand, the beautiful and innovative design of our products and our pricing power, which has been resilient even through economic downturns, demonstrates our leadership in the luxury sports car segment.

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

We market and sell our 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, China, North America, the Middle East, Europe and the United Kingdom. Over the past 16 years, our dealer network has undergone extensive expansion, having grown from 61 dealerships in 19 countries in 2000 to over 165 dealers in 52 countries in 2016. Aston Martin is well positioned within the HLS segment of the automotive market, which has experienced significant growth due to sustained growth of the number and wealth of high net worth individuals ("HNWI"). HNWI wealth has nearly tripled over the last decade. The growth in number and wealth of HNWI is positively correlated to the growth of our potential clientele and we stand to greatly benefit from this through our large and diversified global dealer network. Our dealers, who are well positioned in attractive key growth markets, provide us with the critical resources that will help us to take advantage of this trend and further establish the Aston Martin brand.

### *Unique design and engineering capabilities*

With advanced technology and a state-of-the-art facility, we consistently develop and manufacture luxury vehicles that we believe seamlessly combine our customers' demands for technologically advanced cars while maintaining the traditional style, beauty and essence of the Aston Martin brand.

### *Creators of beautiful cars*

Our business is supported by award-winning design capabilities and distinctive model line-ups. Our product development and design team, has 747 designers and engineers and has won several, prestigious design awards such as Car Design of the year 2016 (*Salone dell' Auto*) and T3 Design of the year 2016, each for the DB11. With each product launch, we are able to showcase our evolving style, influenced by the changing tastes and demands of our consumer base, while maintaining elements of design that have historically defined, and will continue to define, an Aston Martin. The introduction of the DB11 is a prime example of our ability to successfully introduce an Aston Martin car that is distinctively new, yet unequivocally an Aston Martin design. All of our products are beautifully designed and crafted, embodying elements of sophistication and elegance. We proudly hold our brand to an incredibly high standard and in order for each of our cars to "earn" its iconic Aston Martin wings, it must undergo a final 175-point inspection, that concludes with the inspector's name stamped in the engine bay, as a mark of quality, and only then the Aston Martin wings are affixed to our beautifully crafted cars.

### *World-class technical capabilities*

We have used a modular architecture as the basis for our models for over 12 years, starting with the DB9 in 2004. The introduction of the DB11 revitalised our product portfolio and introduced a new modular architecture including a revised aluminum body structure, electrical and electronic architecture and infotainment system, and efficient V12 engine, signifying the next step in the implementation of our Second Century Plan. Our updated advanced, world-class modular architecture is the backbone of our product portfolio and employs a Carry Over-Carry Across principle for key systems and components to reduce engineering cost and complexity for following models. We invested significantly in this modular architecture for the DB11 and we intend to develop most of our future models based on this architecture. The highly flexible modular architecture allows for a high degree of product differentiation and enables us to easily adapt to the production of new models, thereby reducing our production and development costs for incremental models based on the architecture.

We reduced the carbon dioxide ("CO2") output of our European fleet by over 30% over the last sixteen years from 470 g/km to 312 g/km through the introduction of improved materials and technologies, including a lightweight bonded aluminum body structure, more efficient engines and transmissions and the use of composite and carbon fiber panels and other lightweight components. We are targeting further reductions to 285 g/km by 2021. As an example of ongoing improvements in the past decade from 2006 to our final DB9 model in 2016, we reduced the CO2 emissions of the DB9 by 23% while increasing its power output by 20%. We have

utilized this added efficiency while developing the DB11, the DB9's replacement, which is 18% more efficient than its predecessor. Similarly, since the launch of the V8 Vantage model in 2005, we have reduced its CO2 emissions by over 27% while enhancing its competitiveness through a power increase of 13%. We believe that our bonded aluminium body structure, use of other lightweight materials (including carbon fiber on certain models) and our modular approach, combined with our recent and continuing efforts to maintain performance while decreasing emissions, demonstrates our valuable industry-leading capabilities.

#### *Highly scalable and efficient manufacturing capabilities at our state-of-the-art facility*

Our Gaydon facility, which houses our manufacturing facility, design team and senior management, adding an element of collaboration that would not be expected in large-production manufacturing facilities, was opened in 2003 and is a highly modern and advanced manufacturing facility. As a result of our investments in Gaydon, we created a factory that has the fundamental infrastructure to support flexible production capacity such that we are able to expand production with limited additional investment. This flexibility has enabled us to lower costs during periods of economic uncertainty and declining sales, but has also permitted us to increase production capacity to meet expected unit growth, as was the case with the introduction of the DB11.

Our Gaydon facility also boasts a highly flexible employee base, who are trained on most of our production station and models, which allows us to add or reduce personnel as needed. Our flexible employee base allows us to accommodate our production requirements and shift employees across different areas of production, in order to maximize our production capacity and utilization. We are able to increase production volumes by production line rate increases and additional shifts or extra working days. With production of the DB11, we introduced new, lean manufacturing techniques that have been implemented throughout the production process and have yielded efficiency savings.

#### *Unique business model built around our Second Century Plan to drive revenues and cash flow*

Our shareholders and management team have provided clear, strategic guidance to the Company since they came on board. The Second Century Plan has been focused on three key principles: one to two new core models or derivatives per year, a self-funding business model and a three pillar strategy, as detailed below.

#### *Stable and constant new products*

We have invested significantly in the Aston Martin product offerings and have a diverse product portfolio with five core models, and variations of some of our core models, in addition to special edition models, such as the recently announced Aston Martin Valkyrie. Under the Second Century Plan, we intend to introduce one to two new core models or derivatives of models each year for the next seven years. The first car under this plan was the DB11, which has been enthusiastically received by the market and has generated strong sales and orders, which are outpacing production and availability. Our order book as of March 1, 2017 included 1,438 (of which 993 are DB11 orders) Orders in Production for the period from March 1, 2017 to May 31, 2017. Primarily as a result of higher sales volumes driven by the DB11 launch under our Second Century Plan, our revenue, EBITDA and net cash flows from operating activities grew to £593.5 million, £100.9 million and £164.4 million, respectively, for the year ended December 31, 2016, from £510.2 million, £61.2 million and £75.2 million, respectively, for the year ended 2015. Our Pro Forma Adjusted February LTM EBITDA for the twelve months ended February 28, 2017 would have been £161.0 million. We believe that under our Second Century Plan and our strong executive management's leadership, we will achieve profitable growth and a self-sustaining business.

#### *Three pillar strategy*

Our current model line-up addresses the High Luxury Sport ("HLS") segment and is currently primarily focused on sports cars, but under our Second Century Plan, we are transitioning to a three pillar product strategy: sports cars, SUVs and sedans based on our flexible architecture, which enables us to easily adapt to the production of new models, thereby reducing our production and development costs for incremental models. We believe that the introduction of

one to two new core models or derivatives of models every year under our Second Century Plan will continue to support a highly attractive cash flow model that will provide us with capital and cost flexibility. We anticipate to launch a next generation of a four-door sports sedan after 2020, which we anticipate will be funded from future cash flows.

#### *Production model funds working capital requirements*

Aston Martin only produces vehicles once there has been a client order (whether an actual final customer or the dealer). Customers are additionally required to pay a range of deposits to get access to the waiting list for special edition models. This approach allows us to efficiently manage our working capital to positively support cash flows, as wait lists can range from three months to several years for some special editions. In some cases, such as the Aston Martin Valkyrie, the DB4 GT and the Vanquish Zagato the deposits have already funded the entire working capital needed to deliver the upcoming project well in advance of production commencing. Further, we are able to manage our working capital requirements as orders for any model cannot be unilaterally cancelled by dealers once production has begun approximately twelve weeks prior to delivery.

#### *Experienced management team and long-term committed shareholders*

We have a highly experienced and respected senior management team, led by CEO Dr. Andrew Palmer, who personally inspected, and signed off, the first 1,000 DB11s produced, demonstrating a top-down commitment to quality and the Aston Martin brand. Our senior management team is comprised of senior automotive executives with extensive experience in the automotive industry. Our supportive shareholders are also committed to our brand and have made significant investments in Aston Martin and in the Second Century Plan, which we believe, and our shareholders believe, will rejuvenate our business and have a materially positive effect on our business as a whole. We believe that the experience, industry knowledge and leadership of our senior management team and the continued support of our shareholders have contributed to our success and will help us implement our strategy described below to continue to achieve profitable growth.

### **Our strategies**

We are a leader in the performance and luxury car market due to our iconic and exclusive brand, our unique design and engineering capabilities, our business model built around our Second Century Plan and our experienced management team and supportive shareholders. We aim to achieve profitable growth and enhance our cash flow generation by pursuing a strategy focused on continuously renewing our product offerings and expansion in new and existing markets. In order to achieve these goals, we are pursuing the following strategies:

#### *Near-term growth under-pinned by strong product offerings*

Our strategic business plan, the Second Century Plan, focuses on new product launches, new derivatives and refurbishments of existing models scheduled over the next few years. Based on the successful launch of the DB11, we expect that future launches under our Second Century Plan will be a key driver of our revenue and profit growth. We intend to introduce an average of one to two new core models or derivatives of existing models each year over the next seven years. In response to consumer demand and in line with our strategy to diversify our customer offering and introduce fresh products each year, we have begun research and development with respect to electrification and an SUV. In 2015 we announced the DBX, our first SUV which will be produced at our facility at St. Athan in Wales, which is currently under construction, and will address the fastest growing part of the car market with a stylish and luxurious vehicle that is also practical and family-friendly. We believe products such as the DBX will allow us to address new markets and diversify to profitably increase our revenue stream.

We also intend to continue to leverage the Aston Martin brand, our design, technology and engineering strengths and take advantage of our flexible manufacturing facility to pursue opportunities in attractive market niches. For example, we anticipate that, in late 2018, we will begin production on a fully electric concept of our Rapide S four-door sports coupe, known as the "RapidE", targeting a niche market of HNWI who are in the market for more environmentally-friendly luxury cars.



In determining the number of cars we produce each year, we will try to achieve a balance between the volume of cars we produce and brand exclusivity. This balance is central to our production philosophy because we believe that if we increase production too much to meet demand, this could lead to brand dilution, and therefore result in an erosion of consumer demand for our cars. We currently believe that the optimal balance is up to around 7,000 sports cars per year.

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

We are well positioned within the HLS segment of the automotive market, which has experienced significant global growth due to the proliferation of HNWI and the increasing availability of certain HLS cars among such individuals. Under our current strategy, we are actively seeking to gain a better foothold in emerging markets, such as in the Asia Pacific region, that have experienced HNWI growth and in which we are currently under represented, which could provide us with significant further growth potential, so that we may be well-positioned to meet growing demand for HLS cars in these markets. We intend to increase sales in emerging markets and other markets by expanding our dealer network in those regions and by investing in strengthening our brand power in these markets. We also intend to capitalize on this potential by increasing our penetration in established markets, such as the United States, through management of existing dealers, the appointment of additional dealers and increasing our brand awareness. Core to our Second Century Plan is our 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. We plan to continue to support growth through a balanced geographical mix of sales in order to minimize the dependence on any given region, while expanding into new regions to attract a growing customer base.

#### ***Focus on cash flow generation and cost savings to support future deleveraging***

We are committed to pursuing available revenue-generating opportunities in a manner that generates high incremental return on our investments. Our key priorities are to develop new products, focus on new growth areas, increase revenue, implement cost savings, and thereby achieve operationally-driven deleveraging in the medium term through a combination of growth in EBITDA combined with cash flow generation in the second part of the Second Century Plan. We expect that advances, such as our modular based engineering, which allows us to use shared systems and components to reduce engineering complexities, will result in cost-saving and model synergies going forward. The body structure of our cars is comprised of a number of common structures, which provides flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market and therefore reducing our working capital requirements. In addition to the flexibility in the structure, our modular strategy enables the optimization of common systems and components such as chassis system, steering systems, infotainment systems and heating ventilation and air conditioning components enabling us to deliver a range of products at efficient investment levels. For example, we believe that following our investment in our modular architecture, which employs a Carry Over-Carry Across principle for key systems and components that were introduced for the DB11, the new Vanquish and new Vantage will require approximately 51% and 87% less capital expenditure than the DB11, respectively. We expect to hit our peak of capital expenditures in the near-term for this generation of vehicles and aim to fund capital expenditure through working capital and cash flows from operations. In addition, we expect that our anticipated EBITDA growth and improved cash positions will allow us to delever in the near term.

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

We believe that carefully chosen partnerships are a source of technical expertise, brand strengthening and future growth. We have a significant strategic partnership with Daimler AG to develop and supply high-powered bespoke V8 powertrains for future models, and enable us access to cutting-edge technology, including electrical and electronic systems. In addition, the widely anticipated Aston Martin-Red Bull co-designed hyper-car, the Aston Martin Valkyrie, is the product of our strategic partnership with Red Bull Technologies. The Aston Martin Valkyrie's official name unveiling at the Geneva Motor Show has generated a piqued interest in Aston Martin and all 150 road car version units of the Aston Martin Valkyries slated for production have

already been allocated. Our partnership with Red Bull Technologies (including our sponsorship of their Formula One team) has given us global brand exposure particularly in key growth markets, and has created the opportunity to share technology and processes with the most advanced form of racing. We also launched Aston Martin Consulting in 2016 to collaborate with other companies and share expertise in design, manufacturing and engineering. We believe that our current partnerships and future partnerships will continue to result in exceptional products that will help us achieve profitable growth.

## **Our cars**

Our products include a range of core models, in addition to special edition models. Our current model line-up comprises five core models, including two sports cars (V8 Vantage S and V12 Vantage S), one grand tourer (the new DB11), one four-door sports coupe (Rapide S) and one super car (Vanquish S). Some of these models are available in different core models, including coupe and convertible models (which we brand 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 our core range, we regularly produce special edition models in very limited quantities, like our Aston Martin Valkyrie, which we have limited to 150 units for the road car version. As part of our Second Century Plan, we have a program of product refreshment and enhancement and intend to introduce one to two new core models or derivatives every year for the next seven years. Our model lineup addresses the high luxury sports segment, and we are currently focused on sports cars. However, in response to consumer demand and in line with our strategy as part of our Second Century Plan to diversify and introduce fresh products each year, whether new models or derivatives of exiting models, we are in a transition to a three pillar product strategy: (i) sport cars, such as the DB11, (ii) SUVs, such as the DBX and (iii) Sedans, such as the Lagonda Taraf. For the year ended December 31, 2016, we sold 3,687 cars, which produced car sale revenues of £593.5 million.

### **DB11**

*DB11*



The DB11 is our current flagship model. First produced in 2016, the DB11 debuted at the Geneva Motor Show in March 2016 and is the first product launched under our Second Century Plan. The 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. The first 1,000 DB11s were personally inspected by our President and Chief Executive Officer, Dr. Andrew Palmer. The DB11 also introduced our updated advanced modular architecture, which we plan to use as the base for further cycles of core models, and our new electronic architecture and infotainment system, a product of our partnership with Daimler AG. Each customer can work with our award-winning design team to completely customize their DB11 by adding personalized, distinctive touches, such as paint and interior finishes. The DB11 is built at our Gaydon, UK plant, and its MSRP is between £154,900 and £167,015.

### **V8 Vantage S**

*V8 VANTAGE S*



*V8 VANTAGE S ROADSTER*



The V8 Vantage, launched in 2005, was one of our most popular models before the new DB11 with more than 20,700 cars sold since 2005. The V8 Vantage S is an enhanced performance version of the V8 Vantage based on the Vantage GT4 race car and was launched in January 2011. The V8 Vantage S is available as a two-door, two-seat coupe or a soft top Roadster and is marketed as a high performance sports car, with a 4.7 ltr V8 engine developed for both flexibility and performance. Produced at our Gaydon plant, the suggested retail price ("MSRP") for the V8 Vantage S is between £92,795 and £106,795.

### ***V12 Vantage S***

*V12 VANTAGE S*



*V12 VANTAGE S ROADSTER*



Based on the V8 Vantage S, the V12 Vantage S features a V12 engine and is designed as an aggressive sports car, combining a V12 engine with our lightest sports car. The V12 Vantage S launched in May 2013 and is available as a two-door, two-seat coupe or a soft top Roadster. The V12 Vantage S is built at the Gaydon plant and its MSRP is between £140,495 and £149,495.

### ***Rapide S***

*RAPIDE S*



We introduced the Rapide S, our four-door high performance sports car, into our product range in 2013 as a follow-up to the Rapide. The 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. The Rapide S was designed as a sporting coupe and was updated in 2015. The Rapide S aims to offer both high speed and long distance cruising ability. Built at our Gaydon facility, the MSRP for the Rapide S is £149,500.

### ***Vanquish S***

*VANQUISH S*



*VANQUISH S VOLANTE*



Initially launched in 2012, and updated in 2016, the Vanquish S Coupe is our flagship grand tourer, and is designed to combine the presence and performance of a V12-engine sports car with the opulence and luxury of a grand tourer into a super grand tourer. There is a soft-top model referred to as the Vanquish S Volante. The Vanquish, also produced at our Gaydon facility, sits at the top of the Aston Martin model range. The MSRP for the Vanquish S is £199,950 and £211,950 for the Vanquish Volante.

## *Special Edition Models*

*ASTON MARTIN VALKYRIE*



*ASTON MARTIN VULCAN*



*LAGONDA TARAF*



*VANQUISH ZAGATO*



*VANQUISH ZAGATO VOLANTE*



*VANTAGE GT12*



*VANTAGE GT8*



We also regularly produce special edition models that are typically at a higher price than our standard models. Our special edition models have recently included the Vantage GT12, the Vantage GT8, the Lagonda Taraf, the Vanquish Zagato Coupe and the Aston Martin Vulcan, and our forthcoming models include the Vanquish Zagato Volante, the DB4 GT and the Aston Martin Valkyrie.

Based on the V8 Vantage S, the Vantage GT12 and Vantage GT8 each bridge the gap between road and race track driving. We have limited production of the Vantage GT12 to 100 cars, which were produced between October 2015 and May 2016 and have been fully sold out. Production of the Vantage GT8 is limited to just 150 cars. Production of the Vantage GT8 began in October 2016 and is expected to run through June 2017, and all units to be produced have been sold and deposits have been received. The MSRP for the Vantage GT12 is £250,000, and the MSRP for the Vantage GT8 is £165,000. All of these models have been pre-sold and deposits received.

A new bespoke super saloon, the Lagonda Taraf, sees the revival of the historic Lagonda marque in a V12 engine and a limited numbers series. The Lagonda Taraf is offered predominantly in the Middle East, the UK and European markets and the MSRP in the UK for the base model is £696,000.

The Aston Martin Vulcan is an all carbon fiber V12 track-only supercar, with production limited to 24 cars. The Aston Martin Vulcan has a MSRP of £1.8 million and has been fully sold out.

The Vanquish is also available in a Zagato specification, from our collaboration with the Italian design house (limited to a production run of 99 cars for each of the Vanquish Zagato Coupe and the Vanquish Zagato Volante). The MSRP is between £525,000 (for the Vanquish Zagato Coupe) and £575,000 (Vanquish Zagato Volante). Customer deliveries of the Vanquish Zagato Coupe began in December 2016 and customer deliveries of the Vanquish Zagato Volante are set to begin in the fourth quarter of 2017.

We also plan to release a special edition DB4 GT, constructed to the original 1963 lightweight specification. The production run will be limited to 25 cars, which will be sold to customers as a package consisting of access to a racetrack where the customer can use their DB4 GT and a two

year driver experience program. All of these cars have been sold, and we expect that customer deliveries will be made throughout 2017. This run of DB4 GTs has a MSRP of £1.5 million.

Our newest forthcoming special edition is the Aston Martin Valkyrie, which is the result of our partnership with Red Bull Technologies. We announced the Aston Martin Valkyrie's official name at the March 2017 Geneva Motor Show, in addition to select specification information such as the Aston Martin Valkyrie's 6.5-liter naturally-aspirated V12 engine and that it will sport Michelin Pilot Sport Cup 2 tires. The Aston Martin Valkyrie is our latest hyper-car, of which there will be a road car version and a track-only version. First deliveries of the Aston Martin Valkyrie are anticipated to commence in 2019. As of December 2016, all 150 road car versions were allocated.

### ***Q by Aston Martin***

Q by Aston Martin is our unique personalization service, for an Aston Martin that truly reflects our customer. Working closely with Aston Martin's award-winning design team, every Q customer has the ability to create a completely customized car. Q by Aston Martin was relaunched at the 2017 Geneva Motor Show, showcasing an enhanced offering in two defined categories:

*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 colors, material finishes and craft elements. These range from a unique leather quilt upholstery pattern to tinted wheel finishes that incorporate body-colored blades to diamond turned spokes, as well as the use of new wood and leather interior elements.

*Q by Aston Martin—Commission* is a process that involves a personal collaboration with Aston Martin's design team. Customers can select a model and then work with the Aston Martin design team to customize the interior and exteriors down to the finest details, leading ultimately to production of a car to the customer's exact specifications. The Commission results in an entirely unique car. Aston Martin has a long and storied history of building individual cars, working alongside true enthusiasts who wish to see their vision translated into something never seen before. Examples of previous commissions by Q by Aston Martin include the CC-100 Speedster Concept created for the company's centenary in 2013 and the Vantage GT12 Roadster, a one-off open-top version of the extreme 600PS race-bred Vantage GT12 Coupe. Aston Martin'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.

### ***Second Century Plan***

In 2014, we introduced our new Second Century Plan, based on three key principles: (i) one to two new core models or derivatives per year, (ii) the creation of a self-sustaining business and (iii) diversifying our portfolio of products to cover sports cars, SUVs and sedans (also known as our "three pillar strategy"). Our plan has four phases: business stabilization, core strengthening and expansion of our products portfolio, culminating in our final phase to solidify our position as a self-sustaining luxury business. We have begun to transition from phase two to phase three of the plan following the successful introduction of the DB11, the announcement of the DBX and the unveiling of the Aston Martin Valkyrie.

### ***Planned new models and updates to existing fleet***

As part of our six-year Second Century Plan, we have a program of product refreshment and enhancement and we intend to introduce one to two new core models or derivatives every year for the next seven years. In addition, we plan to release, on average per year for the next three years, two special edition models. Over the last four years, we have made significant investments in our new vehicle platform, culminating in the introduction of our new and improved modular architecture, introduced with the successful launch of the DB11. We intend to develop most of our future models based on the new modular architecture used for our DB11 which employs a Carry Over-Carry Across principle for key systems and components, and we intend to continue to collaborate with other partners, as we have done in the past on an opportunistic basis to produce new cars under our Second Century Plan.

In 2015, we announced the high luxury DBX, our first SUV, which will be produced at our new St. Athan facility. We believe that the DBX will widen the appeal of our Aston Martin brand and is intended to capture a more diverse global audience due to its more practical and family friendly characteristics. We expect to launch the DBX in 2019.

## **Production**

We have made significant investments in our manufacturing facilities, which enable us to expand our production capacity to meet our expected unit growth with limited additional investment. In addition, our cars are based on an advanced aluminium body structure which utilizes lightweight aerospace technologies, 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 the DB11 and will form the basis of our next generation of vehicles. It also utilizes a number of common structures, reducing tooling investment for new model production.

We also have a highly flexible employee base, who are trained on most of our production stations and models, which allows us to add or reduce personnel as needed to accommodate our production needs, as well as shift employees across different areas of production, in order to maximize our production capacity. As of December 31, 2016, our manufacturing and quality team comprised over 994 employees, who ensure that our production processes meet the highest standards of quality and engineering sophistication.

Other than the expenditure related to bringing our new plant in St. Athan on line, we expect the majority of our future capital expenditures to be driven by the introduction of new models, and upgrades to existing models and thus directly linked to incremental revenue. As a result, we expect that the incremental economics of our growth will continue to exceed the profitability of our existing business. Our highly efficient and flexible manufacturing operations also provide us resilience during economic downturns.

### ***Manufacturing facilities and partnerships***

#### *Gaydon, UK*

Our primary production facility is located in Gaydon, UK. Our Gaydon facility, which houses our manufacturing facility, design team and senior management, was tailor built for Aston Martin. Opened in 2003, Gaydon is a highly modern and advanced manufacturing facility. We currently manufacture all models in Gaydon.

We adjust production capacity to accommodate our expected production and, if needed, we can increase production by adding shifts at the Gaydon facility with low additional capital expenditures to meet our expected needs for the foreseeable future. The Gaydon facility also has the potential for expansion if required. In 2016, we quickly increased our headcount due to a production ramp up associated with orders for the DB11, and we can quickly reduce our headcount when demand for our products declines.

Our engineers and technicians are typically skilled in a number of areas, which provides us with a great degree of flexibility in our production lines. This flexibility enables us to shift all of our employees across our product range and in different areas of production enabling us to maximize our production rate and capacity as dictated by demand. We also maintain flexibility of our employees around shifts in order to maximize our production capacity. Aston Martin operates a well-established production system, derived from "Lean Manufacturing" principles. Through a mixture of challenging targets and employee engagement the operations team has delivered year-on-year improvements in productivity and quality.

#### *St. Athan, UK*

In 2016, we announced a new manufacturing facility in St. Athan, UK. Construction of the facility started at St. Athan in December 2016. We expect full vehicle production to commence in 2019. We currently plan to produce our DBX at the St. Athan plant. In connection with our occupation of the premises for the St. Athan plant, we entered into the Guarantee Fee Agreement with the Welsh Ministers pursuant to which we have agreed to pay the government of Wales a fee in exchange for its guarantee of certain of our obligations under our lease agreement with the

owner of the premises on which the St. Athan's plant is located. See *"Risk Factors—Risks related to our indebtedness and the Notes—We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful"*.

#### *Engine production*

The V12 (and certain V8) engines for our advanced modular architecture based cars are built by Ford at an Aston Martin branded facility (the "Aston Martin Engine Plant") at the Ford Niehl Engine Plant in Cologne, Germany pursuant to a long term supply agreement with Ford Werke GmbH dated November 21, 2012. This agreement expires on December 31, 2020, unless extended by the parties. All pre-existing intellectual property rights associated with the engines and their production are licensed to us pursuant to a separate agreement with Ford. Any new intellectual property rights generated under the agreement belong to the party responsible for their creation, and in the event that we and Ford disagree as to who was responsible, we and Ford grant each other a full license to use these rights. Although we are not required to make a minimum volume of engine purchases, we have agreed purchase prices for the engines on the basis of forecasted volumes of orders, and if the actual volume of orders exceeds specified thresholds above or below the forecasted volumes, we are required to renegotiate the price per unit in good faith. The agreement includes a provision allowing us to meet with Ford at any time throughout the term of the agreement, to negotiate in good faith the possible acquisition of the Engine Business (that is, the engine manufacturing and assembly business carried out by Ford at the Cologne engine facility and assets related thereto) and/or the related assets at fair market value. See *"Risk Factors—Risks relating to our business and industry—We could experience significant disruption to our production capabilities as a result of our dependence on a limited number of key suppliers, in particular Ford and Daimler"*.

#### *Daimler*

We have a technical partnership with Daimler AG, one of our shareholders, for the provision of navigation and entertainment systems. In addition, we anticipate Daimler AG will provide us with the modified M177 engine, a bespoke V8 powertrain engine for certain future models. Our technical and commercial partnership with Daimler AG began in 2013, when Daimler AG became one of our shareholders. See *"Certain Relationships and Related Party Transactions—Daimler Agreement"*.

#### ***Our manufacturing process***

The manufacturing process at our Gaydon facility is comprised of chassis production, body assembly, painting, trimming, assembly and final checks.

#### *Modular architecture*

The advanced modular architecture is the backbone of our product portfolio. It has been significantly updated for the DB11 and is planned to form the basis for a further cycle of new core models. 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 us to produce low volumes of cars and easily adapt to new models, thereby reducing our production and development costs for incremental models based on the architecture. The aluminium body structure of our cars is comprised of a number of common structures, which provides flexibility in overall car dimensions, such as wheelbase or front and rear overhangs, with maximum component commonality, minimizing our engineering and tooling investment and time to market.

#### *Chassis construction*

The body structure of our cars is comprised of a limited variety of anodized extruded parts, aluminum castings and formed sheet aluminum bonded together with a heat cured epoxy adhesive and rivets to create a rigid and light-weight chassis, known as the "bonded monocoque". Our Gaydon facility consists of a two conveyor-based system where components for

manufacturing the bonded monocoques have adhesive applied to them by robotic application cells. The main chassis build-line transports the chassis through a series of geometry stations and sub-assemblies, and finally through a curing oven. The chassis is measured on an automated measuring machine before being transported to the appropriate body facility, of which there are three.

### *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 trunk-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 are three further body assembly lines where the same process is carried out but these are optimized 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 colors, the spraying is primarily carried out by robots, although some elements, such as the application of conductive primer and some localized areas, are carried out by hand. For special colors, the paint application is carried out by hand. The whole car is painted at the same time to ensure color harmony. We are able to offer a large range of colors, including color matching to a customer-specific requirement and the robots are capable of painting in any color 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. We believe that our comprehensive painting process gives Aston Martin cars a superior finish compared to our competitors' cars.

### *Trim shop*

We use a high grade natural grain leather to minimize flaws and to improve the look and feel of our cars. The leather used for the seats and interior paneling are sewn by hand and fitted by our experienced team of skilled technicians.

Instrument panels are assembled as part of the trim shop on a carrousel conveyor with eight stations. After assembly the instrument panel is electrically tested before finally being transferred to the main assembly line.

### *Assembly line*

Our Gaydon facility has two assembly lines, each divided into three sections, each with an indexing conveyor and each 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 tires. Our employees are able to work on multiple models and as such, have a high level of process expertise. This means we have a work force that is highly flexible with respect to the requirements of the various models and assembly line sections.

### *Final checks*

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 and then proceed to finishing stations for panels, electrical or trim items before undergoing a paint mark-up and



repair process. Cars then undergo dynamic tests at our on-site facilities. These tests include, road test at the test track, squeak and rattle testing and water proof testing. Lastly, cars go through final inspection, which involves an inspector making 175 separate 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. Only then are Aston Martin's wings affixed to the car.

In addition to all of the rigorous inspections and testing that form part of our manufacturing process, we also undertake consumer product audits on a regular basis to help maintain our high standards. Our focus on quality and our inspection, checking and testing processes have helped drive a significant reduction in the average amount we have been required to spend on warranty claims over the last six years, as well as increased customer satisfaction.

## **Procurement**

Our purchasing function strategically controls the whole of our supplier base for the sourcing of raw materials, such as aluminum and leather, components and facilities, managing a supply base of approximately 270 direct suppliers and 1,050 indirect suppliers. We have a policy aimed at owning the special tools and fixtures used by our suppliers for the manufacture of our components.

In 2016, our largest supplier was the Aston Martin Engine Plant, owned and operated by Ford for the production of all of our V12 and V8 engines. For the year ended December 31, 2016, the Aston Martin Engine Plant represented approximately 17% of our expenditures for raw materials and components based on invoices posted to the purchase ledger during the year. For more detail regarding this relationship, see "*—Manufacturing facilities and partnerships*" above. Starting in 2017, we expect to purchase the modified M177 engine, a bespoke V8 powertrain, from Daimler AG. Further Tier 1 supplier partnerships with Pirelli, Bosch, Bang and Olufsen and Multimatic ensure superior quality and substitute expensive in-house development.

From 2017, our formerly separate purchasing and logistics departments now operate as one overall function under the heading of "Supply Chain Management". This is to ensure that the whole supplier performance is taken into consideration when sourcing. Suppliers are then measured based on their overall performance against quality, delivery, cost optimization and sustainability. Inbound transportation logistics are handled by a third party supplier, who is contracted to handle transportation from the suppliers' plants to our production location. Suppliers experiencing difficulties with quality or delivery performance are able to obtain on-site support from our current vehicle engineering and supplier development teams. Our new model operations also provides assistance during the launch of new products and carries out approval activities.

We have a risk management process in place which seeks to ensure there is no disruption to our supply of materials and components. This includes an initial risk assessment and ongoing risk monitoring of our suppliers, with mitigation plans for what we judge to be our highest risk suppliers in each supply area. We also seek to balance sourcing decisions across our model range to limit our risk and reliance on one supplier.

## **Customers, sales and marketing**

### ***Dealer network***

We maintain a franchised dealer network, which is the primary means through which we sell our cars to end-customers. Our dealer strategy is premised on our belief that the integrity and success of our brand is dependent on the responsible and careful selection of the dealers who sell our cars.

Under our franchise agreements, franchisee dealers purchase Aston Martin cars and make certain other contractual commitments and in return are permitted to sell Aston Martin cars and merchandise. Our policy is to sell to dealers who provide an in-store experience and who promote our cars in a manner consistent with the Aston Martin image. Non-authorized dealers are not able to sell new or certified pre-owned Aston Martin cars. Our dealer strategy is designed to ensure no capital investment by us in our dealer network while maintaining a level of control over it.

We aim to ensure the sales and service experience at our dealers is fully reflective of the Aston Martin brand. We have 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 our senior management at an early stage. The financing of necessary investment in dealership facilities is provided by the dealers themselves. A specific program and set of design guidelines have also been put in place for the development of after-sales areas such as workshops and service areas. This aims to support our brand image and customer loyalty throughout the Aston Martin ownership experience. In developing our sales outlets in this way, we aim to transform the buying process into an experience more closely resembling the purchase of luxury goods from exclusive boutiques.

To maintain the impact of the dealer network, we have a rigorous program in place to educate, develop and monitor dealer owners and managers as to the new model range, brand positioning and required service standards. We are also focused on training, in particular for the repair technicians in the dealer network to guarantee a satisfactory aftermarket experience for Aston Martin owners.

Dealers range from fully independent, brand-dedicated outlets for sales and service to shared sites (one or two complementary brands) to a separate department within a larger collection of brands. All dealers provide aftermarket and repair services for our cars and within the UK there are a further two authorized service centers.

Over the past sixteen years, the dealer network has undergone significant expansion, having grown from just 61 dealerships in 19 countries in 2000 to over 165 dealerships in 52 countries as of December 31, 2016. All new dealers have been chosen based on historical performance, financial strength, commitment to customer service, 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 show room models as well as hiring and training good employees. We inspect dealers for financial stability, brand management and selling capability and are permitted to terminate a dealer's contract if these criteria are not met to our standards. All dealers in the dealer network are independent dealers, with the exception of the Milan dealership and AM Works, which was acquired by us in April 2010 following the previous owner experiencing financial difficulties and which is not a strategic investment.

The worldwide distribution of dealerships as at December 31, 2016 was as follows:

	Number of dealerships
Americas .....	46
Europe .....	42
UK and South Africa .....	23
Asia Pacific .....	22
China .....	18
Middle East and North Africa .....	16
<b>Total</b> .....	<b>167</b>

As of December 31, 2016, we employed 40 employees and engaged 8 contractors in locally based teams to support our dealer networks in Asia, Continental Europe and North America. Our team in North America is employed by our wholly owned subsidiary, Aston Martin Lagonda of North America, Inc., which acts as an independent, fully operational trading company. Our team in China is employed by our 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 our top five dealer groups has stayed relatively constant over the last five years and for the year ended December 31, 2016 represented approximately 21% of our total sales volume. The Pendragon group of dealers, an international multi-franchise dealer group, represented 8% of our sales volume for the year ended December 31, 2016. No other dealer or group of dealers represented 4% or more of our sales volume for the year ended December 31, 2016.

Our sales are globally diversified. The following table sets forth the geographical distribution of our total car sales to dealers for the past three years.

Location	Year ended December 31,		
	2014	2015	2016
Americas .....	1,081	1,055	829
Europe .....	814	744	847
UK and South Africa .....	925	999	1,108
Asia Pacific .....	440	489	530
China .....	212	192	176
Middle East and North Africa .....	214	136	197
<b>Total</b> .....	<b>3,686</b>	<b>3,615</b>	<b>3,687</b>

For legislative reasons, we conduct distribution in the United States through our wholly owned subsidiary, Aston Martin Lagonda of North America, Inc., which sells cars directly to our U.S. dealer network. In contrast to UK 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. We also have a wholly owned subsidiary distributor in China. Distribution in the Middle East and North Africa is arranged via Aston Martin MENA Limited, a distribution company affiliated with certain of our shareholders, which acquired Aston Martin distribution rights in the Middle East and North Africa from us in 2009. See *"Certain Relationships and Related Party Transactions"*.

Although we provide a suggested retail price for all of our cars, individual dealers are permitted to negotiate different prices with customers and to provide financing. The majority of customers purchase our cars from dealers in cash, although we have relationships with certain banks and financial services companies that our dealers can engage with to provide finance and leasing service to customers, if requested. We do not provide financing services relating to purchasing our cars nor do we provide financial support for such financing.

We do, however, have the Wholesale Finance Facility in place with Standard Chartered Bank which may be utilized by us in connection with sales of Aston Martin cars, and which is backed by credit insurance in the event of dealer default. Where this facility is used, we receive the purchase price of a car less a discount rate (calculated in accordance with the Wholesale Finance Facility agreement) upon invoicing the dealer (and subject to satisfaction of certain other requirement). Where we cannot utilize this facility in connection with the sale of a car to a dealer, the dealer is required to pay for the car prior to our delivery, other than in North America where dealers typically have 10 days to pay us. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources"* and *"Risk Factors—Risks relating to our business and industry—Our business model is based on the availability of the Wholesale Finance Facility and the loss of our ability to draw under this facility or its credit insurance backing could have a material adverse effect on our business"*.

### **Production allocation**

We closely monitor production relative to demand for our products. While this primarily involves controlling production volumes, we also manage allocations to specific markets and to individual dealers. Production levels are initially calculated on a regional basis among the United Kingdom 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.

### **Secondary market**

Although we do not derive any revenue through sales of used cars, we place 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, we seek 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, we launched the Aston Martin global certified pre-owned sports car program “Timeless”. This international program offers customers pre-owned Aston Martin sports cars with high levels of quality, assurance and confidence. The program covers all Aston Martin models from the last decade, including special edition models such as the V12 Zagato and the One-77.

We are in the process of transitioning to “Timeless” from the Aston Martin-approved used car program that currently-assures the quality of used cars sold via approved dealers in Asia Pacific. Specifically, this involves the provision of a comprehensive extended warranty and a mandatory 140 point check on all cars sold under the scheme. These efforts, together with the general desirability of our cars, have contributed to supporting the secondary market prices of our cars.

### ***Marketing***

For the past three years, our annual marketing spend was £13.6 million, for the year ended December 31, 2014, £12.1 million for the year ended December 31, 2015 and was £21.5 million for the year ended December 31, 2016. Our marketing expenditures are mainly attributable to frequent new product launches, key HNWI motoring events, such as Le Mans 24 Hour Race, Goodwood, Pebble Beach and the Geneva, Shanghai and Beijing Motor Shows. We also actively use product placements (including in the James Bond movies), one-on-one regional and dealer marketing events, factory tours and sponsorship arrangements, such as luxury lifestyle/sports events. Since 2016, we have sponsored the Red Bull Racing Formula 1 team. This has given the Aston Martin brand international exposure through Formula 1, and is supported by the technical innovation partnership with Red Bull Technologies to create the Aston Martin Valkyrie hyper-car. We also market indirectly through the Aston Martin Racing Program, which promotes the Aston Martin brand through participating in endurance GT racing events such as Le Mans and Nürburgring. The Aston Martin Racing Program is operated by Prodrive, to whom we make a small annual payment, but it is largely self-sufficient and, as such, is a relatively low-cost form of marketing. It supports innovation learning for our road cars, which itself is a key marketing message. In 2016, the competitive Aston Martin Racing (“AMR”) team won two world championship titles ahead of notable competitor brands. As part of the Second Century Plan, our 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. This strategy has resulted in collectible new products being pre-sold ahead of announcement- leading to highly desirable invitation-only demand for our brand. Away from core automotive activities the brand has also attracted HNWI customers and prospects via our ‘art of living’ experiential events platform, capitalizing on a trend that our 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 our partners. In addition, recent investments in digital marketing and tools (web, CRM, 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. 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.

### ***Brand ambassadors***

In addition to other marketing initiatives, we engage several of the most successful and visible sporting professionals in the world as our brand ambassadors. For example, Tom Brady, one of the most recognized athletes in the US, and Serena Williams, widely regarded as one of the greatest all-time tennis champions, help us promote the Aston Martin brand through their role as brand ambassadors.

### **Product development**

Our product development team is comprised of over 747 designers, engineers and technicians, 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 our current product portfolio and is planned to form the basis for a further cycle of new model introductions. We have a standardized new product introduction process

("MISSION"), which is a system of project gateways with clear deliverables to ensure adherence to all program targets, such as quality, cost and delivery. As a result of our in-house design, technology and development capabilities, use of the flexible modular architecture and MISSION, we can ensure a rapid time to market from design conception to launch, at a lower cost than normally required in the industry, while maintaining adherence to the designers' concepts. Our total product development expenditures for the year ended December 31, 2016 were £192.8 million, slightly more than half of which related to engineering costs and slightly less than half of which related to capital expenditures directly related to our cars. In addition, we believe that following our investment in our aluminum architecture, engines and shared systems for the DB11, the new Vanquish and new Vantage will require approximately 51% and 87% less capital expenditure than the DB11, respectively. We expect to hit our peak of capital expenditures in the near-term for this generation of vehicles and aim to fund capital expenditure through working capital and cash flows from operations in the future.

The majority of our design activities are carried out by our design team at our state-of-the-art design facility in Gaydon. This team consists of designers, engineers and technicians, including clay modelers, electronic modelers and other skilled craftsmen. Their processes include sketching and physical and electronic modeling. The design team are also responsible for trim and attention to detail in design for which we have become recognized. We have received numerous awards, including more 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 the DB11; Best Car 2016 (*Auto Motor und Sport*) for the Vanquish, Best Car 2014 (*Auto Motor und Sport*) for the Rapide S and Best Car 2013 (*Auto Illustrierte*) for the Rapide S. In addition, Aston Martin was the winner of "Cool Brands"-award in the UK several times in the last few years and was continuously elected in the top 10 since 2008.

## **Parts business**

We run a parts and distribution service from our facility at Wolverton, Milton Keynes, UK. This division supplies parts for classic and current models with stocks dating back to 1958. With our annual car sales volumes having increased from the low hundreds during the 1980s and 1990s to 3,687 in 2016 (and over 7,000 in 2006 and 2007), this division is expected to benefit from the increasing number of customer cars currently on the road requiring regular parts and maintenance. We sell parts to our authorized dealer network as well as to third party service centers that are not part of the authorized dealer network. For the year ended December 31, 2016, our revenues from the parts business was £53.6 million.

## **Servicing business**

We provide a maintenance and accident repair service, as well as the restoration of older Aston Martin models, through our servicing business, "Works Service Operation", based in Newport Pagnell, UK. We employ highly skilled craftsmen, who can hand manufacture almost all car components.

In addition to generating revenue, these activities help protect our heritage, which we believe underpins much of the Aston Martin brand's appeal and its continued development. For the year ended December 31, 2016, our revenues from the servicing business was £10.9 million.

Servicing and repair services are also available from authorized service centers in franchised Aston Martin dealers, although as described above, these are almost entirely independent businesses and therefore do not generate revenue for us, except indirectly through our parts business.

Aston Martin Works Limited, which owns our servicing business, is a wholly owned subsidiary of AMWS Limited, whose shares are 50% owned by Aston Martin Lagonda Limited. See "*Certain Relationships and Related Party Transactions*".

## **Intellectual property**

The protection of our Intellectual Property ("IP") is of considerable importance to us. Our success depends in part our freedom to manufacture, import, export, advertise, and sell our products and services globally on a daily basis without risk of infringing or misappropriating the IP of a third party. Protecting our IP and our freedom to use it helps protect, preserve, and enhance the uniqueness and identity of Aston Martin's products and brands. We therefore assign a high

priority to protecting such IP and attempt to safeguard all important new developments and enhancements of our IP appropriately.

### ***Patents, licenses, utility and design patents***

We own a number of patent applications and granted patents, and a significant amount of confidential information and know-how, all in relation to technologies used in our products and also the manufacturing processes used to create them. We also benefit from licenses from third party licensors and suppliers to use technologies deployed in our products and in creating and developing them. As part of the sale of our company by Ford in 2007, Ford granted us a non-exclusive, worldwide, fully paid license (without the right to sub-license to others, except in the course of providing services for us) 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 our business. More recently, and pursuant to our arrangements with Daimler AG, we benefit from various licenses to use certain technology and confidential know how arising in respect of agreed applications of Daimler technologies in our products. Similar licenses are sought from suppliers of services and components that we use in creation of our products. Aston Martin has business processes and contractual and security arrangements (including both for its premises and information technology systems) aimed at ensuring it suitably protects its confidential information, including in respect of technologies, but also product and business plans and other sensitive confidential information.

### ***Designs & Copyrights***

Aston Martin has won many awards and widespread recognition for its designs, and the design of Aston Martin's products is often identified as an important feature underpinning their success and is often a "why buy" for consumers. Aston Martin invests in securing design registration in various key global regions and markets including both for 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 invests in securing the finest digital content it can (including moving and still images) to represent its products, with attendant licenses to use or assignments of the rights in question.

### ***Trademarks***

We own 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", as well as in our famous "Aston Martin" and "Lagonda" wings logos, in addition to a wide range of sub-brands and model names, including without limitation, "DB7", "DB8", "DB9", "DB10", "DB11", "Rapide/Aston Martin Rapide", "Volante", "Vantage" and "Vanquish", among others. The Aston Martin front grill design and the configuration of the side vent on our cars are also registered trademarks in certain countries.

In addition to being registered for use in the automotive sector, several of our key trademarks are registered in other sectors, including jewelry, sunglasses, mobile phones, clothing, watches, boats and luxury condominiums. In 2009, we sold an exclusive brand extension license to produce, market and sell certain non-automotive related Aston Martin branded products to an entity that is outside our corporate Group but whose ultimate ownership is affiliated to our shareholders. Pursuant to the arrangements under and pursuant to that license, we do not generate a direct revenue stream from the exploitation and licensing of these non-automotive trademark rights; however, we see this relationship as improving the value of our brand, and we have significant influence over design and branding decisions related to such license. See "*Certain Relationships and Related Party Transactions—ASMAR Limited—Non-automotive trademark agreement*".

In respect of automotive applications of our trademarks, we, like other original equipment manufacturers, license our brand for use in connection with a franchise network of dealerships spanning many countries across the world. In addition, we have granted a trademark license to Aston Martin Works Limited to use relevant company trademarks in respect of aspects of the business of "Heritage" Aston Martin products and have also entered into a licensing agreement

with Prodrive Limited, pursuant to which Prodrive operates an Aston Martin Racing program. Under the agreement, Prodrive manages all motorsport and rallying programs utilizing the Aston Martin name and branding.

## **Litigation**

We are from time to time involved as plaintiffs or defendants in claims and litigation relating to our products, commercial matters, intellectual property and other matters, including allegations claiming defects in design and manufacture. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, it is our belief that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position. We maintain insurance against such product liability claims in various jurisdictions. However, such outcomes may be material to our consolidated statement of operations for a particular period.

## **Properties**

### ***Gaydon***

Our Gaydon headquarters and manufacturing facility was opened in 2003. It is our corporate headquarters, where all senior management are based, and our primary production facility, where all current models are built. In addition, all engineering, design and administrative functions are located at our Gaydon facility.

### ***St. Athan***

In 2016, we announced a new manufacturing facility in St. Athan, UK. Construction of the facility started in December 2016. We plan to enter into a 30-year lease on the property commencing in December 2017, when construction of the facility is complete. We expect full vehicle production to commence in 2019. We currently plan to produce our DBX vehicle at the St. Athan plant.

### ***Wolverton Mill***

Our parts storage and distribution business operates from the Wolverton Mill warehouse facility. The facility was leased in July 2015, with the lease ending in December 2029. We have the right to break the lease with notice in December 2024.

### ***Newport Pagnell***

Newport Pagnell was our original headquarters in the early 1960s, before we moved to Gaydon. The factory still remains the historic home of our heritage and restoration business.

### ***Wellesbourne***

We currently lease three units at the M40 Distribution Park, Wellesbourne: (a) Wellesbourne Unit 1 is our warehouse and distribution facility, which commenced in May 2015, and expires on December 20, 2031; (b) the lease for Wellesbourne Unit 2 commenced on December 21, 2016 and expires on December 20, 2031, this property is used as a prototype build facility; (c) Wellesbourne Unit 20 is used for storage and the lease expires on June 30, 2017.

### ***Milan***

We acquired the Milan dealership in April 2010 following the previous owner experiencing financial difficulties. As a result of our succession into all related contracts, we now own the premises in Milan, where the dealership operates.

### ***Dover Street***

We have a fifteen year term lease which began on September 18, 2015. AM Brands Limited occupies these premises and rent is charged back.

## **Other**

We also have regional offices in the United States, Frankfurt, Tokyo, Shanghai and Singapore, which have short term leases that are up for renewal from time to time.

## **Employees**

As of December 31, 2016, we had 1,594 employees and 727 contractors.

As of December 31, 2016, approximately 21% of our employees were unionized and were members of Unite. We believe that we have a good relationship with the union and with our employees generally.

## **Environmental, health and safety**

We are subject to a number of supranational, national and local environmental laws and regulations. We believe that we are currently in compliance in all material respects with these environmental, health and safety laws and regulations. However, these environmental, health and safety laws and regulations are continually evolving, however, as are the priorities of those who enforce them. We cannot assure you that environmental, health and safety conditions relating to any of our prior, existing or future properties will not have a material adverse effect on our business, financial condition or results of operations.

## **Insurance**

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property coverage, product liability (although this does not include claims under warranties) terrorism and workers' compensation insurance. We insure our manufacturing facilities and stock against such hazards as fire, explosion, theft, flood, mischief and accidents. We have also taken out credit insurance in respect of dealer default under the Wholesale Finance Facility. For details of this, please see "*Description of Other Financial Arrangements*". All of our policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations.

## **Regulatory**

Our operations are subject to laws and governmental regulation 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 our employees; and our competitive and marketplace conduct. We believe that we are in compliance in all material respects with these regulations and currently qualify for the small volume manufacturer derogation to the European Union and the United States vehicle emissions legislation. We cannot assure you, however, that any future changes in the requirements or mode of enforcement of these laws and regulations will not have a material adverse effect on our business, financial condition or results of operations. See "*Risk Factors—Risks Related to our business and industry—New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, vehicle safety or environmental, health and safety laws or changes in other existing laws, may have a significant effect on our business*".

### ***Environmental, health and safety regulation applicable to our production facilities***

As an automobile company, our production facilities and related operations are subject to extensive governmental regulations regarding, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of hazardous materials and wastes, the manufacture, import and use of chemicals (for example, pursuant to regulations known as REACH in Europe and the Toxic Substances Control Act in the United States) the clean-up of contamination and the maintenance of safe conditions. These regulations are likely to become more stringent and compliance costs may be significant.



### ***Greenhouse gas, CO2 and fuel economy legislation***

Legislation is in place limiting the manufacturer fleet average greenhouse gas emissions (CO<sub>2</sub>) in Europe for passenger cars. Different targets will apply to each manufacturer based on their respective fleets of vehicles and average weight. We have received a permitted derogation from this emissions requirement available to small volume and niche manufacturers, which sets a bespoke target for the reduction of our emissions specifically aligned to our current and potential capability.

Furthermore, the European Union has proposed a medium- to long-term fleet average target of 95 grams of carbon dioxide per kilometer for new passenger cars by the end of 2020, an ambitious target even in comparison to other fuel efficiency requirements worldwide. The new rule contains an extension of the small volume and niche manufacturers derogation which permits us to negotiate an alternative emissions reduction target based on our economic and technological potential.

In the United States, NHTSA and EPA jointly promulgated a “National Program” of fuel economy and GHG emission reduction regulations. National Program GHG and fuel economy limits are set to become more stringent in the future. In 2012, EPA and NHTSA finalized rules extending the National Program through 2025: (1) NHTSA set CAFE standards for model years 2017–2021 and issued projected standards (to be reevaluated and finalized in a future rulemaking, to come by 2018) for model years 2022–2025 and (2) EPA set GHG emission standards for model years 2017–2025. NHTSA projected that its model year 2017–2021 CAFE standards would require, on an average industry fleet wide basis, a range from 40.3–41.0 mpg in model year 2021. NHTSA projects that its model year 2022–2025 standards could require, on an average industry fleet wide basis, a range from 48.7–49.7 mpg in model year 2025. EPA established GHG emission standards that it projected to require, on an average industry fleet wide basis, a limit of 163 grams/mile of CO<sub>2</sub> emissions in model year 2025.

EPA deferred establishing GHG standards for model years 2012–2016 for small volume manufacturer (“SVM”) that sell less than 5,000 cars per model year in the United States. However, to be eligible for deferment in each model year, a manufacturer must demonstrate a good faith effort to secure GHG credits, to the extent such credits are reasonably available from other manufacturers. EPA has noted that some GHG credit transactions have occurred, and that it expects SVMs may be able to purchase credits for the 2013–2016 model years. Our fleetwide GHG emissions exceeded the level allowed by EPA’s GHG standard for model years 2012–2016, and although EPA deemed us conditionally exempt from the requirement for 2012, we are currently negotiating to purchase GHG credits to cover our exceedances for model years 2013–2016. Beginning with the 2017 model year, SVMs 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 our capability but also adhering to a notional year on year improvement. We have petitioned EPA for an alternative GHG standard to begin with model year 2017; however, EPA has not yet granted our request. Our fleet average GHG emissions for the 2017 and 2018 model years exceed the GHG standard that would apply if EPA were to deny the request, meaning that unless the petition is granted, we will need to purchase GHG credits or will be subject to penalties.

NHTSA has authority to exempt from the generally applicable CAFE standards manufacturers that produce fewer than 10,000 passenger cars worldwide in the model year each of the two years prior to the year in which they seek an exemption. We have petitioned NHTSA for alternative CAFE standards for each model year from 2012 through 2019. NHTSA has not acted on any of our petitions. Although NHTSA has not taken the position that we failed to meet CAFE standards applicable to past model years, a manufacturer is subject to substantial civil penalties if it fails to meet CAFE standards. The penalty formula NHTSA applies for calculating a civil penalty for violation of a CAFE standard multiplies the penalty rate times the number of tenths-of-a-mile-per-gallon by which a non-compliant fleet falls short of an applicable CAFE standard, times the number of vehicles in that non-compliant fleet. The penalty rate is presently \$5.50 per tenth-of-a-mile-per-gallon, but in 2016 NHTSA increased the rate from \$5.50 to \$14 beginning with model year 2019 vehicles.

The federal Clean Air Act allows California to establish its own vehicle emissions standards. Pursuant to this authority, California’s Air Resources Board (“ARB”) has adopted California-

specific vehicle emission control standards which, like the federal standards, have become increasingly stringent over time. The ARB promulgated in 2012 “LEV III” standards, which apply to model year 2015 and newer vehicles, and require additional reductions in GHG emissions from passenger vehicles and light-duty trucks. For 2017 and subsequent model years, new, increasingly stringent GHG emissions standards apply.

The LEV program also mandates that manufacturers produce and deliver a certain quantity of “zero emission vehicles” (“ZEVs”) to the California market. However, small volume manufacturers with California motor vehicle sales under 4,500 per year are exempt from the ZEV requirements, and we are currently exempt from ZEV requirements per this small volume manufacturer provision.

After California has established vehicle emission standards, other states are permitted to adopt them. As of June 2009, thirteen additional states in the U.S. and the District of Columbia had adopted the LEV III standards, and as of August 2016 nine states other than California had adopted the ZEV requirements of the LEV program.

In addition, many other markets either have or will shortly define similar GHG emissions standards (including Canada, China, Japan, Switzerland, Australia, Saudi Arabia and South Africa).

### ***Vehicle tailpipe emissions legislation***

The European Union have adopted the latest in a series of more-stringent standards for emissions of tailpipe criteria pollutants from passenger vehicles, such as oxides of nitrogen, carbon monoxide, hydrocarbons and particulates. These standards are being phased in from September 2009 (Euro 5) and September 2014 (Euro 6b) and September 2017 (Euro 6c) for passenger cars. In addition, September 2017 will see Real-world Driving Emissions become mandatory along with a move to the new Worldwide harmonized Light-duty Test Procedure (WLTP) coincident with commencement of Euro 6c in Europe (other markets are likely to follow) to address globally recognized air quality attainment concerns.

In the United States, EPA has responsibility for establishing and enforcing emission control standards regulating passenger cars and light trucks. EPA has adopted increasingly stringent vehicle emission control standards over time. These standards govern: vehicle exhaust emissions (also referred to as “tailpipe” emissions), vehicle evaporative emissions, onboard diagnostic (“OBD”) systems for monitoring emissions, and emissions during cold temperature operation, among other matters. Vehicle emission standards are set to become more stringent in the future. In 2014, EPA finalized Tier 3 standards, beginning with model year 2017 and increasing in stringency through 2025, that further reduce the allowed levels of tailpipe and evaporative emissions and gasoline sulfur content. SVM selling less than 5,000 vehicles per year in the United States are eligible for certain delayed or relaxed requirements.

Existing California LEV3 regulations, described above place ever-stricter limits on emissions of particulates, oxides of nitrogen, hydrocarbons, formaldehyde, and nonmethane organic gases (in addition to GHGs) from passenger cars and light-duty trucks. These regulations require ever-increasing levels of technology in engine control systems, on-board diagnostics and after treatment systems affecting the base costs of our powertrains. These California LEV3 criteria pollutant emissions regulations cover 2015 and subsequent model years. Additional stringency of evaporative emissions regulations also requires more-advanced materials and joints solutions to eliminate fuel evaporative losses, all for much longer warranty periods (up to 150,000 miles in the United States).

While Europe and the United States lead the implementation of these emissions programs, other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, China’s Stage III fuel consumption regulation targets a national average fuel consumption of 6.9L/100km by 2015 and its Stage IV targets a national average fuel consumption of 5.0L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards beginning in 2020, with Beijing potentially earlier.

To comply with the current and future vehicle tailpipe emissions norms, we may have to incur substantial capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operation.

### ***Car safety***

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 the vehicle), have stabilized and become globally established in recent times. 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 introduced new rules for emergency communications systems that operate in the event of a vehicle crash. These requirements have a significant influence on the vehicle's electronic architecture and the cost and complexity of designing and producing cars and associated equipment. Regulators are also enhancing requirements for defect management and reporting and consumer awareness of car defects.

In the United States, 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 United States, 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 United States of any new vehicle 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. We and other manufacturers are required to notify owners of any defects in vehicle safety and remedy such defects through vehicle recalls. The Safety Act also authorizes NHTSA to investigate complaints relating to vehicle safety. If NHTSA or a manufacturer determines that a vehicle is experiencing safety-related defects, the vehicle manufacturer must recall the vehicles that do not comply with the applicable safety standard. Depending upon the nature of the repair and the number of vehicles affected, the cost of any such recalls could be substantial.

We are required to report to regulators certain information relating to customer complaints, warranty claims, field reports, and notices and claims involving property damage, injuries and fatalities in the United States and claims involving fatalities outside the United States. We are also required to report certain information concerning safety recalls and other safety campaigns outside the United States.

Meeting or exceeding many government-mandated safety standards can be costly and technologically challenging, particularly where standards may be in tension with the need to reduce vehicle weight in order to satisfy government-mandated emissions and fuel-economy standards. There has recently been a significant increase in both the number of safety recalls by manufacturers in the United States and vehicles involved in those recalls due, in part, to significant public and governmental attention on the recall process and NHTSA's expanded definition of safety defects. In addition, there has been a recent increase in civil penalties levied and the use of consent orders requiring direct oversight by NHTSA of certain manufacturers' safety processes, a trend that could continue. Should we or government safety regulators determine that a safety or other defect or noncompliance exists with respect to certain of our vehicles prior to the start of production, the launch of such vehicle could be delayed until such defect is remedied.

The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Efforts to harmonize regulations continues but no significant harmonization is expected to be achieved in the near or mid-term.

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The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Efforts to harmonize regulations continues but no significant harmonization is expected to be achieved in the near or mid-term.

# Management

## Board of directors of Aston Martin Lagonda Limited

Aston Martin Lagonda Limited is a wholly owned subsidiary of Aston Martin Investments Limited and is the main operating company of the Group. Set forth below are the name, age and position of each member of the board of directors of Aston Martin Lagonda Limited as of December 31, 2016. The business address of each of the directors of Aston Martin Lagonda Limited is Banbury Road, Gaydon, Warwick, United Kingdom CV35 0DB.

Name	Age	Position
Amr Ali Abdallah Abouelseoud . . . . .	49	Director
Mahmoud Samy Mohamed Ali El Sayed . . . . .	45	Director
Roberto Maestroni . . . . .	41	Director
Umberto Magnetti . . . . .	41	Director
Andrew Charles Palmer . . . . .	53	President & Chief Executive Officer
Marek Paul Reichman . . . . .	50	EVP & Chief Creative Officer
Mark Gerrard Wilson . . . . .	43	EVP & Chief Financial Officer

### ***Mr. Amr Ali Abdallah Abouelseoud***

Mr. Abouelseoud joined the Board in 2007 after playing a major role in the acquisition of AML from Ford Motor Company. He is also a member of Aston Martin Lagonda Limited remuneration, finance and audit committees. 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 Holding Co K.S.C.C., Al Dar Asset Management Company and Credit Rating & Collection Company. Mr. Abouelseoud is also on the board of AM Holdings, Aston Martin Lagonda Group Limited and Aston Martin Investment Limited. Mr. Abouelseoud has a Bachelor of Commerce and Accounting from Cairo University and is a certified public accountant.

### ***Mr. Mahmoud Samy Mohamed Ali El Sayed***

Mr. Ali El Sayed joined the Board of AML in May 2007. He is the current Chief Executive Officer and Vice Chairman of Adeem Investment and Wealth Management Company. 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. Ali El Sayed is also on the board of AM Holdings, Aston Martin Lagonda Group Limited, Aston Martin Investment Limited, Aston Martin Lagonda Limited, Lagonda Properties Limited and Aston Martin Lagonda of North America, Inc.

### ***Mr. Roberto Maestroni***

Mr. Maestroni joined AML's Board in 2013. He is a Senior Principal of BI-Invest Services S.A., an advisory company for the investment subsidiaries of Investindustrial V L.P., which he joined in 1999. Mr. Maestroni is or has been a board member of a number of consumer and industrial companies, including B&B Italia, Flos, Stroili Oro, Ducati, Perfume Holding and Gardaland. Mr. Maestroni holds a M.Sc. in Business Administration specializing in financial institution management at Bocconi University in Milan, Italy.

### ***Mr. Umberto Magnetti***

Mr. Magnetti is a non-executive director of AML since 2013. He joined BI-Invest Services S.A. in 2011. Previously he spent four years with Adveq Management in Zurich, Switzerland, where he was responsible for both primary and secondary private equity fund investments. Prior to this, he was a business consultant with the Boston Consulting Group in Zurich and in Milan, and worked for Fiat GM Powertrain in Turin, Italy. He holds a M.Sc. in Aerospace Engineering from the Politecnico in Milan, Italy and an MBA from IESE Business School in Barcelona, Spain.

### **Dr. Andrew Charles Palmer CMG**

Dr. Palmer joined AML as President and Chief Executive Officer in October 2014. He is a British-born chartered engineer, chartered manager and businessman with over 37 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 Limited, he held the position of 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. In the 2014 New Year's Honors List Palmer was named a Companion of the Order of St. Michael and St. George (CMG) in recognition of services to the British automotive industry. Dr. Palmer is also on the board of AM Holdings, Aston Martin Lagonda Group Limited, Aston Martin Investment Limited and Aston Martin Lagonda Limited.

### **Mr. Mark Gerrard Wilson**

Mr. Wilson joined AML in May 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 from the renewable energy insurer, G-Cube Underwriting, where he held the position of Chief Financial and Operating Officer. Mr. Wilson reports directly to Dr. Andrew Charles Palmer, and is on the Executive Board at the company's global headquarters in Gaydon, Warwickshire.

### **Mr. Marek Paul Reichman**

Mr. Reichman joined AML 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 Limited, 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.

## **Senior management of Aston Martin Lagonda Limited**

Set forth below are the names, ages as of December 31, 2016, and positions of our senior management.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Katia Bassi . . . . .	49	VP of AML and Managing Director of AM Brands
Richard Humbert . . . . .	53	VP & Chief Quality Officer
Michael Kerr . . . . .	62	VP & Chief Human Resources Officer
David Jeremy King . . . . .	52	VP & Chief Special Operations Officer
Nick Lines . . . . .	45	VP & Chief Planning Officer
Michael Francis Marecki . . . . .	56	VP & General Counsel
Christian Marti . . . . .	50	VP & Chief Sales Officer
Andrew Charles Palmer . . . . .	53	President & Chief Executive Officer
Marek Paul Reichman . . . . .	50	EVP & Chief Creative Officer
Keith Victor Charles Stanton . . . . .	56	VP & Chief Manufacturing Operations Officer
Simon David Andrew Sproule . . . . .	48	VP & Chief Marketing Officer
Maximilian Sz waj . . . . .	52	VP & Chief Technical Officer
Mark Gerrard Wilson . . . . .	43	EVP & Chief Financial Officer

The profiles of each member of senior management of Aston Martin Lagonda Limited is set out below only to the extent not already disclosed in "*Management—Board of Directors of Aston Martin Lagonda Limited*".

### **Mrs. Katia Bassi**

Mrs. Bassi joined AM Brands Limited in February 2013 and currently serves as Vice President of Aston Martin Lagonda Limited and Managing Director AM Brands Limited. Prior to this, Mrs. Bassi joined Swatch Group in 1990 as Marketing Manager Tissot, before being appointed

Brand Director of Pierre Balmain. From 2001 to 2007 she led the Ferrari Licensing Department, until her appointment on May 2007 as Commercial Director of FC Internazionale SPA. From December 2008 she worked as Italy Country Director and Vice President of European Business Development for the National Basketball Association (NBA). Mrs. Bassi holds a Bachelor of Political Science from University of Milan, a Bachelor of Law from University of Pavia and an MBA from Harvard Business School.

***Mr. Richard Humbert***

Mr. Humbert joined AML in November 2007 and holds the position of Vice President and Chief Quality Officer. Before joining Aston Martin Lagonda Limited, Mr. Humbert worked as the General Manager of Quality Assurance for Toyota Motor Manufacturing UK. Mr. Humbert holds a bachelor's degree in Mechanical Engineering from the University of Surrey.

***Mr. Michael Kerr***

Mr. Kerr joined AML as Vice President and Chief of Human Resources officer in June 2014, after having held the same position at West Ham United FC since 2007. Mr. Kerr also held many HR positions, including 12 years as Director at Aviva/Norwich. He graduated from the University of Hull with a BA (Hons) in Special Studies.

***Mr. David Jeremy King***

Mr. King joined AML in May 1995 and currently serves as Vice President and Chief Special Operations Officer. Between 1986 and 1995 he worked for Jaguar Cars Ltd. Mr. King holds a B. Tech. in Automotive Engineering and Design from Loughborough University.

***Mr. Nick Lines***

Mr. Lines joined AML in 2001 and currently works as the Vice President and Chief Planning Officer. Prior to working for Aston Martin Lagonda Limited, Mr. Lines worked for BMW (UK) Manufacturing Limited. He holds both a Masters in Engineering from the University of Manchester and a Master in Business Administration from Warwick Business School. Mr. Lines is also a Chartered Mechanical Engineer.

***Mr. Michael Francis Marecki***

Mr. Marecki joined AML in July 2007 and is Vice President and General Counsel and Company Secretary. Prior to his current position, Mr. Marecki worked from 1988 until June 2007 for Ford Motor Company, latterly as the Assistant General Counsel, Environment and Safety. Mr. Marecki holds a Juris Doctor from Georgetown University Law Center and a Bachelor of Arts from Fordham University.

***Mr. Christian Marti***

Mr. Marti joined AML 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 2 years, followed by a further 3 years at ESCP Europe, resulting in an MBA in International Business Management.

***Mr. Keith Victor Charles Stanton***

Mr. Stanton joined AML in 2006 and currently works as the Vice President and Chief Manufacturing Operations Officer. Mr. Stanton has over 35 years' experience in the automotive sector and held previous 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's degree in Business Administration.

***Mr. Simon David Andrew Sproule***

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 worldwide. Prior to AML, 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 Aston Martin, Jaguar, Land Rover North America, 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, his first position was with Ford Motor Company in the UK. 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 first, and from 2001 also for Aston Martin and Land Rover. Mr. Sproule holds a BSc from Kings College London, University of London.

***Mr. Maximilian Szwaj***

Mr. Szwaj is Vice President and Chief Technical Officer. He joined Aston Martin Lagonda Limited in December 2016. Mr. Szwaj is responsible for Aston Martin's global engineering operations and reports directly to President and Chief Executive Officer Dr. Andy Palmer.

Mr. Szwaj joined AML 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 his most recent position at Maserati and Ferrari. Mr. Szwaj holds a bachelor's degree in Mechanical Engineering and Design from Trinity College Dublin.

**Compensation**

The aggregate compensation paid by us to our directors and key management personnel for the year ended December 31, 2016 was £8.2 million.



## Description of the Issuer

The Issuer is a public company with limited liability and was incorporated in Jersey on March 21, 2017 with company number 123447 under the Companies (Jersey) Law 1991, as amended (which is also the relevant primary legislation under which the Issuer operates), for the purposes of issuing the Existing Notes. The Issuer has no significant assets other than the Notes Proceeds Loan and, after giving effect to the Transactions, the shares it holds in AM Capital.

The Issuer is a special purpose vehicle, which will on-lend the proceeds from this offering of the Notes to AML. The Issuer has not engaged in and will not engage in any activity other than the business and activities described or referred to in this Offering Memorandum. The Issuer will be managed and controlled by its directors in the United Kingdom.

The registered office of the Issuer is located at PO Box 218, 43-45 La Motte Street, St Helier, Jersey JE4 8SD and its telephone number is +44 (0) 1534 702 800. The memorandum and articles of association of the Issuer may be inspected at the registered address of the Issuer or as set out in "*Listing and General Information*".

### Directors, company secretary and corporate services

The directors of the Issuer and their respective business addresses and principal activities are:

Name	Nationality	Business Address	Principal Activities
Mark Gerrard Wilson . . . . .	British	43-45 La Motte Street, St Helier, Jersey JE4 8SD	Director
Nigel John Young . . . . .	British	43-45 La Motte Street, St Helier, Jersey JE4 8SD	Director

#### *Nigel John Young*

Mr. Young joined Aston Martin in April 2006 as Director for Accounting, Treasury & Tax. He is a chartered accountant and has spent 14 years in this profession, including 8 years as a senior manager at KPMG. Mr. Young has 27 years' experience in the automotive industry and spent 16 years in a variety of financial positions with Rover Group before joining Aston Martin in 2006.

The secretary of the Issuer is:

Name	Business Address
MCS Limited . . . . .	Office 2102, 21st Floor, Saba Tower 1, Jumeirah Lake Towers, PO Box 24075, Dubai, United Arab Emirates.

Minerva Trust Company Limited provides the Issuer with general secretarial, registrar and company administration services. Fees are payable to Minerva Trust Company Limited pursuant to and in accordance with standard terms of business of Minerva Trust Company Limited.

### Principal activities

The Issuer's principal activities are the issue of the Notes, utilization of the proceeds of the Notes to on-lend to affiliates of the Issuer, the execution and performance of principal documents, the execution and performance of all documents relating thereto to which it is expressed to be a party, the provision of a guarantee under the New Revolving Credit Facility, the exercise of related rights and powers and other activities reasonably incidental thereto.

### Directors' interests

The Issuer's directors are also employees and/or directors of the Company and/or its subsidiaries. The directors of the Issuer will not be remunerated by the Issuer for their role as directors.

As a matter of Jersey law, each director of the Issuer is under a duty to act honestly and in good faith with a view to act in the best interests of the Issuer, regardless of any other directorship such director may hold. Each director is responsible for advising the board of directors in advance of any potential conflicts of interest.

## **Share capital**

The Issuer was incorporated with an authorized share capital of £10,000, comprising 10,000 ordinary shares of £1.00 each. Two ordinary shares were allotted for cash, and fully paid, on incorporation.

At the date of this Offering Memorandum, the entire issued share capital of the Issuer is held by the Company.

As at the date of this Offering Memorandum, there is no loan capital outstanding, loan capital created but unissued, term loan, other borrowing or Indebtedness in the nature of the borrowing, contingent liability or guarantee in respect of the Issuer.

## **Financial position of the Issuer**

The Issuer has not traded since its incorporation on March 21, 2017, other than in relation to the issue of the Notes offered hereby and the provision of guarantees under the New Revolving Credit Facility to be entered into. AM Holdings publishes annual consolidated financial information of it and its subsidiaries (which as of March 21, 2017, includes the Issuer) in accordance with the laws of England and Wales. The Issuer will publish financial information to the extent required by Jersey law.

## Principal shareholders

The shareholding of AM Holdings, which wholly owns the Company, is as follows:

Name	Ordinary Shares	D Shares	Preference Shares	Shareholding%
Prestige Motor Holdings S.A. . . . . .	1,238,547			37.70
PrimeWagon (Jersey) Limited . . . . .	639,569			19.47
Stehwaz Automotive Jersey Limited . . . . .	81,428			2.48
ASMAR Limited . . . . .	624,401			19.01
Adeem Automotive Manufacturing Company Limited . . . . .	362,578			11.04
Tejara Capital Limited . . . . .	151,933			4.63
Tejara Capital Investment Bank Limited . . . . .	3,200			0.10
Ulrich Bez . . . . .	21,714			0.66
Daimler AG . . . . .		161,521		4.92
Preferred Prestige Motor Holdings S.A. . . . .			150,000,000	
Warwick European Credit Opportunities Fund L.P. . . . .			3,448,307	
Warwick European Opportunities Fund Inc. . . . .			6,551,693	
York Global Finance Offshore BDH (Luxembourg) S.a.r.l . . . . .			40,000,000	
TOTAL ORDINARY SHARES . . . . .	3,123,370			
TOTAL D SHARES . . . . .		161,521		
TOTAL PREFERENCE SHARES . . . . .			200,000,000	

### Ordinary Shares

On the date of this Offering Memorandum, ASMAR Limited owns 19.0% of the ordinary shares (which includes the D Shares) of AM Holdings (the “Shares”) and IOH owns 24.2% of the Shares, including through 100% ownership of intermediary entities, including its ownership of Primewagon (Jersey) Limited (which itself owns 19.5% of the Shares). IOH also indirectly owns 29.51% of the ordinary shares of ASMAR Limited. In addition, it is currently contemplated that IOH may reorganize its holdings in AM Holdings. The change, which remains subject to certain consents, will not impact its beneficial ownership, but may impact direct holdings by certain of its affiliates. Further funds or investment subsidiaries, as applicable, managed by Investindustrial Advisors Limited or their affiliates beneficially own 37.7% of the Shares through their 100% indirect ownership of Prestige Motor Holdings S.A.; Adeem Automotive Manufacturing Company Limited owns 11.0% of the Shares; and Stehwaz Automotive Jersey Limited owns 2.5% of the Shares. In addition, Daimler AG owns 4.9% of the Shares, however Daimler’s Shares are non-voting ordinary shares.

Our former Chief Executive Officer, Dr. Ulrich Bez beneficially own 0.7% of the Shares and has an option to purchase an additional 21,714 ordinary shares (0.7% of the Shares as of the date of this Offering Memorandum).

Our shareholders are party to a shareholders’ agreement, see “*Certain Relationships and Related Party Transactions—Shareholders’ Agreement*”. All issued Shares are fully paid, with the exception of 21,714 Shares beneficially owned by Dr. Ulrich Bez, which are partly paid.

### Preference Shares

AM Holdings has 200,000,000 preference shares in issue, each with a nominal value of £0.01 (the “Preference Shares”), and each Preference Share being paid up to £1.00. The Preference Shares were allotted and issued in two tranches: the first on April 29, 2015 (for a subscription amount of £100 million) and the second on April 15, 2016 (for a subscription amount of £100 million). On the date of this Offering Memorandum, funds (or investment subsidiaries, as applicable) managed by Investindustrial Advisors Limited (or their affiliates) beneficially own 75% of the Preference Shares through their 100% ownership of Preferred Prestige Motor Holdings S.A.

The Preference Shares rank in priority to AM Holdings’ other classes of shares in issue. The Preference Shares bear the right to a fixed cumulative preferential dividend at the rate of 15%

per annum on the paid-up amount per share. The fixed cumulative dividend accrues on a daily basis from and including the relevant date of issue, compounding annually on April 29 of each year. The cumulative dividend will be paid either on the applicable date of redemption of the relevant Preference Share, or on April 28, 2025. The Preference Shares can be redeemed at any time by AM Holdings; however any redemption prior to October 29, 2019 would require the payment of a make-whole premium.

Warrants are attached to the Preference Shares which give their holders the right to subscribe for a class of non-voting shares with equivalent economic rights to the AM Holdings Ordinary Shares ("P Shares"). There are currently no P Shares in issue.

The terms of the Preference Shares contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to incur or guarantee additional indebtedness and issue certain preferred stock and make certain payments and investments. Currently, the Preference Shares may be more restrictive than the Indenture governing the Notes and the New Revolving Credit Facility (including a restriction on our ability to incur debt, subject to certain exceptions, unless AM Holdings' consolidated leverage ratio is less than 5.0 to 1.0 and certain restrictions on making investments). In connection with the Transactions, we expect (on or about the Issue Date) to amend the terms of the Preference Shares to align with the relevant provisions of the Notes.

## Certain relationships and related party transactions

### Shareholders' agreement

An agreement dated October 18, 2007 (amended April 30, 2013 and September 19, 2015) by and among Primewagon (Jersey) Limited, Adeem Automotive Manufacturing Company Limited, Ulrich Bez, Asmar Limited, Stehwaz Automotive Jersey Limited, Tejara Capital Limited, Aston Martin Holdings (UK) Limited and Prestige Motor Holdings S.A. (the "Agreement") governs the relationship between the shareholders of AM Holdings. For further information on the current shareholders and their respective interests in the ordinary shares of AM Holdings ("Shares"), see "*Principal Shareholders*".

Under the Agreement, certain reserved matters require the approval of a majority of the directors of AM Holdings, such as major disposals and acquisitions, borrowing and related party contracts. In addition, each shareholder is granted certain rights in respect of appointments to and removal from the board, differentiated broadly in accordance with the distribution of the Shares. The Agreement includes limitations on the transfer of Shares, including a restriction on the transfer of Shares to other automobile producers.

The Agreement includes tag along provisions requiring an offer to be made for all the Shares in the event of any person (other than the corporate shareholders) or any other person connected with them or acting in concert with them acquiring more than 10% of the Shares for consideration not less than the amount per share payable in connection with the transfer giving rise to the tag along rights. The Agreement also includes drag along rights in the event of any person (other than the corporate shareholders) or any other person connected with them or acting in concert with them acquiring 75% or more of the Shares. The shareholders have a right of first offer in respect of any proposed transfer of Shares held by Tejara Capital Limited or Dr. Ulrich Bez, and have pre-emptive rights in respect of new issuances of Shares. The shareholders also have a right of first offer in respect of any proposed transfer of Shares held by a shareholder holding 30% or more of the Shares in connection with an exit after certain time periods. The Agreement also requires that we can issue new Shares if necessary, to relieve us or one of our affiliates of our funding obligations under any material financing document.

If a corporate opportunity is made available to a shareholder that is also relevant to the business of the Group, the Agreement requires that the shareholder disclose this opportunity to the board of AM Holdings and discuss in good faith with the board of AM Holdings whether the shareholder or the Group should pursue it. The Agreement does not require that the shareholder offer the opportunity to the Group.

### Preference Shares

The Subscription and Shareholders Agreement dated April 23, 2015 sets out the terms and conditions of the allotment and issue of Preference Shares (among other securities) by AM Holdings. See "*Principal Shareholders—Preference Shares*".

### ASMAR Limited

#### *Aston Martin Middle East and North Africa distributorship agreement*

Under an agreement dated May 26, 2009 (amended February 23, 2012), Aston Martin Lagonda Limited granted ASMAR Limited the exclusive right to import, distribute and service our vehicles in the Middle East and North Africa ("MENA") region, including the right to appoint certain retail dealers in these regions. The Agreement does not include any low volume special edition vehicles (the Aston Martin Vulcan, for example) and the Company has reserved its right to directly or indirectly sell a stable of special production cars and related parts intended for professional racing.

In accordance with the Agreement, ASMAR Limited appointed its subsidiary, Aston Martin MENA Limited, as its sub-distributor. Under the Agreement, the price payable by Aston Martin MENA Limited for our cars is determined according to the Company's price for export from the UK to

the MENA region (together with the cost of freight, insurance and forwarding), but cannot be materially higher than the UK factory price applicable to other regions to which we export. For the year ended December 31, 2016, we owed Aston Martin MENA Limited £2.7 million (of which £1.7 million was outstanding at December 31, 2016), relating to margin associated with the sale of cars under this agreement.

The duration of the Agreement is 50 years, which is to be negotiated at least 24 months prior to the end of the term with a view to agreement of an extension. Either party may terminate the Agreement on 80 days' notice in the case of material breach (provided that if such default is capable of remedy, the defaulting party has failed to remedy the breach within 340 days of receiving notice) or in the case of consistent non-material breach (provided formal notice is given on three occasions within a period of 6 consecutive months and on each occasion the defaulting party has failed to remedy the same within 80 days of receiving the last formal notice). Either party may also terminate the Agreement immediately in the case of certain insolvency events. Additionally, we may terminate the Agreement, with notice, in the case of breach of any material obligation of the related Trade Mark Agreements (see below) and default for periods longer than 160 days. In the event that the Agreement terminates, we are entitled, but are under no obligation, to buy back vehicles in the possession of Aston Martin MENA Limited at the original invoice price.

### ***Trade mark agreements***

In connection with the MENA distribution arrangements described above, Aston Martin Lagonda Limited, Aston Martin MENA Limited and ASMAR Limited have also entered into trademark licenses and sub-licenses permitting Aston Martin MENA Limited and ASMAR Limited in relation to the use of the Aston Martin brands and trademarks and any associated devices or designs. These licenses terminate automatically on the termination of the distribution agreements described above.

### ***Non-automotive trademark agreement***

Under an agreement dated November 11, 2009, Aston Martin Lagonda Limited granted ASMAR Limited a worldwide license for the manufacture, distribution, sale, lease, performance, promotion and marketing of Aston Martin branded non-automotive products and services, which was then sub-licensed to AM Brands Limited, an affiliate of certain of our shareholders ("Old Non-Automotive Brand Licenses"). In April 2013, the Old Non-Automotive Brand Licenses were terminated and AML entered into a new license with AM Brands on essentially the same terms ("New Non-Automotive License"). We retain control of the branding and quality of these products and services through a "Brands Council" composed of representatives from both AML and AM Brands and through a process for agreeing the marketing plans of AM Brands and any activities outside the agreed marketing plans. ASMAR Limited paid us a signing fee of £5,000,000 pursuant to Old Automotive Brand Licenses. The New Non-Automotive Brand License expires in November 2034. If AML wishes to terminate the agreement prior to this, AML may buy back the license for the fair market value of the licensed rights. For the year ended December 31, 2016, we charged AM Brands Limited £1.4 million (of which £0.5 million was outstanding at December 31, 2016) associated with costs and expenses of the Group which were for the benefit of AM Brands Limited's products and services.

## **Aston Martin Works Limited**

### ***Servicing business joint venture***

In April 2011, Aston Martin Lagonda Limited, Aston Martin Works Limited ("AMWL"), the wholly owned subsidiary of AMWS Limited ("AMWS") and AMWS, an affiliate of certain of our shareholders, entered into an agreement under which we sold our servicing business "Works Service Operation" to AMWL. In consideration of the sale of the servicing business to AMWL, AMWL issued new shares in AMWL to AMWS and AMWS issued new shares to Aston Martin Lagonda Limited. Aston Martin Lagonda Limited currently owns 50% of AMWS's issued share capital; as a result, AMWL remains a fully consolidated company within the Aston Martin Group.

## **Prodrive Motorsport Limited**

### ***Aston Martin Racing (“AMR”) program agreement***

Under an agreement dated June 1, 2007 (extended and amended on December 15, 2009 and November 8, 2012), Aston Martin Lagonda Limited appointed Prodrive Motorsport Limited, an affiliate of certain of our shareholders (“Prodrive”) as its official and exclusive motorsport partner to operate and manage all motorsport activities on behalf of Aston Martin Lagonda Limited. The agreement was renewed in November 2012 for an initial term until December 31, 2017. AMR, an operating division of Prodrive, is our exclusive partner for all sports car/GT racing activities worldwide during the terms of the agreement, and we are restricted from carrying out such activities ourselves during the same period. Under the agreement, we have agreed to provide AMR with chassis, engines, and cars at cost price, subject to availability, for AMR’s use in respect of its motorsport activities.

### ***Trade mark license***

Under an agreement dated April 19, 2007, Aston Martin Lagonda Limited was granted a non-exclusive, royalty-free license by Prodrive to use the trademarks “SPORTSHIFT” or “SPORT SHIFT”, and any underlying goodwill in these trademarks, in relation to the Aston Martin ASM transmission system incorporated into the V8 Vantage and, with Prodrive’s written consent, any variant or successor to the current version of the V8 Vantage. Under this agreement, Aston Martin Lagonda Limited has agreed to sell to Prodrive one V8 Vantage at a 10% discount to wholesale price and has agreed to indemnify Prodrive against any loss, liability, damages, costs and expenses arising out of either the use of the trademarks under license or any product liability relating to the transmissions system within the V8 Vantage. The license continues for so long as the rights of Prodrive or any successor in title to the trademarks continue, or otherwise on nine months’ notice from Prodrive. The license is not able to be assigned, sub-contracted or sub-licensed.

## **Daimler agreement**

In addition, an umbrella agreement dated December 18, 2013 between Aston Martin Holdings (UK) Limited, Daimler AG, Prestige Motor Holdings S.A. and other shareholders of AM Holdings, governs the relationship between Daimler AG and the shareholders, including the basis of cooperation between us and Daimler AG.

The technical partnership is pursuant to three separate agreements with Daimler AG, which support our launch of the DB11 and the new generation of models that will incorporate cutting edge technology (including navigation and entertainment systems) and newly-developed bespoke V8 powertrains.

## **Heritage collection agreement**

On December 30, 2016, Aston Martin Lagonda Limited and Premier International Motors Group (“PIMG”), an affiliate of one of our shareholders, entered into an agreement to facilitate the sale of certain of our special edition models to PIMG. Aston Martin Lagonda Limited issued a credit note to PIMG for the value of PIMG’s heritage Aston Martin collection, as valued by an independent third-party, as payment for that collection. PIMG and Aston Martin Lagonda Limited will then apply that credit note to the payment or partial payment of certain special edition cars sold by Aston Martin Lagonda Limited in 2017 and 2018. All restoration works for the heritage cars included in this transaction will be refurbished by Aston Martin Works at PIMG’s expense.

## Description of other financial arrangements

The following contains a summary of the material provisions of our New Revolving Credit Facility, the Intercreditor Agreement, the Wholesale Finance Facility and the Inventory Funding Facilities. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents.

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

### New Revolving Credit Facility Agreement

#### *Overview and structure*

On or about the date of this Offering Memorandum, AM Investments as parent, AML as original borrower, J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as mandated lead arrangers (together the "Mandated Lead Arrangers"), the financial institutions named therein as original lenders, Elavon Financial Services DAC, UK Branch, as Facility Agent and U.S. Bank Trustees Limited, as Security Agent, will enter into the New Revolving Credit Facility Agreement.

The New Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of £80 million on a committed basis. The New Revolving Credit Facility may be utilized by any current or future borrower (subject to certain exceptions) under the New Revolving Credit Facility Agreement in sterling or certain other currencies by the drawing of cash advances or, subject to the appointment of an Issuing Bank, the issue of letters of credit and/or bank guarantees and by way of Ancillary Facilities (capitalized terms used in this sentence that are not otherwise defined in this Offering Memorandum have the meaning ascribed to them in the New Revolving Credit Facility Agreement). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings will be available to be used towards financing or refinancing the general corporate and working capital purposes of AM Investments and its Restricted Subsidiaries.

#### *Additional facilities*

The New Revolving Credit Facility Agreement contemplates the incurrence of additional uncommitted revolving facilities in a maximum amount not to exceed (after taking account of the commitments under the New Revolving Credit Facility) the amount able to be incurred under paragraph (1) of the second paragraph of the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*", whether as a new facility or commitment, as an additional tranche of any existing facility or by increasing the commitments under an existing facility. Such additional facilities shall be secured and shall rank pari passu with the New Revolving Credit Facility. The lenders of any such additional facilities, if not already lenders under the New Revolving Credit Facility Agreement, shall be required to accede to the New Revolving Credit Facility Agreement and shall have the benefit of the guarantees and Transaction Security (as defined in the New Revolving Credit Facility Agreement). The availability, maturity, pricing and other terms of any additional facility will be those agreed between the Issuer and the relevant lenders of that additional facility, provided that no additional facility may have a maturity date that is earlier than the maturity date of the New Revolving Credit Facility unless the maturity date of the New Revolving Credit Facility is amended to match that of the additional facility.

#### *Availability*

The New Revolving Credit Facility may, subject to satisfaction of customary conditions precedent, be utilized from the Issue Date until the date falling one month prior to the maturity date of the New Revolving Credit Facility.



### ***Maturity and repayment requirements***

The New Revolving Credit Facility matures on the date falling three months prior to the final maturity date of the Notes. Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the New Revolving Credit Facility must be repaid in full on or prior to the maturity date for the New Revolving Credit Facility.

Amounts repaid by the borrowers on loans made under the New Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

### ***Interest rate and fees***

The interest rate on cash advances under the New Revolving Credit Facility will be the percentage rate per annum equal to the aggregate of the applicable margin and applicable LIBOR or EURIBOR (subject to a zero floor). The initial margin under the New Revolving Credit Facility will be 3.25%, subject to a margin ratchet pursuant to which the margin on the loans will be reduced if certain leverage ratio thresholds are met.

A commitment fee will be payable on the aggregate undrawn and uncanceled amount of the New Revolving Credit Facility from (and including) the Issue Date to (and including) the last day of the availability period for the New Revolving Credit Facility at a rate of 30% of the then applicable margin for the New Revolving Credit Facility. The commitment fee will be payable quarterly in arrears. No commitment fee shall be payable unless the Issue Date occurs.

Default interest will be calculated as an additional 1% on the overdue amount.

AM Investments is also required to pay an arrangement fee and customary agency fees to the Facility Agent and the Security Agent in connection with the New Revolving Credit Facility.

### ***Guarantees***

AM Investments, AML, AML Group Ltd. and the Issuer are original guarantors under the New Revolving Credit Facility Agreement (the "Original Guarantors"). The Original Guarantors will, subject to any agreed limitation language, provide a senior guarantee of all amounts payable to the Finance Parties (as defined in the New Revolving Credit Facility Agreement) by any of AM Investment's Restricted Subsidiaries which accedes to the New Revolving Credit Facility Agreement as an additional borrower or an additional guarantor.

The New Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles), on the date when the Annual Financial Statements (as defined in the New Revolving Credit Facility Agreement) are required to be delivered, the aggregate earnings before interest, tax, depreciation and amortization of the guarantors is equal to at least 80% of the Consolidated EBITDA (as defined in the New Revolving Credit Facility Agreement) of the Group (as defined in the New Revolving Credit Facility Agreement) (the "Guarantor Coverage Test"). AM Investments shall ensure that, if the Guarantor Coverage Test is not satisfied, within 90 days of such relevant test date, such other Restricted Subsidiaries of the Company (subject to the Agreed Security Principles) become guarantors until the Guarantor Coverage Test is satisfied (to be calculated as if such additional guarantors had been guarantors on the last day of the relevant financial year).

### ***Security***

The New Revolving Credit Facility (subject to the Agreed Security Principles set out in the New Revolving Credit Facility Agreement) will be secured by security over certain assets as further described in the section entitled "*Description of the Notes—Security*".

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the security (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the New Revolving Credit Facility in priority to the Notes.

### ***Representations and warranties***

The New Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications,

exceptions and baskets, and with certain representations and warranties being repeated, including: (i) status; (ii) binding obligations; (iii) non-conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence; and (vi) governing law and enforcement.

### ***Covenants***

The New Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the New Revolving Credit Facility Agreement also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

#### ***Affirmative covenants***

The affirmative covenants include, among others: (i) authorizations and consents, (ii) a pari passu covenant; (iii) compliance with laws; (iv) maintenance of Guarantor Coverage Test; (v) further assurance; (vi) preservation of assets; (vii) insurance; (viii) maintenance of material intellectual property; and (ix) funding of pension schemes provisions.

#### ***Negative covenants***

The negative covenants in the New Revolving Credit Facility Agreement are substantially the same as the negative covenants in the Senior Secured Notes Indenture.

#### ***Mandatory prepayment requirements upon a Change of Control***

AM Investments is required to notify the Facility Agent under the New Revolving Credit Facility Agreement of a Change of Control (as defined in the New Revolving Credit Facility Agreement), following which each lender under the New Revolving Credit Facility Agreement is entitled to require, by written notice to AM Investments, repayment of all outstanding amounts owed to that lender and the cancellation of that lender's commitments. Notwithstanding the foregoing, any Ancillary Lender or, as the case may be, Issuing Bank may, as between itself and the relevant member of the Group, agree to continue to provide such Ancillary Facility or, as the case may be, Letter(s) of Credit (with such arrangements continuing on a bilateral basis and not as part of, or under, the Finance Documents and the Transaction Security shall not, following release by the Security Agent, secure any such Letter(s) of Credit or Ancillary Facility in respect of any claims that arise after such cancellation). Capitalized terms used in this paragraph that are not otherwise defined in this Offering Memorandum have the meaning ascribed to them in the New Revolving Credit Facility Agreement.

#### ***Financial covenants***

There are no maintenance financial covenants under the New Revolving Credit Facility Agreement.

#### ***Events of default***

The New Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the Notes. In addition, the New Revolving Credit Facility Agreement provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) representations or warranties found to be untrue or misleading when made or deemed repeated subject to a 45 day grace period; (ii) unlawfulness and invalidity; (iii) failure to comply in any material respect with the provisions of, or the material obligations under, the Intercreditor Agreement subject to a 30 day grace period; (iv) repudiation and rescission subject to a 30 day grace period; (v) cessation of business; (vi) expropriation; and (vii) cross payment default under the Guarantee Fee Agreement.

## **Intercreditor Agreement**

### ***Intercreditor Agreement***

To establish the relative rights of the Senior Secured Creditors (as defined below), the Future Senior Subordinated Creditors (as defined below), the Company, the Issuer, the Guarantors and

any future Guarantors in respect of the Senior Secured Notes and any obligor in respect of the New Revolving Credit Facility, Future Pari Passu Debt (as defined below) and Future Senior Subordinated Debt (as defined below) (collectively, the “Debtors”), the Intragroup Lenders (as defined below) and the Shareholder Creditors (as defined below) will enter into an intercreditor agreement dated on or about the Issue Date.

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Senior Secured Notes Trustee to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, that will be contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the New Revolving Credit Facility, the Senior Secured Notes Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

Capitalised terms used and not defined herein shall have the meaning given to them in the Intercreditor Agreement.

### **Overview**

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Company and certain of its subsidiaries, including the Issuer, in respect of New Revolving Credit Facility Liabilities (as defined below), the Senior Secured Note Liabilities (as defined below), Future Pari Passu Debt (as defined below), the Super Senior Hedging Liabilities (as defined below), the Pari Passu Hedging Liabilities (as defined below), Future Senior Subordinated Debt (as defined below), the Intra-Group Liabilities (as defined below) and the Shareholder Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined below);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) (“**Enforcement Action**”) can be taken, including in respect of the Transaction Security (as defined below);
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of the Transaction Security;
- when the Transaction Security and any guarantee(s) issued by certain Debtors will be released to permit an enforcement sale;
- the circumstances in which creditors’ claims (including noteholders’ claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of the Transaction Security and other amounts received by the Security Agent.

### **Parties**

The senior secured creditors (together the “**Senior Secured Creditors**”) will include, among others, the agent under the New Revolving Credit Facility (the “**Senior Agent**”), the Security

Agent, the lenders under the New Revolving Credit Facility (the “**RCF Lenders**”), issuing banks and ancillary lenders under the New Revolving Credit Facility and the Senior Secured Notes Trustee for the holders of the Senior Secured Notes. The Intercreditor Agreement will also allow for accession by creditors of future loan or bond indebtedness incurred by, among others, AM Holdings (“**Holdco**”) and/or the Debtors (which is permitted by or not restricted under the terms of the New Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt (as defined below) and the Future Senior Subordinated Debt (as defined below)), including any senior secured notes issued after the Issue Date pursuant to the Senior Secured Notes Indenture (“**Additional Senior Secured Notes**”), or other indebtedness permitted to be incurred on a pari passu basis to share in the relevant security shared by the Senior Secured Creditors (the “**Future Pari Passu Debt**”) and hedge counterparties party to interest rate or foreign exchange hedging agreements referred to below, which are secured on a super senior basis (the “**Super Senior Hedging Agreements**”) (the “**Super Senior Hedging Banks**”) and hedge counterparties party to interest rate hedging agreements or foreign exchange and certain other hedging agreements which are permitted to be secured on a *pari passu* basis (the “**Pari Passu Hedging Agreements**”) (the “**Pari Passu Hedging Banks**” and, together with the Super Senior Hedging Banks, the “**Hedging Banks**”). Holders of Future Pari Passu Debt and such hedge counterparties are also Senior Secured Creditors.

The Intercreditor Agreement will also allow for accession by creditors of future indebtedness of Holdco and/or the Debtors (which is permitted by or not restricted under the terms of the finance documents relating to debt owing to the Senior Secured Creditors as senior secured creditors (the “**Senior Secured Debt**”) and the Future Senior Subordinated Debt (as defined below)) and provided that such future indebtedness complies with agreed parameters (if any) for the relevant class of such future indebtedness. Any such future indebtedness that is subordinated to the Senior Secured Debt and complies with agreed parameters (if any) for senior subordinated debt shall be “**Future Senior Subordinated Debt**” for the purposes of the Intercreditor Agreement. Holders of Future Senior Subordinated Debt are “**Future Senior Subordinated Creditors**”. There will be a single Security Agent appointed to act at all times on behalf of all Senior Secured Creditors and Future Senior Subordinated Creditors.

Neither the Company nor any of its Restricted Subsidiaries (each a member of the “**Group**”) nor shareholder of a member of the Group which is not otherwise party to (1) a document creating security in favour of the Senior Secured Creditors or the Future Senior Subordinated Creditors or (2) the debt documents thereby secured, will be party to the Intercreditor Agreement save for (i) any person that elects to become party to the Intercreditor Agreement as a Shareholder Creditor (each a “**Shareholder Subordinated Lender**” and together with Holdco, the “**Shareholder Creditors**”) (and the Intercreditor Agreement will contain subordination provisions and restrictions relating to the receivables owing from any member of the Group to any Shareholder Creditor (the “**Shareholder Debt Liabilities**”), (ii) Holdco in respect of any existing or future proceeds loan made by Holdco to a member of the Group in respect of the proceeds of any Future Senior Subordinated Liabilities of Holdco in its capacity as principal debtor (“**Shareholder (Proceed Loan) Liability**”), and (iii) subject to certain exceptions, certain Debtors that lend to a Debtor or another member of the Group (each an “**Intragroup Lender**”) that will accede to the Intercreditor Agreement with respect to the loans or indebtedness owing from such Debtor or member of the Group to such lending Debtor in respect of intra-group loans (other than cash pooling arrangements entered into in the ordinary course of business with any Debtor and loans of less than £25 million or loans outstanding for less than 90 days) (the “**Intra-Group Liabilities**”). The Intercreditor Agreement will contain subordination provisions relating to any Intra-Group Liabilities. However, Debtors will not be prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an Acceleration Event under any Secured Debt Document is continuing.

## **Ranking and Priority**

### *Priority of Indebtedness*

The Intercreditor Agreement will provide that the Liabilities, as the case may be, in respect of the New Revolving Credit Facility (the “**New Revolving Credit Facility Liabilities**”), the Senior Secured Notes (the “**Senior Secured Notes Liabilities**”), the Future Pari Passu Debt (the “**Future Pari Passu Debt Liabilities**”), the amounts owing to the Super Senior Hedging Banks under the Super Senior

Hedging Agreements (the “**Super Senior Hedging Liabilities**”) and the amounts owing to the Pari Passu Hedging Banks under the Pari Passu Hedging Agreements (the “**Pari Passu Hedging Liabilities**”) and certain costs and expenses of the Senior Secured Notes Trustee (the “**Senior Secured Trustee Liabilities**”) will rank equally (without preference among them) in right and priority of payment and in priority to the liabilities of the Debtors, as the case may be, in respect of the Future Senior Subordinated Debt (the “**Future Senior Subordinated Debt Liabilities**”), Shareholder (Proceed Loan) Liabilities, Intra-Group Liabilities and the Shareholder Debt Liabilities (other than Shareholder (Proceed Loan) Liabilities).

The Future Senior Subordinated Debt Liabilities will rank in priority to the Intra-Group Liabilities and the Shareholder Debt Liabilities. The Shareholder (Proceed Loan) Liabilities will rank in priority to the Intra-Group Liabilities and the Shareholder Debt Liabilities (other than Shareholder (Proceed Loan) Liabilities).

The Intercreditor Agreement will not rank any liabilities and/or obligations under the Debt Documents owed by Holdco to any Creditor.

#### *Priority of Security*

The Intercreditor Agreement shall provide that the Transaction Security (as defined below) shall rank and secure the following liabilities in the following order (and subject to the proceeds of such security being distributed in accordance with the Payments Waterfall defined below):

- **first**, the New Revolving Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities, certain costs and expenses of the Senior Secured Notes Trustee and the Pari Passu Hedging Liabilities; and
- **second**, the Future Senior Subordinated Debt Liabilities (but only to the extent the relevant Transaction Security is expressed to secure the relevant Future Senior Subordinated Debt Liabilities).

If security is to be granted for Future Pari Passu Debt then, to the extent such Future Pari Passu Debt cannot be secured on a *pari passu* basis with the Senior Secured Debt without existing security first being released, the Parties agree that such Future Pari Passu Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a second- or lesser-ranking basis and such Future Pari Passu Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security *pari passu* with Senior Secured Debt which would otherwise have the same ranking as contemplated above and any amounts to be applied towards such Future Pari Passu Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

If security is to be granted for Future Senior Subordinated Debt then, to the extent such Future Senior Subordinated Debt cannot be secured on a subordinated basis with the Senior Secured Debt and/or on a *pari passu* basis with other Future Senior Subordinated Debt without existing security first being released, the Parties agree that such Future Senior Subordinated Debt will (to the extent permitted by applicable law) be secured pursuant to the execution of additional security documents securing the same assets subject to the relevant security on a lesser- ranking basis and such Future Senior Subordinated Debt will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement to be secured by such security as contemplated above and any amounts to be applied towards such Future Senior Subordinated Debt shall be applied accordingly. In the event that it is not possible to permit the recreation of additional security documents as referred to above, no amendments or release of security under the existing security documents shall be permitted unless permitted under the documents thereby secured (including, for the avoidance of doubt, the retaking of any such security as required by the relevant secured

document), or if not so permitted under a specific document, without the consent of the required creditors under that document.

Equivalent provisions to the two paragraphs above are included in the Intercreditor Agreement in respect of additional credit facilities that are to benefit from a similar position under the terms of the Intercreditor Agreement to that of the New Revolving Credit Facility. See the section entitled "General" below.

Any guarantees or security to be provided by (or over the shares or assets of) the Company or a Restricted Subsidiary of the Company in respect of the Future Senior Subordinated Debt shall be given on a subordinated basis and shall not be given if such entity has not also given, or does not also give, a corresponding guarantee or security in relation to the Senior Secured Debt.

#### *Payments and Prepayments; Subordination of the Future Senior Subordinated Debt*

The Debtors may make payments and prepayments in respect of the New Revolving Credit Facility, the Super Senior Hedging Liabilities, the Pari Passu Hedging Liabilities, and the Senior Secured Notes Liabilities at any time in accordance with their terms until an Acceleration Event has occurred.

Following the occurrence of an Acceleration Event, no member of the Group may make the payments described above except from the proceeds of enforcement of security or recoveries distributed in accordance with the section on Application of Proceeds/Waterfall below or as otherwise agreed by the RCF Agent, Creditor Representatives for the Credit Facility Lenders, Senior Secured Notes Trustee and any relevant Future Pari Passu Debt Representatives subject to certain provisos (the "**Payment Block**").

At any time following an Acceleration Event, if the Majority Super Senior Creditors constitute the Instructing Group, the RCF Agent may deliver a Payment Block Suspension Notice to the Security Agent which suspends the Payment Block. Only one Payment Block Suspension Notice may be delivered during the life of the RCF Facility.

Holdco may make payments and prepayments in respect of Future Senior Subordinated Creditors in respect of any Future Senior Subordinated Holdco Liabilities at any time.

Prior to the discharge of all Senior Secured Debt, neither the Issuer nor any Guarantor may make payments in respect of the Future Senior Subordinated Debt Liabilities without the consent of the Majority Super Senior Secured Creditors (as defined below) and Majority Senior Secured Creditors (as defined below) except for, among others, the following:

- (1) if:
  - (a) the payment is of:
    - (i) any of the principal or interest (including capitalized interest) amount of the Future Senior Subordinated Debt Liabilities which is either (1) not prohibited from being paid by a New Revolving Credit Facility finance document, the Senior Secured Notes Indenture or any Future Pari Passu Debt finance document or (2) is paid on or after the final maturity of the Future Senior Subordinated Debt Liabilities (provided that such maturity is not earlier than that contained in the documents evidencing the Future Senior Subordinated Debt Liabilities as of the first date of incurrence of such Future Senior Subordinated Debt Liabilities); or
    - (ii) any other amount which is not an amount of principal or capitalized interest and default interest on the Future Senior Subordinated Debt Liabilities accrued due and payable in cash in accordance with the terms of the relevant debt documents for the Future Senior Subordinated Debt, additional amounts payable as a result of the tax gross up provisions relating to the Future Senior Subordinated Debt Liabilities and amount in respect of currency indemnities in the relevant debt documents for the Future Senior Subordinated Debt,

- or, in each case, a corresponding amount of Shareholder (Proceed Loan) Liabilities;
- (b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Future Senior Subordinated Debt Liabilities (a "**Payment Blockage Notice**") is outstanding; and
  - (c) no payment default under the New Revolving Credit Facility and no payment default of £ 100,000 (or its equivalent in other currencies) or more in respect of the Senior Secured Notes Liabilities or Future Pari Passu Debt Liabilities is continuing (a "**Senior Payment Default**"); or
- (2) properly incurred costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Future Senior Subordinated Debt Documents (including in relation to any reporting or listing requirements under the Future Senior Subordinated Debt Documents);
  - (3) properly incurred costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Future Senior Subordinated Debt in compliance with the Intercreditor Agreement, the New Revolving Credit Facility, the Senior Secured Notes Indenture and any Future Pari Passu Debt Document;
  - (4) in respect of any Future Senior Subordinated Debt issued in the form of notes, certain costs and expenses payable to the Future Senior Subordinated Debt Representative;
  - (5) if the payment is funded directly or indirectly with Future Senior Subordinated Debt;
  - (6) if the payment is funded directly or indirectly with an amount which a member of the Group is permitted by the terms of the Credit Facility documents, Senior Secured Notes Indenture or any Future Pari Passu Debt Documents to pay to any person holding a direct or indirect interest in the Company; or
  - (7) if any other amount not exceeding £5,000,000 (or its equivalent) in any financial year of the Company.

Prior to the discharge of all the Senior Secured Debt, if a Senior Payment Default has occurred and is continuing payments in respect of the Future Senior Subordinated Debt Liabilities (other than certain exceptions) are suspended.

Prior to the discharge of all the Senior Secured Debt, if an Event of Default (other than a Senior Payment Default) under the finance documents in respect of the Senior Secured Debt (a "**Senior Default**") has occurred and is continuing and the creditor representative of the Future Senior Subordinated Creditors (the "**Future Senior Subordinated Debt Representative**") has received a Payment Blockage Notice from either the Senior Agent or the Senior Secured Notes Trustee or the representative of the Future Pari Passu Debt representing Future Pari Passu Debt (as the case may be) (the "**Relevant Representative**") within 60 days of the date such Relevant Representative receives notice in writing of the occurrence of such Senior Default, confirming that it is a Senior Default and specifying the relevant Senior Default; all payments in respect of the Future Senior Subordinated Debt Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain specified exceptions) are suspended until the earliest of:

- (i) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt;
- (ii) 179 days after the receipt by the Future Senior Subordinated Debt Representative of the Payment Blockage Notice;
- (iii) the repayment and discharge of all obligations in respect of the Senior Secured Debt;
- (iv) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time an Event of Default is continuing in relation to the Senior Secured Debt (other than the Senior Secured Debt in respect of

which the notice was given), the Relevant Representative(s) in respect of that other Senior Secured Debt) notify/ies the Future Senior Subordinated Debt Representative that the Payment Blockage Notice is cancelled;

- (v) the date on which the Security Agent or Future Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;
- (vi) the date on which the relevant Event of Default is no longer continuing and if the Senior Secured Debt has been accelerated such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt); or
- (vii) if a Standstill Period (as defined below) is in effect at any time after delivery, of a Payment Blockage Notice, the date on which the Standstill Period expires.

No Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Senior Default or Senior Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Future Senior Subordinated Debt and if it does so promptly any Event of Default under the Future Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may have been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

#### *Restrictions on Enforcement by the Future Senior Subordinated Debt; Standstill*

Prior to the discharge of all the Senior Secured Debt, neither the Future Senior Subordinated Debt Representative nor the holders of the Future Senior Subordinated Debt may take Enforcement Action with respect to the Future Senior Subordinated Debt (including any action against the Company or the guarantors of the Future Senior Subordinated Debt (if any)) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security Document without the prior consent of or as required by an Instructing Group (as defined below), except if (1) an Event of Default has occurred under the Future Senior Subordinated Debt resulting from failure to pay principal at final maturity or (2):

- (a) an Event of Default under the debt documents for the Future Senior Subordinated Debt is continuing;
- (b) the Senior Agent and the other representatives of the Senior Secured Debt have received notice of the specified event of default from the Future Senior Subordinated Debt Representative;
- (c) a Standstill Period (as defined below) has expired; and
- (d) the relevant Event of Default is continuing at the end of the Standstill Period,

provided that no such action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of the Instructing Group (or another party is taking such action or instructions of the Security Agent under and pursuant to the Intercreditor Agreement) to take steps for Enforcement and such action might reasonably likely adversely affect such Enforcement.

A "**Standstill Period**" shall mean the period starting on the date that the Future Senior Subordinated Debt Representative serves an enforcement notice on the Senior Agent and the Future Senior Subordinated Debt Representative and the representative of any Future Pari Passu Debt until the earliest of:

- (a) 179 days after such date;



- (b) the date on which the Senior Secured Creditors take Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), provided that the Future Senior Subordinated Debt Representative and holders of Future Senior Subordinated Debt may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Creditors and may not take any other action against any other member of the Holdco Group;
- (c) the date on which an insolvency event occurs in respect of a particular Debtor owing any Future Senior Subordinated Debt against whom Enforcement Action is to be taken;
- (d) the date on which a default under the Future Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Future Senior Subordinated Debt; and
- (e) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

If an Event of Default ceases to be continuing then (provided the relevant parties are made aware of such fact) any relevant enforcement process (including any requirement of consultation relating to enforcement) relying solely on that Event of Default shall cease to continue.

#### *Enforcement by Holders of Secured Debt*

Prior to the date upon which all amounts (actual or contingent) owing under the New Revolving Credit Facility are fully discharged and paid in full and all commitments thereunder are irrevocably cancelled (the "**RCF Discharge Date**"), the Security Agent will act on the instructions of (i) the RCF Lenders and the Super Senior Hedging Banks whose super senior credit participations represent more than 50% of the aggregate super senior credit participations of all RCF Lenders and such Super Senior Hedging Banks and their relevant representatives (the "**Majority Super Senior Creditors**") and/or (ii) the holders of the Senior Secured Notes, the holders of Future Pari Passu Debt and the Pari Passu Hedging Banks (collectively, the "**Pari Passu Creditors**") whose aggregate senior secured credit participations represent more than 50% of the aggregate senior secured credit participations of all such creditors (the "**Majority Senior Secured Creditors**"), in each case subject to the Consultation Period referred to below and provided that such instructions are consistent with the security enforcement principles set forth below.

Following the RCF Discharge Date, the Security Agent will act on the instructions of the Majority Senior Secured Creditors.

#### *Consultation*

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security and/or the requesting of a Distressed Disposal and/or the release or disposal of claims or Transaction Security on a Distressed Disposal ("**Enforcement**"), the relevant representative of the Senior Secured Debt shall notify the other Senior Secured Debt representatives that the applicable Transaction Security has become enforceable. As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions to enforce security given by the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the Senior Agent (acting on the instructions of the Majority Super Senior Creditors), the Senior Secured Notes Trustee and the representative of the holders of Future Pari Passu Debt will consult in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the "**Consultation Period**").

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of the Consultation Period, in each case provided such

instructions comply with the Security Enforcement Principles set forth below (“**Qualifying Instructions**”)) where:

- (a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting a Debtor or Holdco; or
- (b) the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors (each an “**Instructing Group**”, provided that (i) with respect to any Enforcement the Instructing Group shall consist of the Majority Super Senior Creditors and the Majority Senior Secured Creditors or (in certain circumstances and subject to certain requirements set out in the Intercreditor Agreement) just the Majority Super Senior Creditors or just the Majority Senior Secured Creditors, (ii) after the Credit Facility Lender Discharge Date the Instructing Group shall be the Majority Senior Secured Creditors and (iii) after the Senior Secured Debt Discharge Date the Instructing Group shall be the Majority Future Senior Subordinated Creditors) determine in good faith (and notifies each other representative agent of the other creditors party to the Intercreditor Agreement) that any delay caused by such consultation could reasonably be expected to reduce the amount likely to be realised to a level such that (following application thereof in accordance with the Payments Waterfall described below) the Super Senior Liabilities would not be discharged in full or to have a material adverse effect on the ability to effect an Enforcement or a Distressed Disposal and, in each case any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the paragraph below, in the event that conflicting instructions (and for these purposes failure to give instructions is deemed to be a conflicting instruction) are received from either Instructing Group by the end of the Consultation Period (which have not be resolved), the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received from the Majority Super Senior Creditors during the Consultation Period shall be deemed revoked.

If prior to the RCF Discharge Date:

- (a) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period;
- (b) the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period; or
- (c) an insolvency event has occurred with respect to a Debtor or Holdco and the Security Agent has not commenced any Enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Debtor or Holdco,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors).

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Principles, the Creditor Representatives for the relevant Super Senior Creditors or the Senior Secured Creditors shall give notice to the Creditor Representatives for the other Super Senior Creditors and the Senior Secured Notes Creditors and Future Pari Passu Creditors (as appropriate) after which the Creditor Representatives for the other Super Senior Creditors and the Senior Secured Notes Creditors and the Future Pari Passu

Creditors shall consult with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of Enforcement provided that such Creditor Representative shall not be obliged to consult more than once in relation to each Enforcement Action.

The benefit of this section shall be for the Senior Secured Creditors and the Super Senior Creditors only.

#### *Security Enforcement Principles*

Unless otherwise agreed between the Majority Super Senior Creditors and the Majority Senior Secured Creditors, enforcement of the Transaction Security must be conducted in accordance with the "Security Enforcement Principles", which are summarized as follows:

- (a) It shall be the aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realisation of value from enforcement of the Transaction Security, and in a manner consistent with the Intercreditor Agreement, the recovery of the RCF Lenders, the Hedging Banks, the holders of the Senior Secured Notes, the holders of the Future Pari Passu Debt and the holders of the Future Senior Subordinated Debt (to the extent the Transaction Security is expressed to secure such debt) (in each case without prejudice to the Payments Waterfall) (the "**Security Enforcement Objective**") subject to applicable law.
- (b) The Security Enforcement Principles may be amended, varied or waived with the prior written consent of Senior Secured Notes Required Holders (as defined below), the Future Pari Passu Debt Required Holders (as defined below) and the Majority Super Senior Creditors.
- (c) Without prejudice to the Security Enforcement Objective the Transaction Security will, subject to applicable law, be enforced such that either (1) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all cash) for distribution in accordance with the Payments Waterfall; or (2) sufficient proceeds of Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).
- (d) On (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds £ 5.0 million (or its equivalent); or (ii) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, the Security Agent shall (unless such enforcement or sale is made pursuant to a public auction, a public offering or process supervised by a court of law which makes a determination as to value) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "**Financial Advisor**") to opine (A) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Principles and maximize recovery, (B) that the proceeds received from enforcement is fair from a financial point of view after taking into account all relevant circumstances (provided that the provider of such opinion may limit its liability in respect of such opinion to the amount of its fees in respect of such engagement), and (C) that such sale is otherwise in accordance with the Security Enforcement Objective.
- (e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement or any other provision of the Intercreditor Agreement.
- (f) The opinion of the Financial Advisor (or an equivalent opinion obtained by the Security Agent in relation to any other Enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant

circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

### *Turnover*

The Intercreditor Agreement will also provide that if any Primary Creditor (as defined below) receives or recovers the proceeds of any enforcement of any Transaction Security and in addition if any Future Senior Subordinated Debt Creditor receives or recovers any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with the "Application of Proceeds/Waterfall" described below that it shall (subject to certain prior actual knowledge qualifications in the case of the notes trustees):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

### *Application of Proceeds/Waterfall*

All amounts received or recovered by the Security Agent in connection with the realisation of all or any part of the Transaction Security or on an Enforcement or Distressed Disposal or otherwise paid to the Security Agent in accordance with the Intercreditor Agreement for application in accordance with the Payments Waterfall will be paid to the Security Agent for application in accordance with the following payments waterfall (the "**Payments Waterfall**"):

- **first**, in payment of the following amounts in the following order (i) *pari passu* and *pro rata* any sums owing to the Senior Secured Notes Trustee and Security Agent (or any receiver or delegate) in respect of their costs and expenses and then (ii) *pari passu* and *pro rata* to each other creditor representative to the extent not included in (i) above and excluding any Hedge Counterparty as its own creditor representative in respect of their costs and expenses and any receiver, attorney or agent appointed by such creditor representative under any Transaction Security Document or the Intercreditor Agreement;
- **secondly**, *pari passu* and *pro rata*, in or towards payment of all costs and expenses incurred by the holders of Super Senior Liabilities in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- **thirdly**, *pari passu* and *pro rata* to (i) the RCF Lenders in respect of all amounts then due and payable to the RCF Lenders at such time; and (ii) to the Super Senior Hedging Banks in respect of amounts then due and payable under any Super Senior Hedging Agreements;
- **fourth**, *pari passu* and *pro rata* to the Senior Secured Notes Trustee (and/or the representative of any Future *Pari Passu* Creditors) for application towards any unpaid costs and expenses incurred by or on behalf of any holders of Senior Secured Notes, holders of Future *Pari Passu* Debt or holders of *Pari Passu* Hedging Liabilities in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- **fifth**, *pari passu* and *pro rata* to the Senior Secured Notes Trustee on behalf of the holders of the Senior Secured Notes for application towards the discharge of all Senior Secured Notes Liabilities, to the representative of the holders of Future *Pari Passu* Debt on behalf of such holders of Future *Pari Passu* Debt for application towards the discharge of all Future *Pari Passu* Debt Liabilities and to the *Pari Passu* Hedging Banks in respect of amounts then due and payable under any *Pari Passu* Hedging Agreements;
- **sixth**, (to the extent such Security secures such Liabilities) *pari passu* and *pro rata* in or towards payment to the Future Senior Subordinated Debt Representative of all costs and

expenses incurred by the holders of Future Senior Subordinated Debt in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

- **seventh**, (to the extent such Security secured such Liabilities) *pari passu* and *pro rata* in or towards payment to the Future Senior Subordinated Representative on behalf of the holders of Future Senior Subordinated Debt for application towards the discharge of all amounts then due and payable to the holders of Future Senior Subordinated Debt at that time; and
- **eighth**, after the final discharge date, to any relevant Debtor or such other person as may be entitled thereto.

#### *Acceleration*

If an Event of Default occurs under the New Revolving Credit Facility, the Senior Secured Notes or Future Pari Passu Debt then any decision to accelerate the New Revolving Credit Facility or Senior Secured Notes or Future Pari Passu Debt and, subject as provided below, to take any other Enforcement Action will be determined in accordance with the provisions of the New Revolving Credit Facility or the Senior Secured Notes Indenture or in accordance with the terms of the Future Pari Passu Debt (as applicable). The Intercreditor Agreement will contain provisions requiring each representative of any Pari Passu Creditors, the Senior Agent and the Senior Secured Notes Trustee to notify the other representatives of the Senior Secured Creditors and the Future Senior Subordinated Creditors of any instructions to accelerate the New Revolving Credit Facility, Senior Secured Notes or Future Pari Passu Debt (as applicable).

#### *Non-distressed Disposal*

In circumstances where a disposal or certain other specified transactions are not being effected pursuant to a Distress Event (as defined below) (a disposal effected pursuant to a Distress Event being a "**Distressed Disposal**") and are otherwise permitted by the terms of the Senior Secured Notes Indenture and the debt documents for the Future Pari Passu Debt and the Future Senior Subordinated Debt and the finance documents for the New Revolving Credit Facility, the Intercreditor Agreement will provide that the Security Agent is authorized (i) to release the Transaction Security (and in connection with such release, execute any related documents); and (ii) in respect of a disposal to a person or persons outside the Group, if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries.

#### *Distressed Disposal*

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized: (i) to release the Transaction Security, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities to the Senior Secured Creditors or Future Senior Subordinated Creditors or others ("**Primary Liabilities**") or trading and other liabilities it may have to Shareholder Creditors, Intragroup Lenders, Holdco or Debtors ("**Other Liabilities**"); (b) any Transaction Security granted by: that Debtor or any subsidiary of that Debtor over any of its assets; and any holding company of that Debtor over any shares, loans, claims or other rights in or against that Debtor; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities; (b) any Transaction Security granted by: any subsidiary of that holding company over any of its assets; and any holding company of that holding company over any shares, loans, claims or other rights in or claims against that holding company; and (c) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed

of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide, for (1) the transfer of liabilities to another Debtor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Debtor or holding company (which may include claims against the Issuer).

If the Instructing Group is constituted by the Majority Senior Secured Creditors, Super Senior Liabilities may not be released or disposed of unless sufficient cash proceeds are received from the relevant Distressed Disposal and applied in discharge in full of all Super Senior Liabilities.

If before the Future Senior Subordinated Debt Discharge Date, and provided that the Company or any guarantor of Future Senior Subordinated Debt has outstanding Future Senior Subordinated Debt Liabilities and provided further that if any Future Senior Subordinated Debt has been incurred by Holdco the proceeds were on-lent to the Company pursuant to a Shareholder Proceed Loan, a Distressed Disposal is being effected such that Future Senior Subordinated Liabilities owed by the Company and/or such guarantors and security granted by or over the assets of the Company or any such guarantor will be released, it is a further condition to the release that either:

- (i) the Future Senior Subordinated Debt Representative has approved the release on the instructions of the Future Senior Subordinated Debt Required Holders; or
- (ii) each of the following conditions are satisfied:
  - (A) the proceeds of such sale or disposal are in cash (or substantially in cash);
  - (B) all present and future obligations owed to the Senior Secured Creditors under the Senior Secured Debt documents by a member of the Group all of whose shares that are pledged in favor of the Senior Secured Creditors are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of or transferred concurrently with such sale or disposal (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security granted by a member of the Group in respect of the liability owed to the Senior Secured Creditors under the Senior Secured Debt documents in respect of the assets that are so sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and
  - (C) such sale or disposal (including any sale or disposal of any claim) is made:
    - (I) pursuant to a public auction or public offering; or
    - (II) where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

#### *Application of Proceeds of a Distressed Disposal*

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "**—Application of Proceeds/Waterfall**" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

#### *Voting and Amendments*

Voting in respect of the New Revolving Credit Facility, the Senior Secured Notes and/or Future Pari Passu Debt will be in accordance with the relevant documents.

Except for amendments to cure defects or omissions, resolve ambiguities or inconsistencies or to reflect changes of a minor, technical or administrative nature or which are otherwise for the benefit of all or any of the Secured Parties, which may in each case be effected by the Security Agent and the Company without the consent of any other party and subject to the paragraph below, amendments to or waivers and consents under the Intercreditor Agreement shall require the written agreement of:

- (a) if the relevant amendment or waiver (the “**Proposed Amendment**”) is prohibited by the New Revolving Credit Facility Agreement, the Senior Agent (acting on the instructions of the requisite RCF Lenders);
- (b) if the Proposed Amendment is prohibited by the terms of the Senior Secured Notes Indenture, the Senior Secured Notes Trustee;
- (c) if any Future Pari Passu Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Future Pari Passu Debt Documents, the Future Pari Passu Debt Representative (if applicable, acting on the instructions of the Future Pari Passu Debt Required Holders);
- (d) if any Future Senior Subordinated Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Future Senior Subordinated Debt Documents, the Future Senior Subordinated Debt Representative (if applicable, acting on the instructions of the Future Senior Subordinated Debt Required Holders);
- (e) if a Hedge Counterparty is providing hedging to a Debtor under a Hedging Agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable Hedging Agreement, as notified by the Company to the Security Agent at the time of the relevant amendment or waiver);
- (f) the Shareholder Creditors; and
- (g) the Company,

provided that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the affected class and the Company shall be required.

#### *Definitions*

The Intercreditor Agreement shall provide that:

- (a) “**Future Senior Subordinated Debt Required Holders**” means, in respect of any direction, approval, consent or waiver, the holders of Future Senior Subordinated Debt holding in aggregate a principal amount of Future Senior Subordinated Debt which is not less than the principal amount of Future Senior Subordinated Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Senior Subordinated Debt in accordance with the relevant Future Senior Subordinated Debt Documents;
- (b) “**Future Pari Passu Debt Required Holders**” means, in respect of any direction, approval, consent or waiver, the Pari Passu Creditors holding in aggregate a principal amount of Future Pari Passu Debt which is not less than the principal amount of Future Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Future Pari Passu Debt, in accordance with the relevant Future Pari Passu Debt Documents;
- (c) “**Primary Creditors**” means the Super Senior Creditors, the Senior Secured Notes Creditors, the Future Pari Passu Creditors, the Future Senior Subordinated Creditors and the Non-Priority Hedge Counterparties;

- (d) **“Senior Secured Notes Required Holders”** means, in respect of any direction, approval, consent or waiver, the holders of the Senior Secured Notes holding in aggregate a principal amount of Senior Secured Notes which is not less than the principal amount of Senior Secured Notes required to vote in favor of such direction, consent or waiver under the terms of the Senior Secured Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Secured Notes (as applicable) in accordance with the Senior Secured Notes Indenture;
- (e) **“Transaction Security”** means the security created or expressed to be created under or pursuant to the Transaction Security Documents; and
- (f) **“Transaction Security Documents”** means: (i) as defined (or equivalent term) in the New Revolving Credit Facility, any other Credit Facility (as referred to below) and/or a document governing any Future Pari Passu Debt; (ii) any other document entered into at any time by any member of the Holdco Group (or any substitute entity (if any)) creating any security in favour of the secured parties as security for any of the secured obligations; and (iii) any security granted under any covenant for further assurance in any of the documents set out in paragraphs (i) and (ii) above, which in each case, to the extent legally possible and subject to the Agreed Security Principles is created in favour of the Security Agent as trustee for the Secured Parties in respect of their liabilities.

#### *Option to Purchase*

Following:

- (a) any notice that the Transaction Security has become enforceable; or
- (b) either (i) an acceleration of the New Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt or the Future Senior Subordinated Debt which is continuing, or (ii) the enforcement of any Transaction Security as a result of an acceleration of the New Revolving Credit Facility, the Senior Secured Notes, the Future Pari Passu Debt or the Future Senior Subordinated Debt which is continuing (a **“Distress Event”**), the holders of the Senior Secured Notes and Future Pari Passu Debt shall have an option to purchase all (but not part) of the RCF Lenders’ (or their affiliates) commitments under the New Revolving Credit Facility and all their exposures in respect of any Hedging Agreement at par plus accrued interest and all other amounts owing under the New Revolving Credit Facility and Hedging Agreements, with such purchase to occur all at the same time.

Following a Distress Event, the holders of the Future Senior Subordinated Debt shall have an option to purchase all (but not part) of the Senior Secured Debt at par plus accrued interest and all other amounts owing in respect of such Senior Secured Debt, with such purchase to occur all at the same time.

#### *Hedging*

All payments permitted under a Hedging Agreement (other than close out payments (or payments when a scheduled payment from the hedging counterparty is due and unpaid)) are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement will contain provisions in relation to the circumstances in which a Hedging Bank may take Enforcement Action in relation to its hedging.

#### *General*

The Intercreditor Agreement will contain provisions dealing with:

- (a) close-out rights for the Hedging Liabilities;
- (b) permitted payments (including without limitation, the repayment of Shareholder Debt Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt and the Future Senior Subordinated Debt);



- (c) incurrence of Future Pari Passu Debt or Future Senior Subordinated Debt that will allow certain creditors and agents with respect to such Future Pari Passu Debt or Future Senior Subordinated Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement (including, without limitation, note trustee protections and permissions associated with the payment of note trustee amounts) so long as not prohibited under the New Revolving Credit Facility or the Senior Secured Notes Indenture and in compliance with the agreed parameters for such class of debt (if any) and the Future Senior Subordinated Debt shall be subject to the relevant subordination provisions under the Intercreditor Agreement;
- (d) the ability to incur additional Credit Facilities benefiting from a similar position under the terms of the Intercreditor Agreement as the New Revolving Credit Facility (to the extent such additional Credit Facilities are allowed under the terms of the finance documents relating to Senior Secured Notes to share in the Transaction Security with the rights and obligations equivalent to that of the New Revolving Credit Facility Lenders and which is permitted by the terms of the finance documents relating to Senior Secured Notes to rank senior to the Senior Secured Notes Liabilities with respect to the proceeds of any Enforcement of the Transaction Security); and
- (e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the Payments Waterfall.

#### *Governing law*

The Intercreditor Agreement will be governed by and construed in accordance with English law.

### **Inventory Funding Facilities**

#### ***American Inventory Funding Facility***

On March 28, 2012, AML and Standard Chartered Bank entered into an uncommitted inventory funding facility agreement, which was subsequently amended pursuant to amendment letters dated April 19, 2013, April 29, 2014, January 16, 2015 and April 1, 2016 and to be further amended on or about the date of this Offering Memorandum (as amended, the "American Inventory Funding Facility").

The American Inventory Funding Facility may be utilised by way of cash drawings by AML in an aggregate amount of up to \$15 million at any time outstanding. The facility is structured with two tranches, one of which is up to \$15 million (and is intended for cash drawings for a period of up to 45 banking days) and the other of which is up to \$10 million (and is intended for cash drawings for a period of up to 90 banking days). AML may make drawings under the American Inventory Funding Facility against invoices issued to Aston Martin Lagonda of North America for cars sold to it by AML. AML is required to repay outstanding drawings at the end of their term and to pay interest on amounts borrowed under the American Inventory Funding Facility in an amount of 3.85% per annum over the cost of funds to Standard Chartered Bank (subject to a zero floor).

Standard Chartered Bank's obligations are secured by certain assets of Aston Martin Lagonda of North America, which is not a Guarantor of the Notes.

#### ***Chinese Inventory Funding Arrangements***

We are party to four inventory funding arrangements in China: two with Ningbo Commerce Bank, one with China Guangfa Bank and one with Union Leatop Financial Leasing Ltd. The arrangements provided under or in relation to these financings may be utilized by certain Aston Martin dealers in China (who are also parties to these financings) to purchase cars from AML. The relevant vehicles financed under three of the inventory funding arrangements are required to be delivered to the relevant dealers within 45 days from funding; the relevant vehicles financed under the remaining one are required to be delivered to the relevant dealers within 24 hours of funding if export is cleared, or within 15 days from funding if export is not cleared (as applicable). These agreements are non-recourse to AML.

## **Wholesale Finance Facility**

On May 31, 2007, Aston Martin Lagonda of North America, Inc. ("AMLNA"), Aston Martin Lagonda Limited ("AML") and Standard Chartered Bank entered in a wholesale finance facility agreement (as amended from time to time, the "Wholesale Finance Facility").

The Wholesale Finance Facility is a facility, pursuant to which AML and AMLNA offer to Standard Chartered Bank certain receivables owing to them by dealers who have acquired Aston Martin cars from them on credit terms not exceeding 270 days from the date of dispatch. Where this facility is used (i.e. where Standard Chartered Bank purchases the receivables offered to them), we receive from Standard Chartered Bank the purchase price of a car less a discount charge (calculated in accordance with the Wholesale Finance Facility agreement) 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. We are 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. We re-charge all discount rates applied by Standard Chartered Bank and other fees associated with the Wholesale Finance Facility to our dealers from time to time.

The Wholesale Finance Facility is backed by a credit insurance contract between AML and its insurer, Atradius Credit Insurance NV, in the event that a dealer fails to make payment to Standard Chartered Bank of the receivables purchased by it under this scheme. Our liability in respect of dealer default under the Wholesale Finance Facility (in the event that the credit insurance does not cover the default) where AML or AMLNA is required to repurchase the relevant receivable is limited to an aggregate of £200,000 over the two year period ending on August 31, 2018. Additionally, in certain circumstances, such as a continuing event of default or if a receivable is no longer enforceable against the relevant dealer, AML and/or AMLNA may be required by Standard Chartered Bank to repurchase the relevant unpaid receivable. As of February 28, 2017, the utilization of the Wholesale Finance Facility was £123.1 million of the available £125 million and we currently have credit approval from Standard Chartered Bank to increase the facility to £145 million. The Wholesale Finance Facility is treated as an off-balance sheet arrangement.

## **Notes Proceeds Loan**

The Notes Proceeds Loan will be an interest-free loan, repayable at any time, granted by the Issuer, as lender, to AML, as borrower, pursuant to an intercompany loan agreement dated on or about the Issue Date and governed by English law. The proceeds from the offering will be used by the Issuer to fund the Notes Proceeds Loan.

## Description of the Notes

The following is a description of the \$400,000,000 aggregate principal amount of 6.5% senior secured notes due 2022 (the "Dollar Notes") and the £230,000,000 aggregate principal amount of 5.75% senior secured notes due 2022 (the "Sterling Notes" together with the Dollar Notes, the "Notes"). The Notes will be issued by Aston Martin Capital Holdings Limited (the "Issuer") under an indenture (the "Indenture") between, among others, the Issuer, Aston Martin Investments Limited (the "Company"), certain subsidiaries of the Company (together with the Company, the "Guarantors"), U.S. Bank Trustees Limited, as trustee and security agent (the "Trustee"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). See "*Notice to Investors.*" The Dollar Notes and the Sterling Notes are separate series of the Notes but will be treated as a single class of securities under the Indenture, except as otherwise stated herein. As a result, among other things, holders of each series of the Notes will not have separate and independent rights to give written notice of a Default or to direct the Trustee to exercise remedies in the event of a Default or otherwise.

The terms of the Notes include those stated in the Indenture and will not incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. The Notes will be subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The gross proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to fund a loan to Aston Martin Lagonda Limited (the "Notes Proceeds Loan"), which in turn will use the funds received to (i) redeem the Existing Notes on behalf of Aston Martin Capital Limited, (ii) redeem the Existing PIK Notes on behalf of Aston Martin Holdings (UK) Limited, (iii) to pay commissions, fees and expenses associated with these transactions and (iv) for general corporate purposes including working capital. See "*Use of Proceeds.*" In addition, the Company and certain of its subsidiaries will enter into a new £80 million revolving credit facility agreement with, *inter alios*, J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as lead arrangers, JPMorgan Chase Bank, N.A., London Branch, Deutsche Bank AG, London Branch, Goldman Sachs Bank USA, Bank of America Merrill Lynch International Limited, HSBC Bank plc, Morgan Stanley Senior Funding Inc, Standard Chartered Bank and UniCredit Bank AG, London Branch, as original lenders, Elavon Financial Services DAC, UK Branch, as facility agent and U.S. Bank Trustees Limited, as security agent (the "New Revolving Credit Facility Agreement"). For a description of the New Revolving Credit Facility Agreement, see "*Description of Other Financial Arrangements—New Revolving Credit Facility Agreement.*"

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement. This summary does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note and the Intercreditor Agreement will be available as set forth below under "*Listing and General Information.*"

Certain defined terms used in this description but not defined below under "*Certain Definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "*Certain Definitions*". In this description, the term "Issuer" refers only to Aston Martin Capital Holdings Limited and its successors, and the "Company" refers only to Aston Martin Investments Limited and its successors and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

### Brief Description of the Notes and the Guarantees

#### *The Notes*

The Notes:

- will be senior secured obligations of the Issuer;
- will be secured by liens over the Collateral as described herein, but pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the

Collateral only after certain obligations (including lenders under the New Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations) have been paid in full, as described below under "*Security—The Collateral*;"

- will be *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be fully and unconditionally guaranteed by the Guarantors on a joint and several basis, subject to the guarantee limitations described herein.

### ***The Guarantees***

The Guarantees:

- will be the senior obligations of the relevant Guarantor, which will be secured by liens over the Collateral as described herein, but pursuant to the Intercreditor Agreement will receive proceeds from enforcement of security over the Collateral only after certain obligations (including lenders under the New Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations) have been paid in full, as described below under "*Security—The Collateral*;"
- will rank *pari passu* in right of payment with all of the Guarantors' existing and future senior indebtedness, including any indebtedness under the New Revolving Credit Facility Agreement;
- will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors;
- will be effectively subordinated to any existing and future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' guarantees of the Notes on an equal basis, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be subject to limitations described herein.

### **Principal and Maturity**

The Issuer will issue \$400 million in aggregate principal amount of Dollar Notes and £230 million in aggregate principal amount of Sterling Notes on the Issue Date. The Notes will mature on April 15, 2022. The Dollar Notes and the Sterling Notes will be issued in denominations of \$200,000 and £100,000, respectively, and in integral multiples of \$1,000 and £1,000, respectively, in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes will be subject to applicable procedures of DTC (in the case of the Dollar Notes) or Euroclear and Clearstream (in the case of the Sterling Notes). If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

## Interest

### *Interest on the Notes*

Interest on the Dollar Notes will accrue at the rate of 6.5% per annum and interest on the Sterling Notes will accrue at the rate of 5.75% per annum and, in each case, will be payable, in cash, semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2017, to holders of record on the immediately preceding April 1 and October 1, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

### *General*

If the interest payment date in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

## Additional Notes

The Issuer may issue an unlimited principal amount of additional Notes having terms specified from time to time by the Issuer (the "Additional Notes") so long as such issuance is in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*Certain Covenants—Limitation on Indebtedness*"). The Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. If Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP, ISIN or common code, as applicable. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued. Additional Notes may also be designated as Additional Dollar Notes or Additional Sterling Notes, but only if having terms substantially identical in all material respects to the initial Dollar Notes or the initial Sterling Notes, as the case may be. The initial Dollar Notes and any Additional Dollar Notes shall be deemed to form one series and references to the "Dollar Notes" shall be deemed to refer to the Dollar Notes initially issued on the Issue Date as well as any Additional Dollar Notes. The initial Sterling Notes and any Additional Sterling Notes shall be deemed to form one series and references to the "Sterling Notes" shall be deemed to include the Sterling Notes initially issued on the Issue Date as well as any Additional Sterling Notes.

For purposes of voting (or any other matter requiring a determination based on a percentage of principal amount of Notes outstanding), the aggregate principal amount of outstanding Sterling Notes and any other Notes not denominated in U.S. dollars will be calculated using the Dollar Equivalent of such aggregate principal amount outstanding as of the relevant Pricing Date.

## Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of DTC, Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*Paying Agent and Registrar for the Notes*."

## Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents for the Notes (each a "Paying Agent") in each of (i) London (the "Principal Paying Agent") and (ii) the Borough of Manhattan, City of New York (the "U.S. Paying Agent"). The initial Paying Agents for the Notes will be Elavon Financial Services DAC, UK Branch (as Principal Paying Agent) and U.S. Bank National Association. (as U.S. Paying Agent).

The Issuer will also maintain one or more registrars (each, a "Registrar") and one or more transfer agents in the City of London and the Borough of Manhattan, City of New York (each, a "Transfer Agent"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC. The Registrar and the Transfer Agents, as applicable, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer, as applicable. The Transfer Agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to the Holders of the Notes. The Issuer, the Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in accordance with the requirements of such rules.

## Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "144A Global Notes").
- The 144A Global Notes representing the Dollar Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The 144A Global Notes representing the Sterling Notes will, upon issuance, be deposited with and registered in the name of the common depository for the accounts of Euroclear and Clearstream.
- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes").
- The Regulation S Global Notes representing the Dollar Notes will, upon issuance, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Sterling Notes will, upon issuance, be deposited with and registered in the name of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors.*" In addition, transfers of Book-Entry Interests between participants in DTC (in the case of the Dollar Notes) or Euroclear or participants in Clearstream (in the case of the Sterling Notes) will be effected by DTC (in the case of the Dollar Notes) or Euroclear or Clearstream, as applicable, (in the case of the Sterling Notes), pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the

transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) or persons who hold interests through such participants, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of \$200,000 principal amount and integral multiples of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 principal amount and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes), upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of \$200,000 principal amount and integral multiples of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 principal amount and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes). In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of the Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of the Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to the Notes; or
- (4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

## Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Notes and upon the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

## Guarantees

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed, jointly and severally on a senior basis, by the Guarantors (such guarantee, a "Guarantee").

As of the Issue Date, the initial Guarantors will be the Company, Aston Martin Lagonda Group Limited ("AM Group Limited"), Aston Martin Lagonda Limited ("AM Limited") and Aston Martin Capital Limited ("AM Capital").

As of and for the year ended December 31, 2016, the Guarantors represented 96%, 65% and 92% of the Group's consolidated EBITDA, revenue and assets, respectively. As of December 31, 2016, after giving effect to the Transactions, on a consolidated basis our subsidiaries that will not guarantee the Notes would have had £3.9 million in outstanding debt.

In addition, as described below under "*Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary that guarantees the New Revolving Credit Facility Agreement, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

Each Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Related to our Indebtedness and the Notes—Jersey and English insolvency laws may not be as favorable to you as United States and other insolvency laws. Insolvency laws and limitations on the Guarantees or the security interests of the Notes may adversely affect the validity and enforceability of the Guarantees and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by us and the Guarantors.*"

The Guarantee of a Guarantor will terminate and release upon:

- except for the Guarantee given by the Company, a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;
- except for the Guarantee given by the Company, in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent of such Guarantor (other than the Company)) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*Defeasance*" and "*Satisfaction and Discharge*;"



- upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- as described under the caption “—*Amendment and Waiver*;” or
- with respect to a Subsidiary Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the New Revolving Credit Facility Agreement and (ii) does not guarantee any other Credit Facility or Public Debt.

Substantially all the operations of the Company (and the Issuer) are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred and minority stockholders of Subsidiaries of the Company (other than the Guarantors).

Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See “—*Certain Covenants—Limitation on Indebtedness*.”

## Security

### *The Collateral*

Subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the Notes and the Guarantees will be secured by the following initial collateral (“Initial Collateral”):

- a limited recourse first-priority security interest under English law granted by Aston Martin Holdings (UK) Limited over the issued Capital Stock of the Company;
- a first-priority security interest under Jersey law granted by the Company over the issued Capital Stock of the Issuer;
- a first-priority security interest under Jersey law granted by the Issuer over the issued Capital Stock of Aston Martin Capital Limited;
- a first-priority security interest under the English law debenture (referred to in the last bullet point of this paragraph) granted by the Company over the issued Capital Stock of Aston Martin Lagonda Group Limited;
- a first-priority security interest under the English law debenture (referred to in the last bullet point of this paragraph) granted by Aston Martin Lagonda Group Limited over the issued Capital Stock of Aston Martin Lagonda Limited;
- a first-priority security interest under New York law granted by Aston Martin Lagonda Group Limited over the issued Capital Stock of Aston Martin Lagonda of North America, Inc.,
- a first-priority assignment governed by English law by the Issuer of its rights under the Notes Proceeds Loan;
- to the extent still outstanding, a first-priority assignment governed by English law by Aston Martin Capital Limited of its rights under the Existing Notes Proceeds Loan,
- an English law debenture creating fixed and floating security over material operating bank accounts, material intercompany receivables, material intellectual property and shares in other Guarantors and certain material companies from each of the Company, Aston Martin Lagonda Group Limited and Aston Martin Lagonda Limited.

The Agreed Security Principles apply to the granting of security in favor of obligations under the New Revolving Credit Facility Agreement and the Notes. The Agreed Security Principles include

restrictions on the granting of security where, among other things, such grant would be restricted by corporate benefit, financial assistance, fraudulent preference or “thin capitalization” laws or regulations (or analogous restrictions), or where an action would result in a significant risk to the officers of the relevant grantor of security of contravention of their fiduciary duties and/or of civil and/or criminal liability, or result in costs disproportionate to the benefit obtained by the beneficiaries of that security. See *“Description of Other Financial Arrangements—Agreed Security Principles.”*

In addition, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, each subsidiary of the Company that becomes a Guarantor of the Notes after the Issue Date will grant security in connection therewith (together with the Initial Collateral, the “Collateral”). All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens. Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected) in accordance with the Agreed Security Principles.

The Collateral will secure the liabilities under the Notes, the New Revolving Credit Facility Agreement, certain Hedging Agreements and any Additional Notes. Pursuant to the Intercreditor Agreement, any liabilities in respect of obligations under the New Revolving Credit Facility Agreement and certain Hedging Obligations permitted to be incurred under the covenant *“—Certain Covenants—Limitation on Indebtedness”* will be permitted to be secured on the Collateral on a super priority basis, and will receive priority over the Holders with respect to any proceeds received upon any enforcement action over any Collateral. Subject to certain conditions, including compliance with the covenant described under *“—Certain Covenants—Impairment of Security Interest,”* the Company is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral, after all liabilities in respect of obligations under the New Revolving Credit Facility Agreement and certain Hedging Obligations have been discharged from such recoveries, will be applied pro rata in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

#### ***Administration of Security and Enforcement of Liens***

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of the Intercreditor Agreement, see *“Description of Other Indebtedness—Intercreditor Agreement”*.

The ability of holders of the Notes to realize upon the Collateral will be subject to various insolvency law limitations in the event of the Issuer’s or a Guarantor’s insolvency. See *“Risk Factors—Risks Related to our Indebtedness and the Notes—Jersey and English insolvency laws may not be as favorable to you as United States and other insolvency laws. Insolvency laws and limitations on the Guarantees or the security interests of the Notes may adversely affect the validity and enforceability of the Guarantees and the security interests and will limit the amount that can be recovered under the Guarantees and the security interests granted by us and the Guarantors”*. In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer’s obligation under the Notes and a Guarantor’s obligation under its Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

Subject to the terms of the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the

sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes, the payment of obligations under the New Revolving Credit Facility Agreement and any Hedging Obligations secured by the Collateral. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. See *"Description of Other Indebtedness—Intercreditor Agreement."*

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed U.S. Bank Trustees Limited, as Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

### **Priority**

The relative priority with regard to the Collateral as between (a) the lenders under the New Revolving Credit Facility Agreement, (b) the counterparties under certain Hedging Agreements and (c) the Trustee and the Holders under the Indenture, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Notes will receive proceeds or enforcement of security over the Collateral only after obligations under the New Revolving Credit Facility Agreement and certain Hedging Obligations are satisfied. See *"Description of Other Indebtedness—Intercreditor Agreement."* In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See *"—Security—Release of Liens,"* *"—Certain Covenants—Impairment of Security Interest"* and *"—Certain Definitions—Permitted Collateral Liens."*

### **Release of Liens**

Subject to the terms of the Intercreditor Agreement, upon receipt of an Officer's Certificate, the Security Agent shall release, and the Trustee shall, if so directed, direct the Security Agent to release, without the need for consent of the Holders, Liens over the property and other assets constituting Collateral securing the Notes and the Guarantees:

- (1) in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any of its Restricted Subsidiaries (but excluding any transaction subject to *"—Certain Covenants—Merger and Consolidation—The Company"* or *"Certain Covenants—Merger and Consolidation—The Issuer"*) that is permitted by the Indenture (with respect to the Lien on such Collateral) or (b) the Company or any Restricted Subsidiary consistent with the Intercreditor Agreement or any Additional Intercreditor Agreement or if permitted by the New Revolving Credit Facility Agreement;
- (2) in the case of a Guarantor that is released from its Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;
- (3) if the Company designates any of its Restricted Subsidiaries (other than the Issuer) to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

- (4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*;"
- (5) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- (6) as described under the caption "*—Amendments and Waivers*;"
- (7) as described under the caption "*—Certain Covenants—Impairment of Security Interest*;"
- (8) automatically without any action by the Trustee, if the Lien granted in favor of the New Revolving Credit Facility Agreement, Public Debt or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof); *provided* that such release would otherwise be permitted by another clause above;
- (9) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- (10) in connection with a Permitted Reorganization.

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders. The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate.

The Company, the Issuer and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents and the Intercreditor Agreement.

### **Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements**

In connection with the Incurrence of any Indebtedness by the Company or any of its Restricted Subsidiaries that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Company, enter into with the Company, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "Additional Intercreditor Agreement"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; provided that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company shall furnish to the Trustee such documentation in relation thereto as it may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness (including

Subordinated Indebtedness) covered by any such Intercreditor Agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “—*Amendments and Waivers*” or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement on each Holder’s behalf.

A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and, for so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, at the offices of the Registrar in Dublin, Ireland.

## **Notes Proceeds Loan**

Upon the issuance of the Notes, the Issuer, as lender, and Aston Martin Lagonda Limited, as borrower, will enter into a Notes Proceeds Loan Agreement pursuant to which the Issuer will loan to Aston Martin Lagonda Limited the gross proceeds from the issuance of the Notes.

The Notes Proceeds Loan Agreement will provide that Aston Martin Lagonda Limited will pay the Issuer an amount equal to the interest and principal due and payable on the Notes and any additional amounts due thereunder. Upon any redemption of all or a portion of the Notes prior to their maturity date, Aston Martin Lagonda Limited will make a payment to the Issuer in an amount equal to the aggregate principal amount of the Notes so redeemed (consisting of principal amount of the Notes Proceeds Loan plus additional interest) plus accrued and unpaid interest up to the redemption date. In addition, the Notes Proceeds Loan will provide that upon any redemption of the Notes prior to their maturity date that results in any additional payments whatsoever by the Issuer in relation to the Notes under the terms of the Indenture, Aston Martin Lagonda Limited shall make a payment to the Issuer in an amount equal to such additional payments. All amounts payable under the Notes Proceeds Loan will be payable to such account or accounts with such person or persons as the Issuer may designate. The maturity date of the Notes Proceeds Loan will be the same maturity date as the maturity date of the Notes.

Except as otherwise required by law, all payments under the Notes Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that Aston Martin Lagonda Limited is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made. The Notes Proceeds Loan will provide that Aston Martin Lagonda Limited will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes. The Notes Proceeds Loan will comprise part of the Collateral.

## Optional Redemption

### *Optional Redemption of the Dollar Notes*

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the Dollar Notes are not redeemable at the option of the Issuer.

At any time prior to April 15, 2019, the Issuer may redeem, at its option, the Dollar Notes in whole or in part upon not less than 10 nor more than 60 days’ prior notice to the Holders of the Dollar Notes at a redemption price equal to 100% of the principal amount of such Dollar Notes plus the Dollar Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date.

At any time and from time to time on or after April 15, 2019, the Issuer may redeem the Dollar Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts to, but not including, the redemption date:

<b>Twelve month period commencing April 15 in</b>	<b>Percentage</b>
2019 .....	103.250%
2020 .....	101.625%
2021 and thereafter .....	100.000%

At any time and from time to time prior to April 15, 2019, the Issuer may, at its option, upon notice to the Holders of the Dollar Notes as described under the heading “—*Selection and Notice*,” redeem up to 40% of the aggregate principal amount of the Dollar Notes (including Additional Dollar Notes) at a redemption price (as calculated by the Company) equal to (i) 106.5% of the aggregate principal amount thereof, with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Company, plus (ii) accrued and unpaid interest thereon, if any, to but excluding the applicable redemption date; *provided* that:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- (2) not less than 50% of the principal amount of the Dollar Notes originally issued on the Issue Date (excluding the principal amount of any Additional Dollar Notes) remain outstanding immediately thereafter.

At any time prior to April 15, 2019 upon not less than 10 nor more than 60 days’ notice to the Holders of the Dollar Notes, the Issuer may redeem, during each twelve-month period commencing on the Issue Date, up to 10% of the original aggregate principal amount of the Dollar Notes (calculated after giving effect to the issuance of any Additional Notes) at a redemption price equal to 103.0% of the principal amount redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

### *Optional Redemption of the Sterling Notes*

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the Sterling Notes are not redeemable at the option of the Issuer.

At any time prior to April 15, 2019, the Issuer may redeem, at its option, the Sterling Notes in whole or in part upon not less than 10 nor more than 60 days’ prior notice to the Holders of the Sterling Notes at a redemption price equal to 100% of the principal amount of such Sterling Notes plus the Sterling Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date.

At any time and from time to time on or after April 15, 2019, the Issuer may redeem the Sterling Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts to, but not including, the redemption date:

Twelve month period commencing April 15 in	Percentage
2019 .....	102.875%
2020 .....	101.438%
2021 and thereafter .....	100.000%

At any time and from time to time prior to April 15, 2019, the Issuer may, at its option, upon notice to the Holders of the Sterling Notes as described under the heading “—*Selection and Notice*,” redeem up to 40% of the aggregate principal amount of the Sterling Notes (including Additional Sterling Notes) at a redemption price (as calculated by the Company) equal to (i) 105.75% of the aggregate principal amount thereof, with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Company, plus (ii) accrued and unpaid interest thereon, if any, to but excluding the applicable redemption date; *provided* that:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- (2) not less than 50% of the principal amount of the Sterling Notes originally issued on the Issue Date (excluding the principal amount of any Additional Sterling Notes) remain outstanding immediately thereafter.

At any time prior to April 15, 2019 upon not less than 10 nor more than 60 days’ notice to the Holders of the Sterling Notes, the Issuer may redeem, during each twelve-month period commencing on the Issue Date, up to 10% of the original aggregate principal amount of the Sterling Notes (calculated after giving effect to the issuance of any Additional Notes) at a redemption price equal to 103.0% of the principal amount redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

### **General**

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the applicable series of outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the applicable series of Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days’ prior notice to the Holders of the Notes, given not more than 30 days following such purchase date, to redeem all Notes of the applicable series that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of the applicable series of then outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes of the applicable series, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

Any redemption and notice of redemption may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the

redemption date, or by the redemption date so delayed; provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, inform the Channel Islands Securities Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period.

We may repurchase Notes at any time and from time to time in the open market or otherwise.

### **Sinking Fund**

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

### **Selection and Notice**

If less than all of the Dollar Notes and/or Sterling Notes are to be redeemed at any time, the relevant Paying Agent or the Registrar, as applicable, will select the relevant Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the relevant Paying Agent or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of DTC (in the case of the Dollar Notes) and Euroclear or Clearstream (in the case of the Sterling Notes), or if the applicable Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC (in the case of the Dollar Notes) or Euroclear or Clearstream (in the case of the Sterling Notes) or DTC, Euroclear or Clearstream, as applicable, prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided, however*, that (i) no Dollar Note of \$200,000 in principal amount or less shall be redeemed in part and only Dollar Notes in integral multiples of \$1,000 will be redeemed and (ii) no Sterling Note of £100,000 in principal amount or less shall be redeemed in part and only Sterling Notes in integral multiples of £1,000 will be redeemed. Neither the Trustee, the relevant Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as any Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, any such notice to the Holders of the Notes shall, to the extent and in the manner permitted by such rules, be posted on the official website of the Channel Islands Securities Exchange ([www.thecise.com](http://www.thecise.com)) and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar; *provided* that, for so long as any Notes are represented by Global Notes, notices of redemption to Holders will be delivered to DTC (in the case of the Dollar Notes) and Euroclear and Clearstream (in the case of the Sterling Notes) (and such delivery will be deemed to satisfy the requirements of this paragraph), each of which shall give notices to the holders of the Book-Entry Interests.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.



Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

## Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, Successor Issuer or Guarantor determine in good faith that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or
- (2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer, Successor Issuer or Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts) are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and the Issuer or Successor Issuer determines in good faith that such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable, but not including assignment or novation of the obligation to make payment with respect to the Notes). In the case of redemption as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice.*" Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably acceptable to the Trustee to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or resident for tax purposes or organized or has a permanent establishment or any political subdivision or taxing authority or agency thereof or therein.

## Withholding Taxes

All payments made by or on behalf of the Issuer, a Successor Issuer or Guarantor (a "Payor") on or with respect to the Notes or the Guarantees, as defined below, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) England and Wales or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on any such Note or Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which the Payor is incorporated or organized, or resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clauses (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by or on behalf of a Payor on or with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on or with respect to any such Note or Guarantee in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including but not limited to being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in or a dependent agent in, or being physically present in, or having a place of management present or deemed present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;
- (2) any Taxes that are imposed, deducted or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with any reasonable request of the Payor made in writing at least 60 days before any such withholding or deduction would be made to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any certification, information, documentation or other reporting requirement relating to such matters, which, in each case, is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes and which the Holder or the beneficial owner is legally entitled to provide;
- (3) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Guarantee;
- (4) any estate, inheritance, gift, value, use, sales, excise, transfer, personal property or similar Taxes;
- (5) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;

- (6) any Taxes which would not have been imposed if the Holder had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period);
- (7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership (including an entity that is treated as a partnership for applicable tax purposes) or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or entity treated as a partnership for applicable tax purposes or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;
- (8) any Taxes imposed on or with respect to a Note pursuant to Sections 1471 to 1474 of the Code, any successor law or regulation implementing or complying with, or introduced in order to conform to, such Sections that is substantively comparable and not materially more onerous to comply with, or any intergovernmental agreement or any agreement entered into pursuant to Section 1471(b)(1) of the Code or any law, regulation, rule or other official guidance or practice implementing any such intergovernmental agreement; or
- (9) any combination of items (1) through (8) above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction to the extent required by applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor (or, if such certified copies are not available, other evidence of such payment reasonably acceptable to the Trustee) and will provide such certified copies or other evidence to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Registrar if the Notes are then listed on the Official List of the Channel Islands Securities Exchange Authority Limited, and the rules of the Channel Islands Securities Exchange so require.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on or with respect to any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the relevant Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less, or the Payor becomes aware of such obligation, than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, the Guarantees or this "**Description of the Notes**" there are mentioned, in any context:

- (1) the payment of principal;
- (2) purchase prices in connection with a purchase of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, registration, transfer, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties,

interest or additional amounts with respect thereto) that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, any Guarantee, the Indenture, the Intercreditor Agreement, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding, other than in the case of enforcement following an Event of Default, any such taxes, charges or levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders.

The foregoing obligations of this “—*Withholding Taxes*” will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Payor is incorporated or organized or resident for tax purposes, and any jurisdiction from or through which any payment on or with respect to the Notes or any Guarantee is made by or behalf of the Payor or, in each case, any political subdivision or taxing authority or agency thereof or therein.

## **Change of Control**

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to \$200,000 principal amount and integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes, or £100,000 principal amount and integral multiples of £1,000 in excess thereof, in the case of the Sterling Notes), as the case may be, of such Holder’s Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that the Issuer shall not be obliged to repurchase Notes as described under this “—Change of Control” section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the “Change of Control Offer”) to each Holder of any such Notes, with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or part (equal to \$200,000 principal amount and integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes, or £100,000 principal amount and integral multiples of £1,000 in excess thereof, in the case of the Sterling Notes), as the case may be, of such Holder’s Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the “Change of Control Payment”);
- (2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Change of Control Payment Date”);
- (3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;
- (4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and
- (5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the relevant Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

- (3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;
- (4) in the case of Global Notes, deliver, or cause to be delivered, to the relevant Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the relevant Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least \$200,000 or an integral multiple of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 and integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes).

If and for so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, the Issuer will publish notices relating to the Change of Control Offer, as soon as reasonably practicable after the Change of Control Payment Date, on the official website of the Channel Islands Securities Exchange ([www.thecise.com](http://www.thecise.com)).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the applicable series of outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the applicable series of Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right, upon not less than 10 nor more than 60 days' prior notice to the Holders of the Notes, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes of the applicable series that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the notes that remain outstanding to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the applicable series of then outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes of the applicable series, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To

the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the New Revolving Credit Facility Agreement, the occurrence of a change of control would require the repayment of such debt. Future debt of the Company or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See *"Risk Factors—Risks Related to our Indebtedness and the Notes—We may not be able to finance a change of control offer."*

In addition, you should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, the Company may nevertheless avoid triggering a change of control under a clause similar to clause (2) of the definition of "Change of Control", if the outgoing directors were to approve the new directors for the purpose of such change of control clause.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

## **Certain Covenants**

### ***Limitation on Indebtedness***

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness Incurred pursuant to any Credit Facility and any Refinancing Indebtedness in respect thereof in a maximum aggregate principal amount at any time outstanding not to exceed the greater of £100 million, plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses Incurred in connection with such refinancing;

- (2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent such Guaranteed Indebtedness was permitted to be Incurred by another provision of this covenant; or  
(b) without limiting the covenant described under "*—Limitation on Liens,*" Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;
- (3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however,* that:
  - (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in connection with cash management positions of the Company and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all obligations then due with respect to the Notes, in the case of the Issuer, or the Guarantee, in the case of a Guarantor, in the case of both (i) and (ii), to the extent required by the Intercreditor Agreement; and
  - (b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;
- (4) Indebtedness represented by (a) the Notes and the Notes Proceeds Loan (other than any Additional Notes and any Additional Notes Proceeds Loan), (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;
- (5) Indebtedness of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided, however,* with respect to each of clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;
- (6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);
- (7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the

principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of £25 million and 15.5% of Consolidated EBITDA;

- (8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 Business Days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);
- (10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;
- (b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;
- (c) Indebtedness owed on a short-term basis of no longer than 90 Business Days to banks and other financial institutions Incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries, including any Indebtedness under any Inventory Funding Facilities; and
- (d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;
- (11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of £40 million and 25.0% of Consolidated EBITDA;
- (12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the



first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

- (13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;
- (14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within five Business Days of the date on which such Indebtedness is Incurred; and
- (15) Indebtedness of the Company or any Restricted Subsidiary consisting of local lines of credit, working capital or local facilities in an aggregate amount at any time outstanding not exceeding the greater of £15 million and 9.5% of Consolidated EBITDA.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of the covenant and clauses (11) and (15) of the second paragraph of this covenant at any time outstanding shall not exceed the greater of £80 million and 50.0% of Consolidated EBITDA (as measured on the date such Indebtedness was Incurred).

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item (or any portion of such item) of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;
- (2) all Indebtedness outstanding on the Issue Date under the New Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant, and may not be reclassified pursuant to clause (1) of this paragraph;
- (3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

- (7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*Limitation on Indebtedness*" (and in the case of Indebtedness that constitutes the payment of interest in the form of additional Indebtedness shall be permitted to be secured by a Lien to the same extent as the Indebtedness to which the payment of interest relates). The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or, at the option of the Company, first committed; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced plus any amount to pay premiums (including tender premiums), accrued and unpaid interest, expenses, defeasance costs and fees in connection therewith; (b) the Sterling Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

#### ***Limitation on Restricted Payments***

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) (i) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:
  - (ii) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

- (iii) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);
- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));
- (3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");
- (4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or
- (5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
- (b) the Company is not able to Incur an additional £1.00 of Indebtedness pursuant to the first paragraph under the "*—Limitation on Indebtedness*" covenant after giving effect, on a pro forma basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (10), (11), and (17) of the first succeeding paragraph, but excluding all other Restricted Payments permitted by the first succeeding paragraph) would exceed the sum of (without duplication):
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (w) Capital Stock sold to a Subsidiary of the Company, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has

been made from such proceeds in reliance on clause (6) of the first succeeding paragraph and (z) Excluded Contributions);

- (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than (x) to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary or (y) Excluded Contributions) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);
- (iv) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Issue Date, the fair market value of such Unrestricted Subsidiary (or the property or assets transferred) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets; *provided, however,* that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and
- (v) the amount of the cash and the fair market value of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:
  - (A) repurchases, redemptions or other acquisitions or retirements of any Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary;
  - (B) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and
  - (C) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Company or a Restricted Subsidiary;

*provided, however,* that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v).

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made in exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder

Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;
- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
  - (a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Company shall have first complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
  - (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the covenant described under "*—Change of Control*" and purchased all Notes validly tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;
- (6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any the Company or Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management

Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) £2.5 million plus (2) £1.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (3) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

- (7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;
- (8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):
  - (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or
  - (b) amounts constituting or to be used for purposes of making payments (i) in connection with the Transactions and fees and expenses disclosed in the Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "*—Limitation on Affiliate Transactions*;"
- (10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7% of the Market Capitalization and (ii) 7% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 2.75 to 1.0;
- (11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of £30 million and 18.5% of Consolidated EBITDA;
- (12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);

- (13) Investments in an aggregate amount outstanding at any time not to exceed the fair market value of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);
- (14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided, however,* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;
- (15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;
- (16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and
- (17) at any time after the first anniversary of the Issue Date, so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; *provided* that the Consolidated Net Leverage Ratio on a pro forma basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 2.5 to 1.0.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

#### ***Limitation on Liens***

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes (or a Guarantee in the case of Liens of a Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured (*provided* that a Lien to secure Indebtedness pursuant to clauses (1) and (6) of the second paragraph of the "*Limitation on Indebtedness*" covenant may have priority not materially less favorable to the Holders than that accorded to the New Revolving Credit Facility Agreement pursuant to the Intercreditor Agreement), and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens.*"

### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or the Company or any Restricted Subsidiary;
- (2) make any loans or advances to the Issuer or the Company or any Restricted Subsidiary; or
- (3) sell, lease or transfer any of its property or assets to the Issuer or the Company or any Restricted Subsidiary,

*provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Finance Documents) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);
- (4) any encumbrance or restriction:
  - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
  - (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted



Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

- (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;
- (6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;
- (8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the New Revolving Credit Facility Agreement and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Company) or where the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes;
- (12) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*"; or
- (13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);
- (2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of

relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

(a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by, at its option, (x) redeeming Notes as provided under "*—Optional Redemption*" and/or (y) purchasing Notes through open-market purchases or in privately negotiated transactions at a price equal to or higher than 100% of the principal amount thereof and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); (iii) to purchase Notes through open-market purchases or in privately negotiated transactions at a price equal to or higher than 100% of the principal amount thereof; (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof) or (v) to redeem any series of Notes as described under "*—Optional Redemption*"; or

(b) to the extent the Company or such Restricted Subsidiary elects, to (i) invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or (ii) make capital expenditures, in either case, within 365 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; *provided, however*, that any such investment in Additional Assets or capital expenditure made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment or capital expenditure is consummated within 180 days of such 365th day,

*provided* that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash in connection with the Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds £20 million and has not been committed in accordance with clause 3(b) of the first paragraph of this covenant, the Company will be required to make an offer ("Asset Disposition Offer") to all Holders of Notes issued under the Indenture and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 and in integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes).

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Sterling Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be allocated between the Dollar Notes and the Sterling Notes in proportion to the respective aggregate principal amounts of Dollar Notes and Sterling Notes validly tendered and not withdrawn.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than five Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Company will purchase (or procure the purchase of) the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in

minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 and in integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes). The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the relevant Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of \$200,000 and in integral multiples of \$1,000 in excess thereof (in the case of the Dollar Notes) and £100,000 and in integral multiples of £1,000 in excess thereof (in the case of the Sterling Notes). Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;
- (2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and
- (5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed (at the time of the receipt of such Designated Non-Cash Consideration or, at the Issuer's option, at the time of contractually agreeing to such Asset Disposition) the greater of £20 million and 12.5% of Consolidated EBITDA.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

### ***Limitation on Affiliate Transactions***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") involving aggregate value in excess of £5 million unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate;
- (2) in the event such Affiliate Transaction or series of related Affiliate Transactions involves an aggregate value in excess of £10 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company; and
- (3) in the event such Affiliate Transaction or series of related Affiliate Transactions involves an aggregate consideration in excess of £25 million, the Issuer has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments,*" any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the second paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as described in paragraphs (1)(b), (2) and (11) of the definition thereof);
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;
- (3) any Management Advances and any waiver or transaction with respect thereto;

- (4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;
- (5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the good faith judgment of the Company and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;
- (7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (8) transactions with customers, clients, lenders, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or (in the case of lenders, and) are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;
- (11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £2 million per year (with unused amounts in any calendar year being carried over to the succeeding calendar year) and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Company in good faith;

- (12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries; and
- (13) any transaction effected as part of a Qualified Receivables Financing.

### ***Limitation on Issuer Activities***

The Issuer may not carry on any business or own any material assets other than: (1) the offering, sale, issuance and servicing, listing, purchase, redemption, exchange, refinancing or retirement of the Notes (including any Additional Notes) or the incurrence of other Indebtedness (and guarantees thereof) permitted by the terms of the Indenture or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture and the granting of Liens permitted pursuant to the covenant described above under the caption “—Limitation on Liens”; (2) rights and obligations arising under the Indenture, any Credit Facility, the Intercreditor Agreement (including any Additional Intercreditor Agreement) and the Security Documents or any other agreement existing on the Issue Date to which it is a party; (3) undertaken with the purpose of, or directly related to, the fulfilling of any other obligations under any Indebtedness of the Issuer permitted by the Indenture; (4) the ownership of cash and Cash Equivalents; (5) making Investments in the Notes (including any Additional Notes) or any other Indebtedness permitted by the terms of the Indenture; (6) directly related or reasonably incidental to the establishment and/or maintenance of its corporate existence; (7) relating to the lending of proceeds of Indebtedness to the Company or any Restricted Subsidiary; (8) pursuant to or in connection with the Transactions; (9) holding the Capital Stock of Aston Martin Capital Limited; (10) the reasonably related to the foregoing clauses (1) through (9) hereof; and (11) other activities not specifically enumerated above that are de minimis in nature. In no event will the Issuer carry on any business or own any material assets that would require it to be registered as an “investment company” under the Investment Company Act of 1940, as amended.

### ***Reports***

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

- (1) within 120 days after the end of Aston Martin Holdings (UK) Limited’s fiscal year beginning with the fiscal year ending December 31, 2017, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of Aston Martin Holdings (UK) Limited or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of Aston Martin Holdings (UK) Limited or its predecessor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of Aston Martin Holdings (UK) Limited (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of Aston Martin Holdings (UK) Limited, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope and level of detail to that included in this Offering Memorandum; (d) description of the business, management and shareholders of Aston Martin Holdings (UK) Limited, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (e) a description of material risk factors and material recent developments and (f) a brief description of the material differences in the financial condition and results of operations between Aston Martin Holdings (UK) Limited and the Company and a statement of the Company’s total net debt, EBITDA and interest expense on a consolidated basis.

- (2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of Aston Martin Holdings (UK) Limited beginning with the fiscal quarter ending March 31, 2017, all quarterly reports of Aston Martin Holdings (UK) Limited containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of Aston Martin Holdings (UK) Limited (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of Aston Martin Holdings (UK) Limited, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; (d) material recent developments and (e) a brief description of the material differences in the financial condition and results of operations between Aston Martin Holdings (UK) Limited and the Company and a statement of the Company's total net debt, EBITDA and interest expense on a consolidated basis; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Company or change in auditors of the Company or Aston Martin Holdings (UK) Limited or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that (A) the reports set forth in clauses (1), (2) and (3) of the first paragraph of this covenant may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods and (B) the Company may elect to become the reporting entity in place of Aston Martin Holdings (UK) Limited, after which election clauses (1), (2) and (3) of the first paragraph of this covenant shall be deemed to refer to the Company, and clauses 1(f) and 2(e) of the first paragraph of this covenant shall no longer apply. Except as provided for herein, no report need include separate financial statements for any Subsidiaries of the Company.

Following an Initial Public Offering of the Capital Stock of the Company or any Parent and/or the listing of such Capital Stock on a recognized stock exchange, the requirements of clauses (1), (2) and (3) above shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange (provided that the Company shall provide financial reporting for the first three fiscal quarters in each fiscal year and an annual report).

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Company shall also (a) use its commercially



reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority Limited and the rules of the Channel Islands Securities Exchange so require, to the extent and in the manner permitted by such rules, post such reports on the official website of the Channel Islands Securities Exchange ([www.thecise.com](http://www.thecise.com)).

Beginning with the fiscal quarter ending June 30, 2017, so long as any Notes are outstanding, the Company shall use commercially reasonable efforts to hold a live quarterly conference call to present the results of operations for the relevant reporting period for the benefit of Holders or prospective Holders; *provided* that no more than one conference call will be required in relation to any quarterly period.

In addition, so long as the Notes are not freely transferrable under the Exchange Act by persons who are not "affiliates" under the Securities Act, the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Delivery of any information, documents and reports to the Trustee pursuant to this "Reports" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained herein including the Company's compliance with any of its covenants under the Indenture.

### ***Merger and Consolidation***

#### ***The Issuer***

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway, Switzerland or Japan and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable);
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and
- (3) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate without independent verification as to any matters of fact, including as to satisfaction of clauses (1) and (2) above. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel without independent investigation or verification.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

The Issuer shall remain a Wholly Owned Subsidiary of the Company.

#### *The Company*

The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway, Switzerland or Japan and the Successor Company (if not the Company) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under its Guarantee and (b) all obligations of the Company under the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable);
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and
- (4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate without independent verification as to any matters of fact, including as to satisfaction of clauses (1), (2) and (3) above. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel without independent investigation or verification.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary)

as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness.*"

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described above under "*—The Issuer*" and below under "*—Subsidiary Guarantors*" (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which does not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary as a Restricted Subsidiary.

Notwithstanding anything to the contrary in this covenant, a Permitted Reorganization shall be permitted at any time.

#### *Subsidiary Guarantors*

No Guarantor that is a Subsidiary of the Company (a "Subsidiary Guarantor") may:

- (1) consolidate with or merge with or into any Person;
  - (2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or
  - (3) permit any Person to merge with or into such Guarantor,
- unless
- (a) the other Person is the Company or any Restricted Subsidiary that is Guarantor (or becomes a Guarantor concurrently with the transaction); or
  - (b) (i) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee, the Indenture and the Security Documents (and, to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable); and  
(ii) immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing; or

- (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (b)(ii) and the provisions described above under "*The Issuer*" and "*The Company*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor and (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor or the Company. Notwithstanding the preceding clause (b)(ii) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

#### ***Suspension of Covenants on Achievement of Investment Grade Status***

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*Limitation on Indebtedness*," "*Limitation on Restricted Payments*," "*Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*Limitation on Sales of Assets and Subsidiary Stock*," "*Limitation on Affiliate Transactions*," "*Lines of Business*" and the provisions of clause (3) of the first paragraph of the covenant described under "*Merger and Consolidation—The Company*", and, in each case, any related default provision of such Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under the first two paragraphs of the covenant described under "*Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*Limitation on Indebtedness*." The Issuer will give written notice to the Trustee of the occurrence of a Suspension Event as well as if such Suspension Event is no longer in effect.

#### ***Limited Condition Acquisition and Irrevocable Repayment***

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, be deemed satisfied, so long as no Default or Event of Default, as applicable,

exists on the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into after giving pro forma effect to the applicable Limited Condition Acquisition or Irrevocable Repayment. For the avoidance of doubt, if the Company has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date the definitive agreements for the applicable Limited Condition Acquisition or Irrevocable Repayment were entered into and prior to the consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Irrevocable Repayment is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment for purposes of:

- (1) determining compliance with any provision of the Indenture which requires the calculation of the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Secured Net Leverage Ratio; or
- (2) testing baskets set forth in the Indenture;

in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Acquisition or Irrevocable Repayment, an "LCA Election"), the date of determination of whether any such action is permitted hereunder, may be deemed to be the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into (the "LCA Test Date"). If, after giving pro forma effect to the Limited Condition Acquisition or Irrevocable Repayment and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCA Test Date for which consolidated financial statements of the Company are available, the Company could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

If the Company has made an LCA Election, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company or the designation of an Unrestricted Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition or Irrevocable Repayment is consummated or the definitive agreement for such Limited Condition Acquisition or Irrevocable Repayment is terminated or expires without consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition or Irrevocable Repayment and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated. If the Company has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Company or the Person subject to such Limited Condition Acquisition or Irrevocable Repayment, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations.

#### ***Additional Guarantees***

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors or the Issuer, directly or indirectly, to Guarantee any Indebtedness under the New Revolving Credit Facility Agreement (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or Public Debt and any refinancing thereof, in whole or in part unless, in each case, such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Following the provision of any additional Guarantees as described above, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), and subject to the Agreed Security Principles, any such Guarantor will provide security over certain of its material assets (excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Guarantee on a basis consistent with the Collateral.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the Incurrence of such Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement.

#### ***Impairment of Security Interest***

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens;*" *provided*, that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the applicable Security Document.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Liens in accordance with the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) effect a Permitted Reorganization and the Collateral may be discharged and released and retaken, if applicable, in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement (or any Additional Intercreditor Agreement) or (v) make any other change thereto that does not adversely affect the Holders in any material respect as determined by the Company in good faith; *provided, however*, that, subject to the foregoing, except where permitted by the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, or otherwise modified or released (followed by a substantially

concurrent retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications to their satisfaction) consent to such amendments without the need for instructions from the Holders.

#### ***Further Assurances***

The Company will, and will procure that each of its Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Restricted Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

#### ***Lines of Business***

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

#### ***Maintenance of Listing***

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited, for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Official List of the Channel Islands Securities Exchange Authority Limited, and thereafter use its reasonable best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in section 1005 of the Income Tax Act of the United Kingdom.

### ***Payments for Consent***

The Company will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

### **Events of Default**

Each of the following is an Event of Default under the Indenture:

- (1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Issuer, the Company or the relevant Guarantor to comply with the obligations under the covenant described under "*—Certain Covenants—Merger and Consolidation*" above;
- (4) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any of the Company's obligations under the covenant described under "*—Change of Control*" above;
- (5) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture (in each case, other than a default in performance, or breach of, a covenant or agreement specifically addressed in clauses (1) through (4) above);
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:
  - (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £25 million or more;

- (7) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");
- (8) failure by the Company, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a



Significant Subsidiary to pay final judgments aggregating in excess of £25 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and due (the "judgment default provision");

- (9) any security interest under the Security Documents on any Collateral having a fair market value in excess of £20 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any additional Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provisions"); and
- (10) any Guarantee of the Notes by the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days (the "guarantee provisions").

However, a default under clauses (3), (4), (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4), (5), (6) and (8), the Company does not cure such default within the time specified in clauses (3), (4), (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by written notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding)

satisfactory to the Trustee against any loss, liability, cost and/or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;
- (3) such Holders have offered in writing the Trustee security and/or indemnity (including by way of pre-funding) against any loss, liability, cost and/or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity and/or pre-funding; and
- (5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, its fiduciary duties or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of pre-funding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and a Responsible Officer of the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 90 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity or security to it, and it will be for Holders to take action directly.

## **Amendments and Waivers**

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only amend one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of

the then outstanding aggregate principal amount of Notes affected, or if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of Notes of such series amended, waived or modified, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;
- (3) reduce the principal of or extend the Stated Maturity of any such Note;
- (4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";
- (5) make any such Note payable in money other than that stated in such Note;
- (6) amend the contractual right of any Holder to bring suit for the payment of principal, premium, if any, and interest on its Note, on or after the respective due dates expressed or provided for in such Note;
- (7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;
- (8) release (i) the security interest granted for the benefit of the Holders over all or substantially all of the Collateral, other than pursuant to the terms of the Indenture or the Security Documents, or (ii) any Guarantor from its Obligations under its Guarantee, other than pursuant to the terms of the Indenture, or, in each case, as permitted by the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or
- (10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

- (1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes,*" or reduce the minimum denomination of the Notes;
- (2) provide for the assumption by a successor Person of the obligations of the Company, the Issuer or any Guarantor under any Note Document;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code) or change the minimum denomination for the Notes;
- (4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;
- (5) make any change that does not adversely affect the rights of any Holder in any material respect or that would provide additional rights or benefits to the Holders or the Trustee;

- (6) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;
- (7) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;
- (8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Additional Guarantees,*" to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;
- (9) to conform the text of the Indenture, Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, a Guarantee, the Security Documents or the Notes;
- (10) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or
- (11) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent in any property which is required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted, to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with.

The Trustee shall be entitled to receive and to rely absolutely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or supplement of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment or supplement or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants contained in the Indenture shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or premium, if any, or interest, on the Notes.

### **Acts by Holders**

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

### **Defeasance**

The Issuer at any time may terminate all its and each Guarantor's obligations under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*Certain Covenants*" (other than with respect to clauses (1) and (2) of each of the covenants described under "*Certain Covenants—Merger and Consolidation—The Issuer*" and "*Certain Covenants—Merger and Consolidation—The Company*" and the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions, the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of each of the covenants described under "*Certain Covenants—Merger and Consolidation—The Issuer*," "*Certain Covenants—Merger and Consolidation—The Company*" and the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*"), (4), (5), (6), (7), (8), (9) or (10) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such entity designated by the Trustee for this purpose) cash in dollars, sterling or sterling- or dollar-denominated Government Obligations or a combination thereof in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel to the effect that Holders and beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or on a change in applicable U.S. federal income tax law since the issuance of the Notes);
- (2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;
- (3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;
- (4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and
- (5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

## **Satisfaction and Discharge**

The Indenture, and the rights of the Trustee and the Holders under the Security Document will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under

arrangements satisfactory to the Trustee for the giving of written notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), dollars, sterling or sterling- or dollar-denominated Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

### **No Personal Liability of Directors, Officers, Employees and Shareholders**

No director, officer, employee, incorporator or shareholder of the Company or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Concerning the Trustee and Certain Agents**

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain customary provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without fraud, gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

### **Notices**

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange

Authority Limited and the rules of the Channel Islands Securities Exchange so require, to the extent and in the manner permitted by such rules, the Issuer will publish any notices with respect to the Notes on the official website of the Channel Islands Securities Exchange ([www.thecise.com](http://www.thecise.com)). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered, in English, to DTC or to Euroclear and Clearstream, as applicable, each of which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

### **Prescription**

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

### **Currency Indemnity**

U.S. dollar is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Dollar Notes and the relevant Guarantees, as the case may be, including damages and sterling is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Sterling Notes and the relevant Guarantees, as the case may be, including damages (each, a "Required Currency"). Any amount received or recovered in a currency other than the Required Currency whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the amount of the Required Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that amount of Required Currency is less than the amount of the Required Currency expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth in the Indenture, for purposes of determining compliance with any sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a non-sterling currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-sterling amount is incurred or made, as the case may be.

## **Enforceability of Judgments**

Since substantially all the assets of the Company are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

## **Consent to Jurisdiction and Service**

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

## **Governing Law**

The Indenture and the Notes, including any Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

## **Certain Definitions**

*"Acquired Indebtedness"* means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Except as otherwise specifically set forth in the Indenture, Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

*"Additional Assets"* means:

- (1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used or to be used by the Company or a Restricted Subsidiary or otherwise useful in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

*"Additional Notes Proceeds Loan Agreement"* means any loan agreement between the Issuer and the Aston Martin Lagonda Limited pursuant to which the Issuer lends, on terms substantially identical to those contained in the Notes Proceeds Loan Agreement, the proceeds from the issuance of Additional Notes to the Aston Martin Lagonda Limited. The loan pursuant to such agreement, the *"Additional Notes Proceeds Loan."*

*"Affiliate"* of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.



*"Agreed Security Principles"* means the Agreed Security Principles as set out in a schedule to the New Revolving Credit Facility Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in the good faith judgment of the Company.

*"Asset Disposition"* means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of inventory or other assets in the ordinary course of business;
- (4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;
- (5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Company*" or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than £10 million or, if greater, 6.0% of Consolidated EBITDA;
- (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
- (12) foreclosure, condemnation or any similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted

Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

- (16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however*, that the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole);
- (18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and
- (19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

*"Associate"* means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary.

*"Board of Directors"* means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

*"Business Day"* means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, Jersey, Channel Islands or New York, New York, United States are authorized or required by law to close; *provided, however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("**TARGET**") payment system is open for the settlement of payments.

*"Capital Stock"* of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

*"Capitalized Lease Obligations"* means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

*"Cash Equivalents"* means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland, Norway or Japan or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £250 million;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland, Norway or Japan or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (6) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and
- (9) for purposes of clause (2) of the definition of "Asset Disposition," any marketable securities owned by the Company and its Subsidiaries on the Issue Date.

*"Change of Control"* means:

- (1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than the Company or a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the preceding or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement and (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Company beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by any other member of such group for purposes of determining whether a Change of Control has occurred.

*"Clearstream"* means Clearstream Banking, a *société anonyme* as currently in effect or any successor securities clearing agency.

*"Code"* means the United States Internal Revenue Code of 1986, as amended.

*"Commodity Hedging Agreements"* means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

*"Company"* means Aston Martin Investments Limited.

*"Consolidated EBITDA"* for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense and Receivables Fees;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortization or impairment expense;
- (5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (in each case whether or not successful) (including any such fees or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Company;
- (6) any non-controlling or minority interest expense (whether paid or not) consisting of income attributable to non-controlling or minority equity interests of third parties in such period;
- (7) the amount of expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under *"—Certain Covenants—Limitation of Affiliate Transactions;"*
- (8) the amount of any restructuring charges or reserves, equity-based or non-cash compensation charges or expenses including any such charges or expenses arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights, retention charges (including charges or expenses in respect of incentive plans), start-up or initial costs for any project or new production line, division or new line of business or other business optimization expenses or reserves including, without limitation, costs or reserves associated with improvements to IT and accounting functions, integration and facilities opening costs or any one-time costs incurred in

connection with acquisitions and Investments and costs related to the closure and/or consolidation of facilities;

- (9) (i) Orders in Production and (ii) the amount of "run rate" cost savings, operating expense reductions and synergies related to mergers and other business combinations, acquisitions, divestitures, restructurings, cost savings initiatives and other similar initiatives consummated after the Issue Date that are reasonably identifiable and factually supportable and projected by the Company in good faith to result from actions that have been taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of the Company) within 24 months after a merger or other business combination, acquisition, divestiture, restructuring, cost savings initiative or other initiative is consummated, net the amount of actual benefits realized during such period from such actions;
- (10) any net gain (or loss) realized from disposed, abandoned or discontinued operations; and
- (11) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

For the purposes of calculating Consolidated EBITDA in connection with determining baskets, such Consolidated EBITDA will be calculated for the most recently ended four fiscal quarters for which internal financial statements are available. In addition, such calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of this definition)), (i) with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Fixed Charge Coverage Ratio as if they occurred at the beginning of the applicable period and (ii) as though the full effect of cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of this definition) were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company consistent with clause (9)(ii) of this definition) of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period.

*"Consolidated Financial Interest Expense"* means, for any period (in each case, determined on the basis of IFRS), the sum of:

- (1) consolidated net interest income/expense of the Company and its Restricted Subsidiaries related to Indebtedness (including (a) amortization of debt discount, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) the interest component of Capitalized Lease Obligations, and (d) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, debt issuance cost and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (d));

- (2) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company; and
- (3) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries.

*"Consolidated Income Taxes"* means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes), trade taxes and franchise taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

*"Consolidated Interest Expense"* means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount, debt issuance cost and premium;
- (3) non-cash interest expense;
- (4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;
- (5) costs associated with Hedging Obligations;
- (6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

*"Consolidated Net Income"* means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however,* that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments,*" any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions not prohibited by the covenant described under "*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries,*" except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated

Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

- (3) any net after-tax effect of gains (or losses) realized upon the sale or other disposition (including abandonment or discontinuance) of any asset or operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);
- (4) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto), charges or expenses (including relating to any multi-year strategic initiatives), restructuring and duplicative running costs, relocation costs, integration costs, facility consolidation and closing costs, severance costs and expenses, one-time compensation charges, costs relating to pre-opening and opening costs for facilities, signing, retention and completion bonuses, costs incurred in connection with any strategic initiatives, transition costs, costs incurred in connection with acquisitions and non-recurring product and intellectual property development, other business optimization expenses (including costs and expenses relating to business optimization programs and new systems design, retention charges, system establishment costs and implementation costs) and operating expenses attributable to the implementation of cost-savings initiatives, and curtailments or modifications to pension and post-retirement employee benefit plans;
- (5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period;
- (6) any after-tax effect of income (loss) from the early extinguishment or conversion of (i) Indebtedness, (ii) Hedging Obligations or (iii) other derivative instruments;
- (7) any impairment charge or asset write-off or write-down, including impairment charges or asset writeoffs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities and investments recorded using the equity method or as a result of a change in law or regulation, and the amortization of intangibles arising pursuant to IFRS;
- (8) any equity-based or non-cash compensation charge or expense (including any such charge or expense arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights or equity incentive programs, or resulting from the application of accounting principles relating to the expensing of stock-related compensation) and any cash charges associated with the rollover, acceleration, or payout of Capital Stock by management, other employees or business partners of the Company or any Parent;
- (9) any fees, expenses or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, recapitalization, Investment, Asset Disposition, disposition, incurrence or repayment of Indebtedness (including such fees, expenses or charges related to the offering and issuance of the Notes and the syndication and incurrence of any Credit Facility), issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Notes and other securities and any Credit Facility) and including, in each case, any such transaction consummated on or prior to the Issue Date and any such transaction undertaken but not completed, and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful or consummated;
- (10) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

- (11) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;
- (12) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;
- (13) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);
- (14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period); and
- (15) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

*"Consolidated Net Leverage"* means the sum, without duplication, of (i) the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness"*) on a consolidated basis less (ii) cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis.

*"Consolidated Net Leverage Ratio"* means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business or site (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;
- (2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business or site (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect



thereto as if such Purchase (including all reasonably anticipated cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "Consolidated EBITDA") occurred on the first day of such period; and

- (3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including Orders in Production and all reasonably anticipated cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "Consolidated EBITDA"), as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "Consolidated EBITDA") as though the full effect of cost savings, operating expense reductions and synergies were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company consistent with the calculation set forth in clause 9(ii) of the definition of "Consolidated EBITDA") of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. In calculating the Consolidated Net Leverage Ratio and the Consolidated Secured Net Leverage Ratio (other than in connection with making any Restricted Payment pursuant to clause (17) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*"), pro forma effect will not be given to (i) any Indebtedness incurred on the date of determination pursuant to the second paragraph of the covenant set forth in "*—Certain Covenants—Limitation on Indebtedness*" and (ii) any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to second paragraph of the covenant set forth in "*—Certain Covenants—Limitation on Indebtedness*".

"*Consolidated Secured Net Leverage Ratio*" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation; or
  - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

*"Credit Facility"* means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the New Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the New Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term *"Credit Facility"* shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

*"Currency Agreement"* means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

*"Default"* means any event which is, or after notice or passage of time or both would be, an *"Event of Default."*

*"Designated Non-Cash Consideration"* means the fair market value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under *"—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."*

*"Designated Preference Shares"* means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as *"Designated Preference Shares"* pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under *"—Certain Covenants—Limitation on Restricted Payments."*

*"Disinterested Director"* means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

*"Disqualified Stock"* means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or
- (3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*Certain Covenants—Limitation on Restricted Payments.*"

*"Dollar Applicable Premium"* means, with respect to any Dollar Note, the greater of:

- (1) 1% of the principal amount of such Dollar Note; and
- (2) on any redemption date, the excess (to the extent positive) of:
  - (a) the present value at such redemption date of (i) the redemption price of such Dollar Note at April 15, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Dollar Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the applicable Treasury Rate at such redemption date plus 50 basis points; over
  - (b) the outstanding principal amount of such Dollar Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, the calculation of the Dollar Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

*"Dollar Equivalent"* means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination thereof by the Company, the amount of U.S. dollars obtained by converting such currency other than U.S. dollars involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable currency other than U.S. dollars as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on the date of such determination.

*"DTC"* means The Depository Trust Company or any successor securities clearing agency.

*"Equity Offering"* means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any of its Restricted Subsidiaries.

*"Escrowed Proceeds"* means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term *"Escrowed Proceeds"* shall include any interest earned on the amounts held in escrow.

*"Euroclear"* means Euroclear Bank SA/NV, or any successor securities clearing agency.

*"European Union"* means all members of the European Union as of January 1, 2004 (including for the avoidance of doubt, the United Kingdom).

*"Exchange Act"* means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

*"Excluded Contribution"* means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

*"Existing Notes"* means the £304 million aggregate principal amount of Aston Martin Capital Limited's 9.25% Senior Secured Notes due 2018 governed by the indenture dated June 21, 2011, between, among others, Aston Martin Holdings (UK) Limited, the guarantors named therein and Deutsche Trustee Company Limited, as trustee.

*"Existing PIK Notes"* means the \$165,000,000 initial aggregate principal amount of Aston Martin Holdings (UK) Limited's 10.25% senior subordinated PIK notes due 2018 governed by the indenture dated March 14, 2014 (as amended or supplemented from time to time), between, among others, Aston Martin Holdings (UK) Limited and Deutsche Trustee Company Limited, as trustee.

*"fair market value"* shall be determined in good faith by the Company and may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

*"Fixed Charge Coverage Ratio"* means, for any period, the ratio of:

- (c) Consolidated EBITDA to
- (d) Consolidated Financial Interest Expense;

*provided* that in calculating the Fixed Charge Coverage Ratio or any element thereof for any period, pro forma calculations will be made in good faith by a responsible financial or accounting officer of the Company (including any pro forma expenses, Orders in Production, cost savings, operating expense reductions and synergies that have occurred or are reasonably expected to occur within the next 24 months following the date of such calculation, including, without limitation, as a result of, or that would result from any actions taken by the Company or any of its Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or program or in connection with any Orders in Production, transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise, in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Company (regardless of whether these Orders in Production, cost savings, operating expense reductions and synergies could then be reflected in *pro forma* financial statements to the extent prepared)); *provided, further,* without limiting the application of the previous proviso, that for the purposes of calculating Consolidated EBITDA or Consolidated Financial Interest Expense for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an

operating unit of a business or site (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period; and (b) the Consolidated Financial Interest Expense for such period shall be reduced by an amount equal to the Consolidated Financial Interest Expense directly attributable to any Indebtedness of the Company or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and the continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Financial Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale);

- (2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business or site (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving *pro forma* effect thereto (including all Orders in Production and reasonably anticipated cost savings, operating expense reductions and synergies, in each case, as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*"), as if such Purchase occurred on the first day of such period; and
- (3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving *pro forma* effect thereto (including Orders in Production and all reasonably anticipated cost savings, operating expense reductions and synergies, in each case, as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*"), as if such Sale or Purchase occurred on the first day of such period.

If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness for a period equal to the remaining term of such Indebtedness).

For the purposes of this definition, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of Orders in Production, cost savings, operating expense reductions and synergies (as calculated in good faith by a reasonable financial or accounting officer of the Company consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*")) as though the full effect of cost savings, operating expense reductions and synergies were realized on the first day of the relevant period and shall also include Orders in Production and the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or accounting officer of the Company

consistent with clause (9)(ii) of the definition of "*Consolidated EBITDA*") of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. In calculating the Fixed Charge Coverage Ratio, *pro forma* effect will not be given to (i) any Indebtedness Incurred on the date of determination pursuant to the second paragraph of the covenant set forth in "*Limitation on Indebtedness*" (other than for the purpose of the calculation of the Fixed Charge Coverage Ratio under clause (5) of such second paragraph) or (ii) the repayment, repurchase, redemption, defeasance or other discharge of any Indebtedness on such date of determination, to the extent that such repayment, repurchase, redemption, defeasance or other discharge is made with the proceeds of Indebtedness Incurred pursuant to the second paragraph of the covenant "*Limitation on Indebtedness*").

"*Gilt Rate*" means, with respect to any redemption date, the yield to maturity as of such redemption date of UK Government Obligations with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent financial statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the Redemption Date to April 15, 2019; *provided, however*, that if the period from the Redemption Date to April 15, 2019 is less than one year, the weekly average yields of actually traded UK Government Obligations denominated in sterling adjusted to a fixed maturity of one year shall be used; and *provided further*, that in no case shall the Gilt Rate be less than zero.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Government Obligations*" mean direct obligations of, or obligations guaranteed by, a Permissible Agency, Instrumentality or Government, for the payment of which the full faith and credit of such agency, instrumentality or government is pledged.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

*provided, however*, that the term "*Guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantor*" means the Company (or the Successor Company) and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be Cede & Co. as nominee of DTC (in the case of the Dollar Notes) and the respective nominee of Clearstream and Euroclear (in the case of the Sterling Notes).

"*Holding Company*" means, in relation to any Person, any Person of which it is a Subsidiary.

*"IFRS"* means International Financial Reporting Standards (formerly International Accounting Standards) which are in effect on the Issue Date; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that *"IFRS"* shall mean IFRS as endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply. The Company shall give written notice of any such election to the Trustee. Notwithstanding the foregoing, with respect to all ratios and calculations based upon IFRS contained in the Indenture, any lease, concession, license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under such operating lease shall be computed in accordance with IFRS as in effect on the Issue Date.

*"Incur"* means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms *"Incurred"* and *"Incurrence"* have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be *"Incurred"* at the time any funds are borrowed thereunder.

*"Indebtedness"* means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Capitalized Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;
- (2) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter;
- (3) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement;
- (4) Subordinated Shareholder Funding;
- (5) prepayments of deposits received from clients or customers in the ordinary course of business;
- (6) obligations under any license, permit, or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business;
- (7) deferred or prepaid revenues;
- (8) Indebtedness in respect of the Incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Company or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond;
- (9) Indebtedness Incurred by the Company or a Restricted Subsidiary in connection with a transaction where a substantially concurrent Investment is made by the Company or a Restricted Subsidiary in the form of cash deposited with the lender of such Indebtedness, or a Subsidiary or Affiliate thereof, in an amount equal to such Indebtedness, For the avoidance of doubt, if any Indebtedness is excluded pursuant to this clause (9), any associated cash deposited in connection therewith shall not offset the Fixed Charge Coverage Ratio or the Consolidated Net Leverage Ratio;
- (10) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date;
- (11) any asset retirement obligations; or
- (12) any liability for Taxes.

*"Independent Financial Advisor"* means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Company.



*"Initial Investors"* means (i) any investment fund managed or advised by Investindustrial S.A. (formerly known as BI-Invest Holdings S.A.) or any of its direct or indirect Subsidiaries or Affiliates or any company controlled directly or indirectly by Investindustrial S.A. (formerly BI-Invest Holdings S.A.), (ii) Primewagon (Jersey) Limited, (iii) Asmar Limited, (iv) Adeem Automotive Manufacturing Company Limited, (v) International Oasis Holding Company, (vi) Stehwaz Automotive Jersey Limited, and (vii) the respective Affiliates of and any funds or partnerships managed or advised, directly or indirectly, by the Persons described in (i) through (vii) (inclusive) and their respective Affiliates, and, solely in their capacity as such, any limited partner of any such partnership or fund.

*"Initial Public Offering"* means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

*"Intercreditor Agreement"* means the Intercreditor Agreement dated on or about the Issue Date, among, *inter alios*, the Issuer, the Company and U.S. Bank Trustees Limited as security agent, as amended, amended and restated and/or replaced from time to time and to which the Trustee will accede to on or about the Issue Date.

*"Interest Rate Agreement"* means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

*"Inventory Funding Facility"* means, with respect to the Company or any of its Subsidiaries, one or more debt facilities or other arrangements (including (i) the uncommitted revolving facility between Standard Chartered Bank, as lender and AM Limited, as borrower and (ii) the agreements in relation to four inventory funding arrangements in China in place on the Issue Date) with banks or other financial institutions providing for short-term financing or other Indebtedness of no longer than 180 Business Days to fund in-transit inventory and inventory held for sale, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing.

*"Investment"* means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments:*"

- (1) *"Investment"* will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary;
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer; and

- (3) If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be a new Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

*"Investment Grade"* means (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's, or (iii) the equivalent of such ratings by S&P or Moody's, or of another Nationally Recognized Statistical Ratings Organization.

*"Investment Grade Securities"* means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or Japan or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

*"Investment Grade Status"* shall occur when the Notes receive both of the following:

- (1) a rating of "BBB-" or higher from S&P; and
- (2) a rating of "Baa3" or higher from Moody's; or
- (3) the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

*"IPO Event"* means the occurrence of an Initial Public Offering or a Listing.

*"IPO Market Capitalization"* means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

*"Irrevocable Repayment"* means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

*"Issue Date"* means April 18, 2017.

*"Lien"* means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

*"Limited Condition Acquisition"* means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

*"Listing"* means a listing of all or any part of the share capital of the Company or any Subsidiary of the Company on any recognised investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other sale or issue by way of flotation or public offering in relation to the Company or any such Subsidiary of the Company in any jurisdiction or country.

*"Management Advances"* means loans, advances or distributions made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary, or any management equity plan or management vehicle:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock of the Company, its Subsidiaries or any Parent, or the entitlement of any such person under such plan or in such vehicle in connection with such plan upon meeting specified exit targets with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Company;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding £3 million in the aggregate outstanding at any time.

*"Management Investors"* means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

*"Market Capitalization"* means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

*"Moody's"* means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

*"Nationally Recognized Statistical Rating Organization"* means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

*"Net Available Cash"* from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

*"Net Cash Proceeds,"* with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

*"New Revolving Credit Facility Agreement"* means the revolving credit facility entered into (or to be entered into) on or about the Issue Date among, *inter alios*, AM Limited as borrower and guarantor, each of the Issuer, the Company and AM Group Limited, as guarantors and J.P. Morgan Limited, Deutsche Bank AG, London Branch and Goldman Sachs Bank USA, as mandated lead arrangers and lenders.

*"Note Documents"* means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents.

*"Notes Proceeds Loan"* means the loan incurred by Aston Martin Lagonda Limited under the Notes Proceeds Loan Agreement.

*"Notes Proceeds Loan Agreement"* means the loan agreement, dated on or around the Issue Date, between the Issuer and Aston Martin Lagonda Limited pursuant to which the Issuer will lend the proceeds from the issuance of the Notes on or around the Issue Date.

*"Obligations"* means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

*"Offering Memorandum"* means the offering memorandum in relation to the Notes.

*"Officer"* means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Director, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

*"Officer's Certificate"* means, with respect to any Person, a certificate signed by one Officer of such Person.

*"Opinion of Counsel"* means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

*"Orders in Production"* means, as of the applicable measurement date, the expected Consolidated EBITDA from fully committed orders of cars from customers of the Company or its Restricted Subsidiaries which have been loaded onto the Company or its Restricted Subsidiaries' internal scheduling system and which dealers cannot unilaterally cancel, less expected associated costs based on the relevant production schedule.

*"Parent"* means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

*"Parent Expenses"* means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;
- (4) fees and expenses payable by any Parent in connection with the Transactions;
- (5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries;
- (6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed £1 million in any fiscal year; and
- (7) expenses incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:
  - (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;
  - (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or
  - (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

*"Pari Passu Indebtedness"* means Indebtedness of the Company or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Guarantees, as the case may be, and, in each case, is secured by a Lien on the Collateral.

*"Paying Agent"* means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

*"Permissible Agency, Instrumentality or Government"* means any agency, instrumentality or government of any Permissible Jurisdiction.

*"Permissible Jurisdiction"* means any member state of the European Union (other than Greece, Portugal and Italy).

*"Permitted Asset Swap"* means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under *"—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."*

*"Permitted Collateral Liens"* means (v) Liens on the Collateral that are Permitted Liens (other than Liens described in clauses (1), (7), (10), (14), (15) (to the extent such Liens secure Indebtedness owing to a Restricted Subsidiary that is not the Issuer or a Guarantor), (16), (17), (25), (26), (27) and (30) of the definition of "Permitted Liens"); (w) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), 4(c) (if the original Indebtedness was so secured), (6), (11) and (15) of the second paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness"* and any Refinancing Indebtedness in respect of such Indebtedness; *provided, however,* that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement, but super priority ranking may be given to any liabilities in

respect of Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and Hedging Obligations permitted by clause (6) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" (but only to the extent such Hedging Obligations relate to Indebtedness Incurred under the first paragraph or under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a) and (11) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"; (x) Liens on the Collateral securing Indebtedness incurred under the first paragraph and clause (12) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*"; *provided that*, in the case of this clause (x), after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio shall be equal to or less than 3.5 to 1.0; (y) Liens on the Collateral securing Indebtedness incurred under clause (5) of the second paragraph of "*—Certain Covenants—Limitation on Indebtedness*"; *provided that*, in the case of this clause (y), after giving effect to such acquisition or other transaction on that date pursuant to which such Indebtedness was Incurred and after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio (A) shall be equal to or less than 3.5 to 1.0 or (B) would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and Incurrence of Indebtedness; and *provided further* that each of the parties to Indebtedness secured by Liens pursuant to clauses (w), (x) or (y) hereof or their agent, representative or trustee will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; and (z) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes; *provided that*, in the case of this clause (z), the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

*"Permitted Holders"* means, collectively, (1) the Initial Investors and any Affiliate thereof, (2) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity and (3) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which the foregoing are members; *provided that*, in the case of such group and without giving effect to the existence of such group, no Person or other group (other than a Permitted Holder) has beneficial ownership of more than 50% of the Voting Stock of the Company or any of its direct or indirect parent companies. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

*"Permitted Investment"* means (in each case, by the Company or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) Management Advances;
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted

Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock;*"
- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;
- (10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness;*"
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of £25 million and 15.5% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments;*" such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;
- (12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens;*"
- (13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;
- (14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);
- (15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;
- (16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness;*" and
- (17) Investments in the Notes and the Notes Proceeds Loan.

"*Permitted Liens*" means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;
- (2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet

overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

- (4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (5) Liens in favor of the Company of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;
- (7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;
- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other



assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

- (15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary, or arising from any escrow arrangement in relation to a management equity program to the extent funded as Management Advances;
- (16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than pursuant to clauses (25) and (30) of this definition); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
- (18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (21) Liens on cash accounts securing Indebtedness incurred under clause (10) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" with local financial institutions;
- (22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;
- (24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of £25 million and 15.5% of Consolidated EBITDA at any one time outstanding;
- (26) Permitted Collateral Liens;
- (27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

- (28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;
- (29) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;
- (30) Liens on Indebtedness permitted to be Incurred pursuant to clauses (14) or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; and
- (31) Liens on property or assets securing any Inventory Funding Facility.

*"Permitted Reorganization"* means a reorganization transaction comprising the incorporation of a new direct Parent of the Company (*"New Holdco"*) and the transfer of the Capital Stock of the Company to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing under a (i) the United States of America or Canada, (ii) any Permissible Jurisdiction or (iii) Switzerland, Norway or Japan; (2) New Holdco will acquire the Capital Stock of the Company held by Aston Martin Holdings (UK) Limited and shall have entered into a confirmation deed or similar instrument (x) confirming the first-priority pledge of the Capital Stock of the Company which formed part of the Collateral at the time of such Permitted Reorganization in favor of the Holders of the Notes and (y) assuming all relevant obligations of the Aston Martin Holdings (UK) Limited under any Security Document and the Intercreditor Agreement, (3) the Company will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Reorganization and (4) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Reorganization. Upon such Permitted Reorganization, the Aston Martin Holdings (UK) Limited shall be released from its obligations under the Indenture, Security Documents, the Intercreditor Agreement (and any additional Intercreditor Agreement).

*"Person"* means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

*"Preference Shares"* means the preference shares issued by Aston Martin Holdings (UK) Limited certain of which were allotted on April 29, 2015 with the remaining preference shares allotted on April 15, 2016.

*"Preferred Stock,"* as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

*"Pricing Date"* means March 31, 2017 or with respect to any Additional Notes, the date of the final offering memorandum relating to the offering of such Additional Notes.

*"Public Debt"* means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

*"Public Market"* means any time after:

- (1) an Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £75.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

*"Public Offering"* means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

*"Purchase Money Obligations"* means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

*"Qualified Receivables Financing"* means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value, and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

*"Receivables Assets"* means any assets that are or will be the subject of a Qualified Receivables Financing.

*"Receivables Fees"* means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

*"Receivables Financing"* means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

*"Receivables Repurchase Obligation"* means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

*"Receivables Subsidiary"* means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

- (2) with which neither the Company nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and
- (3) to which neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

*"Refinance"* means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms *"refinances," "refinanced"* and *"refinancing"* as used for any purpose in the Indenture shall have a correlative meaning.

*"Refinancing Indebtedness"* means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however,* that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness, tender premiums and costs, expenses and fees Incurred in connection therewith); and
- (3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

*provided, however,* that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

*"Related Taxes"* means:

- (1) any Taxes (other than (x) Taxes measured by net or gross income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:
  - (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);
  - (b) issuing or holding Subordinated Shareholder Funding;

- (c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;
  - (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or
  - (e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments*;" or
- (2) without duplication of clause (1) above, if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

*"Responsible Officer,"* when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) including any vice president, assistant vice president, assistant treasurer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

*"Restricted Investment"* means any Investment other than a Permitted Investment.

*"Restricted Subsidiary"* means any Subsidiary of the Company other than an Unrestricted Subsidiary.

*"Reversion Date"* means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

*"S&P"* means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

*"SEC"* means the U.S. Securities and Exchange Commission or any successor thereto.

*"Secured Indebtedness"* means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that (a) is secured by a first-priority Lien on the Collateral or (b) is Incurred by a Restricted Subsidiary that is not a Guarantor and that, in the case of each of (a) and (b), is Incurred under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4), (5), (11), (12) or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof.

*"Securities Act"* means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

*"Security Documents"* means the security interest agreements, pledge agreements, security assignments, debentures and any other instrument or document creating security interests in the Collateral, as the same may be amended, supplemented or otherwise modified from time to time.

*"Senior Finance Documents"* means the New Revolving Credit Facility Agreement and such other documents that are defined and/or designated as "*Senior Finance Documents*" pursuant to the New Revolving Credit Facility Agreement.

*"Senior Management"* means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

*"Significant Subsidiary"* means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

*"Similar Business"* means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date, (b) the design and manufacture (including all component parts) of automobiles and other luxury products and (c) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

*"Standard Securitization Undertakings"* means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

*"Stated Maturity"* means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

*"Sterling Applicable Premium"* means, with respect to any Sterling Note, the greater of:

- (1) 1% of the principal amount of such Sterling Note; and
- (2) on any redemption date, the excess (to the extent positive) of:
  - (a) the present value at such redemption date of (i) the redemption price of such Sterling Note at April 15, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Sterling Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the applicable Gilt Rate at such redemption date plus 50 basis points; over
  - (b) the outstanding principal amount of such Sterling Note, as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, the calculation of the Sterling Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

*"Sterling Equivalent"* means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Company or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in *The Financial Times* in the "*Currency Rates*" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Company) on the date of such determination.

*"Subordinated Indebtedness"* means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Guarantees pursuant to a written agreement.

*"Subordinated Shareholder Funding"* means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however,* that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and
- (5) pursuant to its terms or the Intercreditor Agreement, any Additional Intercreditor Agreement or another intercreditor agreement is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to holders of the Notes than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Shareholder Liabilities" (as defined therein).

*"Subsidiary"* means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
  - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
  - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

*"Successor Parent"* with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of

such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Tax Sharing Agreement" means any group relief, tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"Temporary Cash Investments" means any of the following:

- (1) any investment in
  - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland, Norway or Japan, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
  - (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
  - (a) any lender under the New Revolving Credit Facility Agreement;
  - (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
  - (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway, Japan or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or



- "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
  - (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
  - (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
  - (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

*"Total Assets"* means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

*"Transactions"* means (i) the issuance of the Notes, (ii) the entrance into the Security Documents, (iii) the contribution by the Issuer of the proceeds of the Notes as a subordinated intercompany loan to Aston Martin Lagonda Limited pursuant to the Notes Proceeds Loan, which in turn will use the funds received (a) to redeem the Existing Notes on behalf of Aston Martin Capital Limited, (b) to redeem the Existing PIK Notes on behalf of Aston Martin Holdings (UK) Limited, (c) to pay commissions, fees and expenses associated with these transactions as well as a fee expected to be paid to holders of the Preference Shares relating to certain proposed amendments to the terms of the Preference Shares and (d) for general corporate purposes, including working capital, (iv) the entrance into the New Revolving Credit Facility Agreement, (v) the contribution, immediately following the repayment of the Existing Notes, by Aston Martin Holdings (UK) Limited of the entire share capital of Aston Martin Capital Limited to the Company in exchange for shares of the Company, which in turn will contribute the entire share capital of Aston Martin Capital Limited to the Issuer in exchange for shares of the Issuer and (vi) the payment or incurrence of any fees, expenses or charges associated with any of the foregoing.

*"Treasury Rate"* means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to April 15, 2019; *provided, however*, that if the period from the redemption date to April 15, 2019 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such redemption date to April 15, 2019 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used; and *provided further*, that in no case shall the Treasury Rate be less than zero.

*"Trust Indenture Act"* means the Trust Indenture Act of 1939, as amended.

*"UK GAAP"* means generally accepted accounting principles in the United Kingdom as in effect from time to time.

*"Uniform Commercial Code"* means the New York Uniform Commercial Code.

*"Unrestricted Subsidiary"* means:

- (1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments.*"

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least £1.00 of additional Indebtedness pursuant to the first paragraph of the "*Limitation on Indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

*"Voting Stock"* of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

*"Wholly Owned Subsidiary"* means a Restricted Subsidiary, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

## Book-entry; delivery and form

### General

Each series of Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes"). The Regulation S Global Notes representing the Dollar Notes (the "Dollar Regulation S Global Notes") will be deposited upon issuance with the custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Sterling Notes (the "Sterling Regulation S Global Notes") will be deposited upon issuance with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes" and, together with the Regulation S Global Notes, the "Global Notes"). The Rule 144A Global Notes representing the Dollar Notes (the "Dollar 144A Global Notes" and, together with the Dollar Regulation S Global Notes, the "Dollar Global Notes") will be deposited upon issuance with the custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Rule 144A Global Notes representing the Sterling Notes (the "Sterling 144A Global Notes" and, together with the Sterling Regulation S Global Notes, the "Sterling Global Notes") will be deposited upon issuance with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Dollar Global Notes (the "Dollar Book-Entry Interests") and ownership of interests in the Sterling Global Notes (the "Sterling Book-Entry Interests," and, together with the Dollar Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC or Euroclear and/or Clearstream, respectively, or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC or Euroclear and Clearstream, as applicable, and their participants. Clearstream and Euroclear are direct and indirect participants, respectively, in DTC and, accordingly, persons who have accounts with Clearstream or Euroclear (or with participants in Clearstream or Euroclear) may own Book-Entry Interests. The Book-Entry Interests in the Dollar Global Notes will be issued only in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof. The Book-Entry Interests in the Sterling Global Notes will be issued only in denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC or Euroclear and Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems the account of a participant with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and the participants through which they own Book-Entry Interests, in order to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Trustee, the Paying Agents, the Transfer Agents or the Registrar under the Indenture or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

## Issuance of definitive registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the “Definitive Registered Notes”):

- if DTC, Euroclear or Clearstream, as applicable, notifies the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear or Clearstream following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or Euroclear and Clearstream, as applicable, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “*Transfer Restrictions*”, unless that legend is not required by the Indenture or applicable law.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that any such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if any such Definitive Registered Note is mutilated and is surrendered to the Registrar, the Trustee or the Issuer, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee’s and the Issuer’s requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect the Issuer, the Trustee or the paying agents appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See “*Transfer Restrictions*”.

## Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear or Clearstream (or their respective nominees), as applicable, will distribute the same amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such

other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than \$200,000 principal amount in the case of a Dollar Book-Entry Interest, or £100,000 principal amount in the case of a Sterling Book-Entry Interest, may be redeemed in part.

## **Payments on Global Notes**

The Issuer will make payments of amounts owing in respect of the Global Notes (including principal, premium, if any, interest, additional interest and additional amounts) to the relevant paying agent. The relevant paying agent will, in turn, make such payments to DTC or its nominee (in the case of the Dollar Global Notes) and to the common depository for Euroclear and Clearstream (in the case of the Sterling Global Notes), which will distribute such payments to participants in accordance with their respective procedures. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*". If any such deduction or withholding is required to be made by applicable law or regulation or otherwise as described under "*Description of the Notes—Withholding Taxes*", then, to the extent described under "*Description of the Notes—Withholding Taxes*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., DTC, Euroclear or Clearstream or their respective nominees) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear or Clearstream, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by DTC, Euroclear or Clearstream, or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear or Clearstream, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- DTC, Euroclear or Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name".

## **Currency and payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interests in such Notes through DTC in U.S. dollars. The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Sterling Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

## **Action by owners of Book-Entry Interests**

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose

account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. Nevertheless, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form and to distribute such Definitive Registered Notes to their respective participants.

## Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC, Euroclear or Clearstream, as applicable, and in accordance with the provisions of the Indenture.

The Rule 144A Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Transfer Restrictions*".

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or any other exemption (if available under the U.S. Securities Act).

Prior to 40 days after the date of initial issuance of the Notes, ownership interests in Regulation S Global Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream or persons who hold interests through DTC, Euroclear or Clearstream, and any sale or transfer of interests to U.S. persons will not be permitted unless the resale or transfer is made pursuant to Rule 144A.

Beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that the transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This paragraph refers to transfers and exchanges with respect to the Dollar Global Notes only. Transfers involving an exchange of a Dollar Book-Entry Interest in a Regulation S Global Note for a Dollar Book-Entry Interest in a 144A Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in a Regulation S Global Note prior to the expiration of the 40 days after the date of issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all applicable transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and*

*exchange*". Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

## **Information concerning DTC, Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear or Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

DTC advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

## **Global clearance and settlement under the book-entry system**

Application will be made for the listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited. The Issuer expects that the book-entry interests will trade through participants of DTC, Euroclear and Clearstream, as applicable, and will settle in same-day funds. Since the sale determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, AM Holdings, the Trustee, the Paying Agents, the Transfer Agents or the Registrar will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.



## Certain tax considerations

### Certain United Kingdom tax consequences

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs (“HMRC”) published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply.

If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

#### *Interest on the Notes*

##### *Payment of interest on the Notes*

Provided that the interest on the Notes does not have a UK source, interest on the Notes may be payable without withholding or deduction for or on account of UK income tax. The source of a payment is a complex matter. It is necessary to have regard to case law and HMRC published practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC consider the most important factor in deciding whether interest has a UK source is the residence of the debtor and the location of the debtor’s assets.

If interest on the Notes has a UK source (“UK interest”), it will be payable without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007 (the “ITA”). The Channel Islands Securities Exchange Authority Limited is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Channel Islands Securities Exchange Authority Limited if they are included in the Official List of the Channel Islands Securities Exchange Authority Limited and are admitted to trading on the Channel Islands Securities Exchange Authority Limited.

UK interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) at the time the payment is made that (a) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (b) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In all other cases, an amount must be withheld from payments of UK interest on the Notes on account of UK income tax at the basic rate (currently 20%), subject to any direction to the contrary by HMRC under an applicable double taxation treaty.

##### *Provision of information*

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid, Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited.

Information obtained by HMRC may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

### ***Further UK Tax Issues***

If the interest on the Notes constitutes UK source income for tax purposes, it may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction.

However, UK interest received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (a) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the UK interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for UK interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

### **Certain Jersey tax consequences**

The following summary of the anticipated treatment of the Issuer and holders of Notes (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Prospective investors in the Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

#### ***Taxation of the company***

The Issuer is not regarded as resident for tax purposes in Jersey. Therefore, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and payments in respect of the Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax. The holders of Notes (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Notes.

#### ***Stamp duty***

In Jersey, no stamp duty is levied on the issue or transfer of the Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Notes on the death of a holder of such Notes where such Notes are situated in Jersey. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Notes domiciled in Jersey, or situated in Jersey in respect of a holder of Notes domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000. Where the Notes are in registered form and the register is not maintained in Jersey such Notes should not be considered to be situated in Jersey for these purposes.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

**If you are in any doubt as to your tax position you should consult your professional tax adviser.**

### **Certain United States federal tax consequences**

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Notes. This summary deals only with Notes held as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code")) by U.S. holders (as defined below) who purchase the Notes for cash pursuant to this offering at their "issue price" (the first price at which a substantial amount of the Notes of the applicable series is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "U.S. holder" means a beneficial owner of the Notes that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If any entity or arrangement classified as a partnership for United States federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the Notes, you should consult your own tax advisors.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are a person subject to special tax treatment under the United States federal income tax laws, including, without limitation:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity (or an investor in such an entity);
- a person whose "functional currency" is not the U.S. dollar; or
- a United States expatriate.

This summary is based on the Code, United States Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, so as to result in United States federal income tax consequences different from those summarized below. We have not and will not seek any rulings from the Internal Revenue Service ("IRS") regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare contribution tax on net investment income or the effects of any state, local or non-United States tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Notes.

**If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.**

### ***Payments of interest***

Interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) will generally be taxable to you as foreign source ordinary income at the time it is paid or accrued in accordance with your method of accounting for United States federal income tax purposes.

Interest on the Sterling Notes will be payable in pounds sterling. If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income (as foreign source ordinary income) the U.S. dollar value of the amount of interest received on the Sterling Notes, determined by translating the pounds sterling received at the spot rate on the date such payment is received, regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment (other than exchange gain or loss realized on the disposition of the pounds sterling so received).

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to interest on the Sterling Notes in accordance with either of two methods. Under the first method you will be required to include in income (as foreign source ordinary income) for each taxable year the U.S. dollar value of the interest that has accrued on the Sterling Notes held during such year, determined by translating such interest at the average rate of exchange for the period or periods (or portions thereof) during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period;
- the last day of the taxable year if the accrual period straddles your taxable year; or
- the date the interest payment is received if such date is within five business days of the end of the accrual period.

If you elect to use the second method, the election must be consistently applied by you to all debt instruments from year to year and can be changed only with the consent of the IRS. In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a Sterling Note (including, upon the sale of a Sterling Note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), you will recognize United States source ordinary gain or loss, which generally will not be treated as an adjustment to interest income or expense, in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the pounds sterling received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

### ***Sale, exchange, retirement, redemption or other taxable disposition of Notes***

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (less any amount attributable to accrued and unpaid interest, which will be taxable as interest income as discussed above in "*—Payments of interest*") and the adjusted tax basis of the Note. Your adjusted tax basis in a Note will generally be your U.S. dollar cost for that Note. If you purchased a Sterling Note with pounds sterling, your U.S. dollar cost generally will be the U.S. dollar value of the pounds sterling paid for such Sterling Note determined at the spot rate on the date of such purchase. If a Sterling Note is sold, exchanged, retired or otherwise disposed of in a taxable transaction for pounds sterling, then your amount realized generally will be based on the spot rate in effect on the date of such sale, exchange, retirement or other taxable disposition. If, however, you are a cash method taxpayer and the Sterling Notes are traded on an established securities market for United States federal income tax purposes, pounds sterling paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. If you use the accrual method of accounting for United States federal income tax purposes, you may elect the same treatment with respect to the purchase and sale of Sterling Notes traded on an established securities market, provided that such election is applied consistently to all debt instruments held by you from year to year. Such election cannot be changed without the consent

of the IRS. An accrual basis taxpayer that does not make the special settlement date election and sells a Sterling Note will recognize foreign currency exchange gain or loss, which generally will be treated as United States source ordinary income or loss, to the extent that there are exchange rate fluctuations between the sale date and the settlement date.

Except with respect to gain or loss attributable to changes in exchange rates as discussed below, any gain or loss you recognize will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Note for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as United States source gain or loss.

A portion of your gain or loss with respect to the principal amount of a Sterling Note may be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the principal amount of the Sterling Note is your purchase price for the Sterling Note calculated in pounds sterling on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined at the spot rate on the date of the sale, exchange, retirement or other taxable disposition of the Sterling Note and (ii) the U.S. dollar value of the principal amount determined at the spot rate on the date you purchased the Sterling Note (or, possibly, in the case of cash basis or electing accrual basis taxpayers, the settlement dates of such purchase and taxable disposition, if the Sterling Note is treated as traded on an established securities market for U.S. federal income tax purposes). The amount of exchange gain or loss realized on the disposition of the Sterling Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the Sterling Note.

#### ***Disposition of pounds sterling***

Your tax basis in pounds sterling received as interest on a Sterling Note or on the sale, exchange, retirement or other taxable disposition of a Sterling Note will be the U.S. dollar value thereof at the spot rate in effect on the date the pounds sterling are received. Any gain or loss recognized by you on a sale, exchange or other disposition of the pounds sterling will generally be treated as United States source ordinary income or loss.

#### ***Tax return disclosure requirements***

United States Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the United States Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a receipt or accrual of interest on or a sale, exchange, retirement or other taxable disposition of a Sterling Note or pounds sterling received in respect of a Sterling Note to the extent that such receipt, accrual, sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a Sterling Note, you should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Sterling Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Certain U.S. holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in the Notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the Notes.

#### ***Backup withholding and information reporting***

Generally, information reporting will apply to all payments of interest, and the proceeds from a sale or other disposition (including a retirement or redemption) of a Note paid to you, unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number or a certification that you are not subject to backup withholding, you may be subject to backup withholding on any such payments or proceeds.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

## Certain insolvency and local law limitations

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests relating to the Notes, and of certain insolvency law considerations in each of the jurisdictions in which the Issuer, the Guarantors and the providers of security (as at the date hereof) are organized or incorporated. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or in the jurisdiction of organization or incorporation of a future guarantor under the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and any security securing the Notes.

### Jersey

#### *Insolvency*

The Issuer and AM Capital are incorporated under the laws of Jersey. Consequently, in the event of an insolvency of the Issuer or AM Capital insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: *désastre* and winding up (including just and equitable winding up and creditors' winding up). The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "Jersey Bankruptcy Law") declaring the property of a debtor to be "*en désastre*" (a "declaration"). On a declaration of *désastre*, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "Viscount"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the debt. With effect from the date of declaration, a secured party may, however, without the consent of the Viscount and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "2012 Law"). To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the property or person of the debtor, and may not commence any legal proceedings or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the balance of the debt.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law"). On a creditors' winding up, a liquidator is nominated by the shareholders. The creditors may approve such a liquidator or apply to appoint a different liquidator. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The shareholders must give creditors 14 days' notice of the meeting to commence the creditors' winding up. After the commencement of the creditors' winding up, a secured party may, however, without the sanction of a liquidator and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the 2012 Law. To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, the secured party has no other remedy against the company without leave of the court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (among other things) three quarters in number and value of the creditors acceded to the arrangement.

#### *Transactions at an undervalue*

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up, a procedure which is

instigated by shareholders not creditors), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "other party") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

### ***Preferences***

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "other party"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

### ***Extortionate transactions, onerous property, disclaimer and customary law fraudulent dispositions***

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of "*désastre*" and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the "rights, interests and liabilities of the [company/debtor] in or in respect of the property disclaimed" and "discharge[s] the [company/Viscount] from all liability in respect of [the] property as [of the date of the commencement of the creditors' winding up/from the date of the declaration]" but "shall not, except so far as is necessary for the purpose of releasing the [company/debtor] from liability, affect the rights or liabilities of any other person". A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the *désastre* or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

### ***Enforcement of security and security in insolvency***

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside Jersey,



but to the extent that any floating charge or other security interest governed by a foreign law is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge or other security interest is not likely to be held valid and enforceable by the Jersey courts in respect of Jersey situs assets.

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Jersey courts may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

The Royal Court (in its inherent jurisdiction) may, however, under Article 49(1) of the Jersey Bankruptcy Law assist the courts of prescribed countries and territories and, applying general principles of comity, assist the courts in other jurisdictions, in all matters relating to the insolvency of any person to the extent that the Royal court thinks fit. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If insolvency proceedings have been commenced in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

In the case of both statutory and non-statutory requests for assistance, it should be noted that the UNCITRAL provisions will not automatically be followed, as this is a matter for the discretion of the Royal Court. The court's position may also not be in accordance with EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law, and thus the automatic test of center of main interests does not apply.

Enforcement of a security interest against a Jersey company may be further limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or affecting the rights of creditors, and laws in relation to transactions at an undervalue, preference, extortionate credit transactions, disclaimer of onerous property and fraudulent dispositions also apply in Jersey.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of Jersey law. The Jersey situs assets of the Issuer and the Company will be secured pursuant to Jersey law governed security interest agreements. The 2012 Law provides that a secured party may enforce security over intangible movable assets by way of sale or appropriation of the collateral or proceeds. In addition, a secured party may take certain ancillary actions, including any bespoke enforcement powers included in a security agreement, to the extent not in conflict with the 2012 Law. More than one enforcement option can be taken, and taking one or more of the enforcement options specified above does not preclude the exercise of other rights of a secured party. The power of enforcement is exercisable once an event of default has occurred and written notice specifying the event of default has been served on the grantor by the secured party. If enforcement is by way of sale or appropriation, the secured party must give the grantor 14 days' prior written notice. Importantly, the grantor may agree in writing to waive its right to notice of appropriation or sale and it is usual to include such a waiver in the security agreement. The secured party is obliged on sale or appropriation, to give at least 14 days' prior written notice to (i) any person who, 21 days before the sale or appropriation, has a registered security interest in the collateral, and (ii) any person other than the grantor who has an interest in the collateral and has, not less than 21 days before the sale or appropriation, given the secured party notice of that interest unless, in each case the secured party and such person have otherwise agreed in writing. There are specific carve-outs from the obligation to give notice of sale. On exercising the power of enforcement by appropriation or sale, the secured party must: (i) take all commercially reasonable steps to determine or, in the case of a sale, obtain the fair market value of the collateral, as at the time of the relevant appropriation or sale; (ii) act in a commercially reasonable manner in relation to the appropriation or sale; and (iii) (in the case of a sale only) enter into any agreement for or in relation to the sale only on commercially reasonable terms. The duty of the secured party is owed to the grantor and also to any other person to whom the secured party was required to give notice of sale or appropriation (whether or not they have

agreed in writing to waive the notice requirements). If, in exercising its powers of enforcement, a secured party appropriates or sells collateral, it must, within 14 days after the day on which the collateral is appropriated or sold, give certain persons (being the grantor (subject to it having waived this requirement), any person with a registered subordinate security interest and certain persons claiming an interest in the collateral) a written statement of account setting out certain information in relation to that appropriation or sale. If a secured party has sold or appropriated the collateral and the net value or proceeds of appropriation or sale (as appropriate) of the collateral exceeds the amount of the debt owed to the secured party, the secured party shall pay the amount of any resulting surplus in the following order: (i) in payment, in due order of priority, to any person who has a subordinate security interest in the collateral and has registered a financing statement over that security interest (where the registration remained effective immediately before the appropriation or sale);(ii) in payment to any other person (other than the grantor) who has given the secured party notice that that person claims an interest in the collateral and in respect of which the secured party is satisfied that that person has a legally enforceable interest in the collateral; and (iii) as to the balance (if any) in payment to the relevant debtor grantor. Alternatively, the secured party may discharge its obligation above with respect to any surplus by paying that amount into the Royal Court. The surplus may then only be paid out on the order of the court on application by a person entitled to the surplus.

## European Union

The Guarantors are organized or incorporated under the laws of EU Member States. Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "*EU Insolvency Regulation*"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its "center of main interest" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "center of main interest" is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term "center of main interest" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "center of main interests" in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the perception of the company's creditors as regards to the center of the company's business operations may all be relevant in the determination of the place where the company has its "center of main interests".

If the "center of main interest" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation with these proceedings being governed by the *lex fori concursus*, i.e., the local laws of the court opening such main insolvency proceedings. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized automatically in the other EU Member States (other than Denmark). If the "center of main interests" of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. If the main insolvency proceedings have been opened by the court of the EU Member State where the center of main interest of the debtor is situated, and are outstanding, then the territorial proceedings (entitled "secondary" proceedings) can only be winding-up proceedings. If no such main insolvency proceedings are outstanding, the territorial proceedings could still be opened in another EU Member State (except Denmark) under certain circumstances as set forth in Article 3(4) of the EU Insolvency Regulation. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have

an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

In the event that any one or more of the Issuer, the Guarantors or any of their subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the English Guarantors.

## **England and Wales**

The Guarantors are companies incorporated under the laws of England and Wales. Therefore, any main insolvency proceedings in respect of a Guarantor would likely be commenced in England and conducted in accordance with the requirements of English insolvency laws. However, pursuant to the EU Insolvency Regulation, where an English company conducts business in another member state of the European Union, the jurisdiction of the English courts may be limited if the company's "center of main interests" is found to be in another Member State (see "*—European Union*"). There are a number of factors that are taken into account to ascertain the center of main interests. The center of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The place of the registered office of the company is presumed to be the center of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

### ***Fixed and floating charges***

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets (provided the fixed charge holder has no notice of any restrictions); (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law (see "*—Administration and Floating Charges—Grant of Floating Charge*"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (see "*—Administration and Floating Charges*").

Under English law there is a possibility that a court could recharacterize fixed security interests purported to be created by a security document as floating charges; the description given to security interests by the parties is not determinative. Whether security interests labeled as fixed will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallization, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

### ***Administration and floating charges***

The relevant English insolvency statute empowers English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be

appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the company in administration, or security enforced over that company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the administration moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended). If an English obligor were to enter into administration, it is likely that the security granted by it or the Guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed receiver must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the United Kingdom Insolvency Act 1986 (as amended) to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the United Kingdom Insolvency Act 1986 (as amended). The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant English obligor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the United Kingdom Insolvency Act 1986, as amended), which will apply if an English obligor creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the United Kingdom Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument).

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security (after making full provision for preferential creditors and expenses (floating charge realizations)) for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply under English law to guarantees and security interests:

#### *Transaction at an undervalue*

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such

liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. There will only be a transaction at an undervalue, if at the time of the transaction or as a consequence of the transaction, the English company was or becomes unable to pay its debts (as defined in the United Kingdom Insolvency Act 1986, as amended) and if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee. A transaction might be a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court will not make an order if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the United Kingdom Insolvency Act 1986, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

### *Preference*

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time the transaction was entered into, the English company was unable to pay its debts (as defined in the United Kingdom Insolvency Act 1986 (as amended)) or the English company becomes unable to pay its debts (as defined in the United Kingdom Insolvency Act 1986 (as amended)) as a consequence of its entry into the transaction and if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company takes the decision to grant the security interest or the guarantee. A transaction will constitute a preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could, in this case, include reducing payments under the Notes and the Guarantees. However, for the court to do so, it must be shown that in deciding to give the preference the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption of insolvency and that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

### *Transaction defrauding creditors*

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the United Kingdom Financial Conduct Authority (which has, as of April 1, 2013, assumed the corporate identity of the United Kingdom Financial Services Authority) and the United Kingdom Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the

transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. There is no time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

### *Grant of floating charge*

Under English insolvency law, if an English obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge can be avoided except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge (plus certain interest).

The requirement for the English obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person, and the floating charge was granted within the specified period referred to below, then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge (plus certain interest), whether the relevant English obligor is solvent or insolvent at the time of grant.

The granting of the floating charge can be challenged only if the relevant English obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English obligor grants the floating charge. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended), the floating charge will not be subject to challenge as described in this paragraph.

## Transfer restrictions

Each prospective purchaser of the Notes is advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby. The Notes have not been registered under the U.S. Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the U.S. Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes are being offered and sold only (i) to qualified institutional buyers in a private sale exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) to non-U.S. persons in offshore transactions outside the United States in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the offering of the Notes and the Issue Date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

We use the terms "offshore transaction", "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchase of Notes is subject to restrictions on transfer as summarized below. By purchasing Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) The purchaser understands and acknowledges that:
  - the Notes have not been registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and
  - unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.
- (2) The purchaser is not an affiliate (as defined in Rule 144) of ours, that the purchaser is not acting on its behalf and that either:
  - the purchaser is a qualified institutional buyer (as defined in Rule 144A), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing Notes for its own account or for the account of another qualified institutional buyer; or
  - the purchaser is not a U.S. person (as defined in Regulation S) nor is it acquiring the Notes for the account or benefit of a U.S. person and is acquiring the Notes in an offshore transaction outside the United States pursuant to Regulation S.
- (3) The purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the U.S. Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to the Issuer; (b) under a registration statement that has been declared effective under the U.S. Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another

qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (d) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S; or (e) under any other available exemption from the registration requirements of the U.S. Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

The purchaser also acknowledges that:

- (i) the above restrictions on resale will apply until the date that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;
- (ii) we and the trustee reserve the right to require in connection with any offer, sale or other transfer of Notes (x) under clause (d) or (e) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee and (y) under clauses (a) through (e) above, the delivery of a completed certificate of transfer in the form appearing on the reverse side of the security from the transferor to the trustee; and
- (iii) each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES*: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY)] [*IN THE CASE OF REGULATION S NOTES*: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S] OR, IF LATER, THE LAST DATE UPON WHICH ADDITIONAL NOTES (AS DEFINED IN THE INDENTURE) HAVE BEEN ISSUED, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION



SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.] [IN THE CASE OF RULE 144A NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT).]

each note will contain a legend substantially to the following effect:

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE "SIMILAR LAWS"), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

- (iv) The purchaser agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
- (v) The purchaser acknowledges that the transfer agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.
- (vi) The purchaser has received a copy of the Offering Memorandum relating to the offering of the Notes and acknowledges that (a) neither we nor the Initial Purchasers or any person representing us or the Initial Purchasers have made any representation to it with respect to us or the offering and the sale of the Notes other than the information contained in this Offering Memorandum and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase Notes.
- (vii) The purchaser understands that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.
- (viii) The purchaser: (a) is able to fend for itself in the transactions contemplated by this Offering Memorandum; (b) has such knowledge and experience in financial

and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

- (ix) Either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or governmental or church plan subject to Similar Law or entity whose underlying assets are considered to include "plan assets" of any such Plan, account or arrangement or (b) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

## Plan of distribution

Subject to the terms and conditions contained in the Purchase Agreement among the Issuer, the Guarantors and the Initial Purchasers, which will be dated on or around the date of this Offering Memorandum, the Issuer will agree to sell the Dollar Notes to the Dollar Notes Initial Purchasers, and the Dollar Notes Initial Purchasers will agree, severally and not jointly, to purchase from the Issuer, the entire principal amount of the Dollar Notes, and the Issuer will agree to sell the Sterling Notes to the Sterling Notes Initial Purchasers, and the Sterling Notes Initial Purchasers will agree, severally and not jointly, to purchase from the Issuer the entire principal amount of the Sterling Notes.

The Initial Purchasers initially propose to offer each series of Notes for resale at the respective issue price that appears on the cover page of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the price at which a series of Notes is offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates. To the extent that any of the Initial Purchasers are not U.S. registered broker-dealers, they will only offer and sell Notes in the United States through one or more U.S. registered broker-dealers or affiliates, as appropriate. In addition, the Initial Purchasers may offer and sell Notes outside the United States through their affiliates.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and the Issuer's counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or, in some cases, the offering of the Notes may be terminated.

In the Purchase Agreement, the Issuer and the Guarantors have agreed:

- The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes. During the period from the date of this Offering Memorandum through and including the date that is 90 days thereafter, neither the Company nor any of its subsidiaries or other controlled affiliates nor (from and after the completion date of the offering of the Notes until the date that is 90 days after the date of this Offering Memorandum) will, without the prior written consent of the Representatives, offer, sell, contract to sell, issue or otherwise dispose of any debt securities, issued or guaranteed by the Issuer or any of the Guarantors and having a tenor of more than one year (other than the Notes and the Guarantees).
- To indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any jurisdiction, may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

In connection with the sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (1) as part of the initial distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering or the date the Notes were originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States by a dealer or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

In the Purchase Agreement, each of the Initial Purchasers, severally and not jointly, has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Company; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Investors*" and "*Transfer Restrictions*".

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes. The Issuer and Guarantors have also agreed that neither they, nor any of their affiliates or any other person acting on its or their behalf (other than the Initial Purchasers), will (i) solicit offers for, or offer or sell, the Notes by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act or (ii) engage in any directed selling efforts within the meaning of Regulation S, and all such persons will comply with the offering restrictions requirement of Regulation S.

The Notes are a new issue of securities for which there currently is no market. The Issuer will apply, through the listing sponsor, for listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited. There can be no assurance that the Notes will be listed and admitted to trade on the Channel Islands Security Exchange. See "*Risk Factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*" and "*Risk Factors—Risks related to our indebtedness and the Notes—Transfer of the Notes will be restricted, which may adversely affect the value of the Notes*".

The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole

discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act.

Accordingly, the Issuer cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

The Initial Purchasers may engage in overallocation, stabilizing transactions, covering transactions and penalty bids in accordance with applicable laws and regulations. Overallocation involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the offering, J.P. Morgan Securities LLC (in respect of the Dollar Notes) and J.P. Morgan Securities PLC (in respect of the Sterling Notes) (together, the "Stabilizing Managers"), or any person acting on their behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Dollar Notes or the Sterling Notes, as applicable. Specifically, the Stabilizing Managers may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in the open markets for the purpose of pegging, fixing or maintaining the price of the applicable Notes. The Stabilizing Managers may also overallocate the offering, creating a syndicate short position, and may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in the open market to cover the syndicate short position. In addition, the Stabilizing Managers may bid for and purchase Dollar Notes or Sterling Notes, as applicable, in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Dollar Notes or the Sterling Notes, as applicable, above market levels that may otherwise prevail. The Stabilizing Managers are not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*".

These stabilizing transactions, covering transactions and penalty bids may cause the prices of the Dollar Notes or the Sterling Notes to be higher than they would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Issuer expects that the delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Memorandum, which will be the tenth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "T+10" (U.K. Business Days)). Under Rule 15c6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing will be required, by virtue of the fact that the Notes initially will settle T+10, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing should consult their advisors.

Certain of the Initial Purchasers and/or their affiliates have from time to time engaged, and may in the future engage, in investment banking, commercial banking, consulting, mergers and acquisitions, hedging and other financial advisory and commercial services with the Issuer and its subsidiaries, its associates and/or its shareholders in the ordinary course of business (including acting as initial purchasers and/or lenders in connection with previous issuances of debt securities and debt facilities to the Issuer and its subsidiaries). They have received (or will receive) customary fees and commissions and expense reimbursements for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates (including the Notes). Certain of the Initial Purchasers and/or their affiliates that have a lending relationship with the Issuer or its affiliates may hedge their credit exposure to the Issuer and/or its affiliates, consistent with their customary risk management policies. Typically, such Initial Purchaser and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Initial Purchasers are, or may become in the future, clients of the Company or use its services.

We intend to use the net proceeds from this offering to redeem the Existing Notes and the Existing PIK Notes and for general corporate purposes (including working capital). Certain of the Initial Purchasers and/or their affiliates may hold positions in the Existing Notes and/or Existing PIK Notes. Standard Chartered Bank is a relationship bank for AM Holdings and its subsidiaries and also provides both the Wholesale Financing Facility and the American Inventory Funding Facility to Aston Martin Lagonda Limited and (in the case of the Wholesale Finance Facility) Aston Martin Lagonda of North America, Inc. J.P. Morgan Limited, Deutsche Bank and Goldman Sachs International will act as a mandated lead arrangers and the certain of the Initial Purchasers as original lenders under the New Revolving Credit Facility Agreement and will receive customary fees and commissions for these roles. See *"Description of Other Financial Arrangements—New Revolving Credit Facility Agreement"*.

## **Legal matters**

Certain legal matters in connection with this offering will be passed upon for us by Simpson Thacher & Bartlett LLP, as to matters of U.S. Federal, New York State and English law and Carey Olsen as to matters of Jersey law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham and Watkins LLP, as to matters of U.S. Federal, New York State and English law and Appleby, as to matters of Jersey law.

## **Independent auditors**

The consolidated financial statements of AM Holdings as of and for the years ending December 31, 2014, December 31, 2015 and December 31, 2016 included in this Offering Memorandum have been audited by KPMG LLP, independent auditors, as stated in their reports appearing herein. For further details, see "*Presentation of Financial and Other Information and Use of Non-IFRS Financial Information*".



## Where you can find more information

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by the issuer, any related amendment or supplement to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decisions; and
- except as provided pursuant to the first bullet above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein, and, if given or made, such information or representation should not be relied upon as having been authorized by the Company or the Initial Purchasers.

So long as the Notes are outstanding and are “restricted securities” within the meaning of Rule 144, we have agreed in the indenture governing the Notes that, if at any times we are neither subject to Section 13 of 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, we will, upon request, furnish to any holder or beneficial owner of the Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales of the Notes. Any such request should be directed to us at Aston Martin Lagonda, Banbury Road, Gaydon, Warwick CV35 ODB Attention: General Counsel.

## Enforcement of civil liabilities

The Issuer of the Notes is incorporated under the laws of Jersey and the Guarantors (other than AM Capital which is incorporated under the laws of Jersey) are incorporated under the laws of England and Wales. Each of the Security Documents relating to the Collateral will be governed by the laws of England and Wales, as applicable, other than the security interest agreements in respect of the Issuer's shares and AM Capital's shares, which will be governed by Jersey law. The Indenture (including the Guarantees) and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

### England and Wales

The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court and it would usually be possible to obtain summary judgment on such a claim if:

- the U.S. court had competent jurisdiction over the original proceedings according to English rules of private international law;
- the U.S. judgment is final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and is for a definite sum of money;
- the U.S. judgment is not for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a U.S. law that an English court considers to relate to penal, revenue or other public law;
- the U.S. judgment does not contravene English public policy;
- the U.S. judgment has not been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained or is not otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 (or is on a claim for contribution in respect of either such damages) or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the U.S. judgment has not been obtained by fraud or in breach of English principles of natural justice or the principles of the European convention on Human Rights;

- the U.S. judgment is not inconsistent with an earlier judgment in proceedings between the same parties or their privies;
- the English enforcement proceedings were commenced within the relevant limitation period; and
- the U.S. judgment was not obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a United States court (to whose jurisdiction the judgment debtor did not submit).

There is doubt as to the enforceability in England and Wales of U.S. judgments in respect of civil judgments predicated purely on U.S. securities laws.

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from U.S. federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England.

## Jersey

The Issuer and AM Capital are incorporated in Jersey. The United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in Jersey. In order to enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey. In such an action, a Jersey court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Jersey court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Jersey conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt or definite sum of money (although there are circumstances where non-money judgments may also be recognized);
- the recognition or enforcement of the U.S. judgment not contravening Jersey public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the United Kingdom Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983);
- the U.S. judgment not having been obtained by fraud or in breach of Jersey principles of natural justice or rights under the European Convention on Human Rights; and
- there not having been a prior inconsistent decision of a Jersey court in respect of the same matter.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, there can be no assurance that those judgments will be recognized or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. federal securities laws.

## Listing and general information

### Listing

Application will be made to the Channel Islands Securities Exchange Authority Limited for the listing of and permission to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited. All notices to holders of the Notes, including any notice of any additional redemption, change of control or any change in the rate of interest payable on the Notes will be published, to the extent and in the same manner permitted by such rules, posted on the official website of the Channel Islands Securities Exchange ([www.thecise.com](http://www.thecise.com)).

Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Channel Islands Securities Exchange Authority Limited shall constitute a warranty or representation by the Channel Islands Securities Exchange Authority Limited as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuer for investment or for any other purpose.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

A copy of this Offering Memorandum will be available for inspection at the offices of the listing sponsor during normal business hours for a period of 14 days following the listing of the Notes on the Official List of the Channel Islands Securities Exchange Authority Limited.

Application may be made to the Channel Islands Securities Exchange Authority Limited to have the Notes removed from listing on the Official List of the Channel Islands Securities Exchange Authority Limited, including if necessary to avoid any new withholding taxes in connection with the listing.

### Clearing information

The Dollar Notes sold pursuant to Regulation S under the U.S. Securities Act and the Dollar Notes sold pursuant to Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of DTC under CUSIPs G05891AA7 and 04625HAA7, respectively. The international securities identification number for the Dollar Notes sold pursuant to Regulation S under the U.S. Securities Act is USG05891AA76 and the international securities identification number for the Dollar Notes sold pursuant to Rule 144A under the U.S. Securities Act is US04625HAA77.

The Sterling Notes sold pursuant to Regulation S under the U.S. Securities Act and the Sterling Notes sold pursuant to Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 153391556 and 153391521, respectively. The international securities identification number for the Sterling Notes sold pursuant to Regulation S under the U.S. Securities Act is XS1533915564 and the international securities identification number for the Sterling Notes sold pursuant to Rule 144A under the U.S. Securities Act is XS1533915218.

### Legal information

Aston Martin Investments Limited is a wholly owned subsidiary of AM Holdings, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

Aston Martin Capital Holdings Limited, the Issuer, is a wholly owned subsidiary of Aston Martin Investments Limited, and is incorporated as a public limited company under the laws of Jersey. Its registered office is at PO Box 218, 43-45 La Motte Street, St Helier, JE4 8SD, Jersey, and its telephone number at that address is +44 (0) 1534 702 800.

Aston Martin Capital Limited is a wholly owned subsidiary of AM Holdings and immediately following completion of the Transactions will be a wholly owned subsidiary of the Issuer, incorporated as a public limited company under the laws of Jersey. Its registered office is at PO Box 218, 43-45 La Motte Street, St Helier, JE4 8SD, Jersey, and its telephone number at that address is +44 (0) 1534 702 800.

Aston Martin Lagonda Group Limited is a wholly owned subsidiary of Aston Martin Investments Limited, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

Aston Martin Lagonda Limited is a wholly owned indirect subsidiary of Aston Martin Investments Limited, incorporated as a private limited company under the laws of England and Wales. Its registered office is at Banbury Road, Gaydon, Warwick, CV35 0DB, United Kingdom and its telephone number at that address is +44 (0) 1926 644 644.

Aston Martin Lagonda of North America, Inc. is a wholly indirect owned subsidiary of Aston Martin Investments Limited, incorporated as a Connecticut corporation. Its registered office is at 9920 Irvine Center Drive, Irvine, CA 92618, USA and its telephone number at that address is +00 (1) 949 379 3131.

The creation and issuance of the Notes has been authorized by resolutions of the Issuer dated March 22, 2017.

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our financial position since December 31, 2016, being the date of AM Holdings' consolidated audited financial information for the year ended December 31, 2016, our most recent financial statements, as contained in this Offering Memorandum.
- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Company and the Issuer accept responsibility for the information contained in this Offering Memorandum.

## Annex—Additional EBITDA information

	For the two month period ended	
	February 29, 2016	February 28, 2017
Net Income (loss) .....	(17.5)	(8.9)
Income Tax (benefit) expense .....	(1.8)	(0.9)
Financial (income) expense .....	10.3	14.1
Depreciation and Amortization .....	12.5	13.2
<b>EBITDA</b> .....	<b>3.5</b>	<b>17.5</b>

	For the three month period ended December 31,	
	2015	2016
Net Income (loss) .....	(34.2)	(35.8)
Income Tax (benefit) expense .....	(12.8)	(2.6)
Financial (income) expense .....	20.5	32.6
Depreciation and Amortization .....	55.2	74.8
<b>EBITDA</b> .....	<b>28.7<sup>(1)</sup></b>	<b>69.0</b>

- <sup>(1)</sup> EBITDA for the three month period ended December 31, 2015 includes £7.6 million of exceptional costs associated with the business rebalancing program. See *"Management's discussion and analysis of financial condition and results of operations—Key factors affecting comparability—Exceptional expenses—Business rebalancing program"*.

	For the three month period ended May 31, 2016
Net Income (loss) .....	(25.8)
Income Tax (benefit) expense .....	(2.9)
Financial (income) expense .....	19.4
Depreciation and Amortization .....	19.0
<b>EBITDA</b> .....	<b>9.7</b>

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**Aston Martin Holdings (UK) Limited**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2016**

**Registered Number : 06067176**



## Directors and advisors

### Directors

Najeeb Al-Humaidhi  
Adnan A Al-Musallam  
Rezam M Al-Roumi  
Roberto Maestroni  
Umberto Magnetti  
Carlo Pasquale Campanini-Bonomi  
Dante Razzano  
Mahmoud Samy Mohamed Ali El Sayed  
Amr Ali Abdallah Abou El Seoud  
Dr Andrew Palmer (Chief Executive Officer)

### Secretary and registered office

Michael Marecki  
Aston Martin Holdings (UK) Limited  
Banbury Road  
Gaydon  
Warwick  
England  
CV35 0DB

### Registered auditor

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

### Primary bankers

Deutsche Bank AG  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Lloyds Bank plc  
10 Gresham Street  
London  
EC2V 7AE

Standard Chartered Bank plc  
1 Basinghall Avenue  
London  
EC2V 5DD

Comerica Bank  
1717 Main Street  
Dallas  
Texas 75201  
United States of America

# Independent auditor's report to the members of Aston Martin Holdings (UK) Limited

We have audited the financial statements of Aston Martin Holdings (UK) Limited for the year ended 31 December 2016 set out on pages 9 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SS Purkess

**Simon Purkess (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 23/2/17

## Consolidated statement of comprehensive income for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
<b>Revenue</b> .....	3	593,450	510,172
Cost of sales .....		(371,903)	(345,294)
<b>Gross profit</b> .....		221,547	164,878
Selling and distribution expenses .....		(41,858)	(32,084)
Administrative and other expenses .....		(212,008)	(191,076)
<b>Operating loss</b> .....	4	(32,319)	(58,282)
<b>Analysed as :</b>			
Impairment of intangible and tangible assets .....	5	(48,738)	(30,169)
Restructuring costs including related consultancy costs .....	5	—	(7,547)
Payment to a former director relating to the settlement of shares .....	5	—	(2,636)
Underlying operating profit / (loss)* .....		16,419	(17,930)
<b>Operating loss</b> .....		(32,319)	(58,282)
Finance income .....	7	2,584	2,090
Finance expense .....	8	(133,042)	(71,764)
<b>Net financing expense</b> .....		(130,458)	(69,674)
<b>Loss before tax</b> .....		(162,777)	(127,956)
Income tax credit .....	9	15,204	20,999
<b>Loss for the year</b> .....		(147,573)	(106,957)
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability .....	21	(65,975)	7,101
Related income tax .....	9	11,216	(1,278)
		(54,759)	5,823
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation differences .....		1,493	1,015
<b>Other comprehensive income for the period, net of income tax</b> ...		(53,266)	6,838
<b>Total comprehensive income for the period</b> .....		(200,839)	(100,119)
<b>Loss attributable to:</b>			
Owners of the group .....		(147,902)	(107,108)
Non-controlling interests .....		329	151
		(147,573)	(106,957)
<b>Total comprehensive (expense) / income for the period attributable to:</b>			
Owners of the group .....		(201,168)	(100,270)
Non-controlling interests .....		329	151
		(200,839)	(100,119)

\* underlying operating profit / (loss) represents operating loss excluding non-recurring items.

A non-recurring item is an item on the Group's consolidated statement of comprehensive income that is not expected to occur regularly.

Notes on pages 14 to 39 form an integral part of the financial statements.

## Consolidated statement of changes in equity

Group	Share Capital £'000	Share Premium and Share Warrants £'000	Capital Reserve and non-controlling interest £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>At 1 January 2016</b> .....	3	377,861	98,734	843	(213,361)	264,080
<b>Total comprehensive income for the period</b>						
<b>Profit / (loss)</b> .....	—	—	329	—	(147,902)	(147,573)
<b>Other comprehensive income</b>						
Foreign currency translation differences .....	—	—	—	1,493	—	1,493
Remeasurement of defined benefit liability (note 21) .....	—	—	—	—	(65,975)	(65,975)
Income tax on other comprehensive income (note 9) .....	—	—	—	—	11,216	11,216
<b>Total other comprehensive income</b> .....	—	—	—	1,493	(54,759)	(53,266)
<b>Total comprehensive income for the period</b> .....	—	—	329	1,493	(202,661)	(200,839)
<b>Transactions with owners, recorded directly in equity</b>						
Capital increase .....	—	9,419	—	—	—	9,419
<b>Total transactions with owners</b> ..	—	9,419	—	—	—	9,419
<b>At 31 December 2016</b> .....	3	387,280	99,063	2,336	(416,022)	72,660

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 £4,999,000 of Non-controlling interest relating to the 50% interest in the share capital of AMWS Limited, the parent company of Aston Martin Works Limited.

Group	Share Capital £'000	Share Premium and Share Warrants £'000	Capital Reserve and non-controlling interest £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>At 1 January 2015</b> .....	<b>3</b>	<b>366,463</b>	<b>98,583</b>	<b>(172)</b>	<b>(112,076)</b>	<b>352,801</b>
<b>Total comprehensive income for the period</b>						
<b>Profit / (loss)</b> .....	—	—	151	—	(107,108)	(106,957)
<b>Other comprehensive income</b>						
Foreign currency translation differences .....	—	—	—	1,015	—	1,015
Remeasurement of defined benefit liability (note 21) .....	—	—	—	—	7,101	7,101
Income tax on other comprehensive income (note 9) .....	—	—	—	—	(1,278)	(1,278)
<b>Total other comprehensive income</b> .....	—	—	—	<b>1,015</b>	<b>5,823</b>	<b>6,838</b>
<b>Total comprehensive income for the period</b> .....	—	—	151	1,015	(101,285)	(100,119)
<b>Transactions with owners, recorded directly in equity</b>						
Capital increase .....	—	11,398	—	—	—	11,398
<b>Total transactions with owners</b> ..	—	11,398	—	—	—	11,398
<b>At 31 December 2015</b> .....	<b>3</b>	<b>377,861</b>	<b>98,734</b>	<b>843</b>	<b>(213,361)</b>	<b>264,080</b>

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% 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.

Company	Share Capital	Share Premium and Share Warrants	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016 .....	3	377,861	92,964	—	(52,853)	417,975
<b>Total comprehensive income for the period</b>						
Loss .....	—	—	—	—	(73,593)	(73,593)
<b>Total comprehensive expense for the period .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(73,593)</b>	<b>(73,593)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Capital increase .....	—	9,419	—	—	—	9,419
<b>Total transactions with owners .....</b>	<b>—</b>	<b>9,419</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,419</b>
<b>At 31 December 2016 .....</b>	<b>3</b>	<b>387,280</b>	<b>92,964</b>	<b>—</b>	<b>(126,446)</b>	<b>353,801</b>

The capital increase during the year ended 31 December 2016 represents the fair value of the share warrants granted in connection with the issue of the second tranche of preference shares amounting to £9,419,000 as £100,000,000 of Preference Shares were issued in both April 2015 and April 2016.

Company	Share Capital	Share Premium and Share Warrants	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015 .....	3	366,463	92,964	—	(17,716)	441,714
<b>Total comprehensive expense for the period</b>						
Loss .....	—	—	—	—	(35,137)	(35,137)
<b>Total comprehensive expense for the period .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(35,137)</b>	<b>(35,137)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Capital increase .....	—	11,398	—	—	—	11,398
<b>Total transactions with owners .....</b>	<b>—</b>	<b>11,398</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,398</b>
<b>At 31 December 2015 .....</b>	<b>3</b>	<b>377,861</b>	<b>92,964</b>	<b>—</b>	<b>(52,853)</b>	<b>417,975</b>

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.

## Statements of financial position at 31 December 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
<b>Non-current assets</b>					
Intangible assets	10	706,947	677,297	—	—
Property, plant and equipment	12	196,321	166,314	—	—
Investments in subsidiary undertakings	13	—	—	667,982	667,982
Other receivables	15	2,309	2,169	—	—
Other financial assets	18	88	63	—	—
Deferred tax asset	9	32,124	48,303	—	—
		<b>937,789</b>	<b>894,146</b>	<b>667,982</b>	<b>667,982</b>
<b>Current assets</b>					
Inventories	14	117,245	80,363	—	—
Trade and other receivables	15	112,757	69,113	231,438	161,233
Other financial assets	18	272	52	—	—
Cash and cash equivalents	16	101,718	65,562	1	1
		<b>331,992</b>	<b>215,090</b>	<b>231,439</b>	<b>161,234</b>
<b>Total assets</b>		<b>1,269,781</b>	<b>1,109,236</b>	<b>899,421</b>	<b>829,216</b>
<b>Current liabilities</b>					
Borrowings	18	5,153	16,597	—	—
Trade and other payables	17	340,893	180,293	151,234	179,180
Income tax payable		680	894	—	—
Other financial liabilities	18	18,646	8,200	—	—
Provisions	20	7,631	6,361	—	—
		<b>373,003</b>	<b>212,345</b>	<b>151,234</b>	<b>179,180</b>
<b>Non-current liabilities</b>					
Borrowings	18	696,065	532,103	394,386	232,061
Other financial liabilities	18	9,611	1,584	—	—
Employee benefits	21	69,769	4,947	—	—
Provisions	20	6,070	8,218	—	—
Deferred tax liabilities	9	42,603	85,959	—	—
		<b>824,118</b>	<b>632,811</b>	<b>394,386</b>	<b>232,061</b>
<b>Total liabilities</b>		<b>1,197,121</b>	<b>845,156</b>	<b>545,620</b>	<b>411,241</b>
<b>Net assets</b>		<b>72,660</b>	<b>264,080</b>	<b>353,801</b>	<b>417,975</b>
<b>Capital and reserves</b>					
Share capital	22	3	3	3	3
Share premium	23	368,818	368,818	368,818	368,818
Share warrants	23	18,462	9,043	18,462	9,043
Capital reserve	23	94,064	94,064	92,964	92,964
Translation reserve	23	2,336	843	—	—
Retained earnings		(416,022)	(213,361)	(126,446)	(52,853)
<b>Equity attributable to owners of the group</b>		<b>67,661</b>	<b>259,410</b>	<b>353,801</b>	<b>417,975</b>
Non-controlling interests	13	4,999	4,670	—	—
<b>Total shareholders' equity</b>		<b>72,660</b>	<b>264,080</b>	<b>353,801</b>	<b>417,975</b>

The financial statements on pages 9 to 39 were approved by the board of directors on 16 February 2017 and were signed on its behalf by:



Dr Andrew Palmer  
Director

Company Number : 06067176

Notes on pages 14 to 39 form an integral part of the financial statements.



## Consolidated statement of cash flows for the year ended 31 December 2016

	Notes	Group 2016 £'000	Group 2015 £'000
<b>Operating activities</b>			
Loss for the year		(147,573)	(106,957)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax on continuing operations	9	(15,204)	(20,999)
Net finance costs		122,306	66,838
Other non cash movements		1,035	1,129
Losses on sale of property, plant and equipment	4	22	54
Depreciation and impairment of property, plant and equipment	4,12	38,314	46,320
Amortisation and impairment of intangible assets	4,10	94,858	73,157
Difference between pension contributions paid and amounts recognised in income statement		(1,153)	(356)
(Increase) / decrease in inventories		(36,882)	18,064
Increase in trade and other receivables		(39,126)	(19,816)
Increase in trade and other payables		150,333	21,574
Movement in provisions		(1,289)	(2,876)
Cash generated from operations		165,641	76,132
Income taxes paid		(1,082)	(905)
<b>Net cash inflow from operating activities</b>		<b>164,559</b>	<b>75,227</b>
<b>Cash flows from investing activities</b>			
Interest received	7	2,224	2,090
Proceeds on the disposal of property, plant and equipment		395	94
Payments to acquire property, plant and equipment	12	(68,280)	(38,517)
Payments to acquire intangible assets	10	(124,508)	(124,649)
<b>Net cash used in investing activities</b>		<b>(190,169)</b>	<b>(160,982)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(32,612)	(32,252)
Proceeds from equity share issue	23	—	2,355
Movement in borrowings	18,24	(13,787)	(3,751)
New Borrowings	18,24	100,000	100,000
Transaction fees on new borrowings	24	—	(3,536)
<b>Net cash inflow from financing activities</b>		<b>53,601</b>	<b>62,816</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>27,991</b>	<b>(22,939)</b>
Cash and cash equivalents at the beginning of the year	16,24	65,562	89,250
Effect of exchange rates on cash and cash equivalents		8,165	(749)
<b>Cash and cash equivalents at the end of the year</b>	16,24	<b>101,718</b>	<b>65,562</b>

Notes on pages 14 to 39 form an integral part of the financial statements.

# Notes to the financial statements for the year ended 31 December 2016

## 1 Basis of accounting

Aston Martin Holdings (UK) Limited (the "Company") is a Company incorporated in England and Wales and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, Senior Subordinated PIK notes, preference shares, a revolving credit facility, inventory financing facilities and a wholesale vehicle financing facility.

The Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in 2018 and has access to a £40,000,000 revolving credit facility until 2018 which was undrawn at 31 December 2016 and 31 December 2015. The Senior Secured Notes and revolving credit facility include certain covenant tests.

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£:99,620,000) due for repayment in July 2018.

On 23 April 2015, the Company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million were drawn in April 2016. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the Company.

The Directors have prepared trading and cash flow forecasts for the period to 2020 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests for the period of at least 12 months from the date that these financial statements were 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 to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

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 these financial statements are approved.

# Notes to the financial statements for the year ended 31 December 2016 — (Continued)

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 financial statements.

## 2 Accounting policies

### 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 financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All intercompany 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 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 profit or loss.

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 to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 the significant risks and rewards of ownership of the vehicles have 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. Vehicles are sold with a warranty. Revenue relating to this warranty service is recognised on despatch of the vehicle.

# Notes to the financial statements for the year ended 31 December 2016 — (Continued)

## ***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 Aston Martin Holdings (UK) Limited, 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.

## **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 (liability) asset and gains on financial instruments that are recognised in profit or loss.

## **Finance expense**

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 profit or loss 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.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. The only cash generating unit of the Group is that of the Aston Martin Lagonda Group Limited business. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

## **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.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### **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, 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 life cycle that had expired at the acquisition date.

Technology acquired from third parties is included at fair value.

### **Dealer network**

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.

### **Beneficial lease**

Rent free lease options have been valued on the basis of the net present value of the market rental cashflows.

### **Amortisation**

Following initial recognition, the historic 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 profit or loss, 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

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 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 profit or loss in the period of derecognition.

### Investments in subsidiaries

In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

### 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 profit or loss in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an infinite 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

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

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 cash flow statement, 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**

Derivative financial assets and liabilities are recognised on 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.

### **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.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### ***Trade and other receivables***

Trade and other receivables are carried at the lower of their original invoiced value and recoverable amount. Provision is 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.

### **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 profit or loss 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 comprise 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 profit or loss.

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 profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



# Notes to the financial statements for the year ended 31 December 2016 — (Continued)

## 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

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, typically on despatch of a vehicle. Expected future cash flows are not discounted to present value as the effect is not material.

The Group provides for the estimated liability for all products under warranty and service plans. The provision is estimated based on past experience of the level of warranty claims settled and the cost of service plans.

## 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 profit or loss 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 financial statements, 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 financial statements requires 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.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

In the process of applying the Group's accounting policies, which are described in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the useful lives of tangible and intangible assets

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 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 (see note 11).

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 (see note 21).

### **The following new standards are not yet effective but could be relevant to the Group.**

There were no significant new financial reporting standards adopted in 2016. 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 the Group, will be adopted in future accounting periods:

**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 currently plans to apply IFRS 9 initially on 1 January 2018.

The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future.

**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.

**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.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

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 introduction of IFRS 15, IFRS 9 and IFRS 16 will have a significant impact on reported results of the Group, although it is not currently possible to quantify the effect.

### 3 Revenue

#### Group

	2016	2015
	£'000	£'000
<b>Analysis by category</b>		
Sale of vehicles .....	528,974	457,404
Sale of parts .....	53,605	44,700
Servicing of vehicles .....	10,871	8,068
	593,450	510,172

### 4 Operating loss

#### Group

The Group operating loss is slated after charging:

	2016	2015
	£'000	£'000
Depreciation of property, plant and equipment (note 12) .....	38,314	46,320
Amortisation of intangible assets (note 10) .....	94,858	73,157
Provision for the impairment of trade receivables (note 15) .....	(176)	352
Loss on sale of property, plant and equipment .....	22	54
Net foreign currency differences .....	4,091	3,204
Cost of inventories recognised as an expense .....	287,987	264,930
Write-down of inventories to net realisable value .....	1,453	964
Operating lease payments		
— Land and buildings .....	2,898	2,818
— Plant and machinery .....	1,842	1,615
<i>Auditor's remuneration:</i>		
— Audit of these financial statements .....	15	15
— Audit of financial statements of subsidiaries pursuant to legislation ...	150	121
— Other services relating to taxation .....	266	366
— All other services .....	373	147
Research and development expenditure recognised as an expense .....	10,858	10,570
<b>Research and development expenditure is further analysed as follows:</b>		
Total research and development expenditure .....	127,335	132,603
Capitalised research and development expenditure (note 10) .....	(116,477)	(122,033)
Research and development expenditure recognised as an expense .....	10,858	10,570

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 5 Non-recurring items

	2016	2015
	£'000	£'000
Non-recurring operating expenses:		
Impairment of intangible and tangible assets . . . . .	(a) <b>(48,738)</b>	(30,169)
Restructuring costs including related consultancy costs . . . . .	(b) —	(7,547)
Payment to a former director relating to the settlement of shares . . . . .	(c) —	(2,636)
Non-recurring items before tax . . . . .	<b>(48,738)</b>	(40,352)
Tax on non-recurring items . . . . .	—	—
Non-recurring items after tax . . . . .	<b>(48,738)</b>	(40,352)

(a) 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 an impairment charge.

(b) 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.

(c) The Group made a contractual payment to a former director relating to the settlement of partly paid shares.

There is no tax effect on the non-recurring items in either year.

### 6 Staff costs and directors' emoluments

#### Group

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
<b>(a) Staff costs</b>		
Wages and salaries . . . . .	<b>77,297</b>	75,766
Social security costs . . . . .	<b>8,141</b>	7,641
Expenses related to post-employment defined benefit plan . . . . .	<b>9,042</b>	9,717
Contributions to defined contribution plans . . . . .	<b>2,437</b>	1,831
	<b>96,917</b>	94,955

During the year the Company had no employees or staff costs (2015: none).

The average monthly number of employees during the years ended 31 December 2016 and 31 December 2015 were:

	2016	2015
<b>By activity</b>		
Production . . . . .	<b>687</b>	681
Selling and distribution . . . . .	<b>197</b>	206
Administration . . . . .	<b>611</b>	589
	<b>1,495</b>	1,476

#### **(b) Directors' emoluments and transactions**

	2016	2015
	£'000	£'000
Directors' emoluments . . . . .	<b>3,876</b>	3,498

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

None of the directors received any amounts under long term incentive plans.

### *Highest paid director:*

Aggregate emoluments . . . . .	2,976	2,598
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### Compensation of key management personnel (including directors)

	2016	2015
	£'000	£'000
Short-term employee benefits . . . . .	7,701	7,549
Post-employment benefits . . . . .	544	615
	<b>8,245</b>	<b>8,164</b>

Compensation for loss of office payments included above amounted to £246,638 (2015 : £18,563).

All of the directors benefited from qualifying third party indemnity provisions.

## 7 Finance income

### Group

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Bank deposit and other interest income . . . . .	2,224	2,090
Net gain on financial instruments recognised at fair value through profit or loss . . . . .	360	—
Total finance income . . . . .	<b>2,584</b>	<b>2,090</b>

## 8 Finance expense

### Group

	2016	2015
	£'000	£'000
Bank loans and overdrafts . . . . .	49,571	46,670
Net interest expense on the net defined benefit liability . . . . .	3	277
Interest on preference shares classified as financial liabilities . . . . .	29,124	10,838
Net loss on financial instruments recognised at fair value through profit or loss . . . . .	26,737	6,850
Net foreign exchange loss . . . . .	27,607	7,129
Total finance expense . . . . .	<b>133,042</b>	<b>71,764</b>

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 9 Tax expense on continuing operations

#### Group

	2016	2015
	£'000	£'000
<i>Current tax expense</i>		
UK corporation tax on profits .....	(93)	(47)
Overseas tax .....	(643)	(430)
Prior period movement .....	(21)	(16)
Total current income tax .....	<b>(757)</b>	<b>(493)</b>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences .....	13,840	15,388
Effect of change in tax laws .....	2,145	6,004
Prior period movement .....	(24)	100
Total deferred tax .....	<b>15,961</b>	<b>21,492</b>
Total tax credit .....	<b>15,204</b>	<b>20,999</b>
<i>Tax relating to items charged in other comprehensive income</i>		
<i>Deferred tax</i>		
Actuarial (losses) / gains on defined benefit pension plan .....	<b>11,216</b>	<b>(1,278)</b>

#### (b) Reconciliation of the total tax charge

The tax credit in the consolidated statement of comprehensive income for the year is lower than the standard rate of corporation tax in the UK of 20.00% (2015 : 20.25%). The differences are reconciled below:

	2016		2015	
	£'000		£'000	
Loss from operations before taxation .....	<b>(162,777)</b>		(127,956)	
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015 : 20.25%) .....	<b>20.00%</b>	<b>(32,555)</b>	20.25%	(25,911)
Difference to current tax credit due to effects of:				
Unrecognised tax losses .....		<b>6,281</b>		6,701
Expenses not deductible for tax purposes .....		<b>7,919</b>		2,100
Adjustments in respect of prior periods .....		<b>45</b>		(84)
Effect of change in tax laws .....		<b>5,136</b>		(4,201)
Pension movements taken to equity .....		<b>(1,979)</b>		160
Other .....		<b>(51)</b>		236
Total tax credit .....		<b>(15,204)</b>		<b>(20,999)</b>

#### (c) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2016 have been calculated based on these rates.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### (d) Deferred tax

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016	Assets 2015	Liabilities 2016	Liabilities 2015
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(285)	(33,819)	—	—
Intangible assets .....	—	—	42,603	85,959
Employee benefits .....	(11,861)	(890)	—	—
Provisions .....	(1,744)	(2,416)	—	—
Losses .....	(18,234)	(11,178)	—	—
Tax (assets) / liabilities .....	<b>(32,124)</b>	<b>(48,303)</b>	<b>42,603</b>	<b>85,959</b>
Set off of tax liabilities / (assets) .....	<b>32,124</b>	<b>48,303</b>	<b>(32,124)</b>	<b>(48,303)</b>

#### Movement in deferred tax in 2016

	1 January 2016	Recognised in income	Recognised in equity	31 December 2016
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(33,819)	33,534	—	(285)
Intangible assets .....	85,959	(43,356)	—	42,603
Employee benefits .....	(890)	245	(11,216)	(11,861)
Provisions .....	(2,416)	672	—	(1,744)
Losses .....	(11,178)	(7,056)	—	(18,234)
	<b>37,656</b>	<b>(15,961)</b>	<b>(11,216)</b>	<b>10,479</b>

#### Movement in deferred tax in 2015

	1 January 2015	Recognised in income	Recognised in equity	31 December 2015
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(27,102)	(6,717)	—	(33,819)
Intangible assets .....	101,894	(15,935)	—	85,959
Employee benefits .....	(2,481)	313	1,278	(890)
Provisions .....	(2,910)	494	—	(2,416)
Losses .....	(11,531)	353	—	(11,178)
	<b>57,870</b>	<b>(21,492)</b>	<b>1,278</b>	<b>37,656</b>

Deferred tax assets have not been recognised in respect of the following items:

	2016	2015
	£'000	£'000
Tax losses .....	<b>33,039</b>	<b>26,804</b>

Deferred tax assets have not been recognised where it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A deferred tax asset has been recognised in respect of losses in trading companies where future trading profits are foreseen.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 10 Intangible assets

#### Group

	Brands £'000	Technology £'000	Dealer Network and Other £'000	Deferred Development Cost £'000	Goodwill £'000	Total £'000
<b>Cost</b>						
Balance at 1 January						
2015 .....	242,600	101,302	48,591	378,016	85,436	855,945
Additions .....	—	—	2,616	122,033	—	124,649
Balance at 31 December						
2015 .....	242,600	101,302	51,207	500,049	85,436	980,594
Balance at 1 January						
2016 .....	242,600	101,302	51,207	500,049	85,436	980,594
Additions .....	—	—	8,031	116,477	—	124,508
Disposals .....	—	(80,100)	—	—	—	(80,100)
Balance at 31 December						
2016 .....	242,600	21,202	59,238	616,526	85,436	1,025,002
<b>Amortisation</b>						
Balance at 1 January						
2015 .....	—	60,743	28,880	140,317	200	230,140
Amortisation for the year .....	—	19,357	9,692	43,976	132	73,157
Balance at 31 December						
2015 .....	—	80,100	38,572	184,293	332	303,297
Balance at 1 January						
2016 .....	—	80,100	38,572	184,293	332	303,297
Amortisation for the year .....	—	471	9,345	84,910	132	94,858
Disposals .....	—	(80,100)	—	—	—	(80,100)
Balance at 31 December						
2016 .....	—	471	47,917	269,203	464	318,055
<b>Carrying Amounts</b>						
At 1 January 2015 .....	242,600	40,559	19,711	237,699	85,236	625,805
At 31 December 2015 .....	242,600	21,202	12,635	315,756	85,104	677,297
<b>At 1 January 2016 .....</b>	<b>242,600</b>	<b>21,202</b>	<b>12,635</b>	<b>315,756</b>	<b>85,104</b>	<b>677,297</b>
<b>At 31 December 2016 .....</b>	<b>242,600</b>	<b>20,731</b>	<b>11,321</b>	<b>347,323</b>	<b>84,972</b>	<b>706,947</b>

The Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited 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.

Dealer Network and Other intangible assets of £11,321,000 (2015: £12,635,000) include £8,018,000 (2015: £8,789,000) relating to the dealer network, £308,000 relating to Chinese distribution rights (2015: £1,535,000), £2,735,000 relating to software development (2015: £2,098,000) and £260,000 relating to other items (2015: £213,000).

Goodwill of £84,972,000 (2015: £85,104,000) relates to the following. £84,131,000 (2015: £84,131,000) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. £215,000 (2015: £304,000) results from the acquisition of AMWS Limited, the parent company of Aston Martin Works



## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

Limited in 2014. £626,000 (2015: £669,000) results from a transfer in when Aston Martin Works Limited became part of the Group in 2014.

Amortisation in the year ended 31 December 2016 relates to the amortisation of the Goodwill on the acquisition of AMWS limited of £89,000 (2015 : £89,000) and amortisation of the Goodwill within Aston Martin Works Limited of £43,000 (2015 :£43,000).

There are no intangible assets in the Company.

### **11 Impairment testing of goodwill and other intangible fixed assets with indefinite useful lives**

#### **Group**

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 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 rate used was 12.0%. An exchange rate of \$1.30/£ has been used in the forecast.

#### ***Sensitivity analysis***

- the pre-tax discount rate would need to increase to 17.0% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the four year plan would need to be a decline of 7.0% in order for the assets to become impaired
- the exchange rate would need to increase to \$2.47/£ (with all other currencies moving against the £ in line with the \$) in order for the assets to become impaired.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 12 Property, plant and equipment

Group

	Freehold land and buildings £'000	Plant, machinery, fixtures, fittings and tooling £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
Balance at 1 January 2015	68,145	307,293	888	376,326
Additions	—	38,517	—	38,517
Disposals	(23)	(184)	(50)	(257)
Effect of movements in exchange rates	(155)	(29)	(5)	(189)
Balance at 31 December 2015	67,967	345,597	833	414,397
Balance at 1 January 2016	67,967	345,597	833	414,397
Additions	24	68,256	—	68,280
Disposals	—	(267)	(150)	(417)
Effect of movements in exchange rates	461	256	18	735
Balance at 31 December 2016	68,452	413,842	701	482,995
<b>Depreciation</b>				
Balance at 1 January 2015	15,879	185,994	74	201,947
Charge for the year	2,305	43,990	25	46,320
Disposals	(9)	(101)	—	(110)
Effect of movements in exchange rates	(35)	(37)	(2)	(74)
Balance at 31 December 2015	18,140	229,846	97	248,083
Balance at 1 January 2016	18,140	229,846	97	248,083
Charge for the year	2,334	35,951	29	38,314
Disposals	—	—	—	—
Effect of movements in exchange rates	122	141	14	277
Balance at 31 December 2016	20,596	265,938	140	286,674
<b>Carrying amounts</b>				
At 1 January 2015	52,266	121,299	814	174,379
At 31 December 2015	49,827	115,751	736	166,314
At 1 January 2016	49,827	115,751	736	166,314
At 31 December 2016	47,856	147,904	561	196,321

As detailed in Note 18, property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the 9.25% Senior Secured Notes.

Assets in the course of construction at a cost of £Nil (2015 : £125,000) are included within land and buildings. Assets in the course of construction at a cost of £55,539,000 (2015 : £20,113,000) are included within plant and machinery.

Capital expenditure contracts to the value of £57,184,000 have been placed but not provided for as at 31 December 2016 (2015 : £43,879,000).

There was no property, plant and equipment in the Company (2015 : £Nil).

# Notes to the financial statements for the year ended 31 December 2016 — (Continued)

## 13 Investments

### Investments in subsidiary undertakings

#### Company

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
Aston Martin Capital Limited*◇ . . . . .	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited* . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda Group Limited** . . . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda of North America Incorporated**^ . . . . .	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited** . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda Pension Trustees Limited** . . . . .	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited** . . . . .	Ordinary	100%	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda of Europe GmbH**> . . . . .	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited** . . . . .	Ordinary	100%	Dormant Company
Aston Martin Italy S.r.l.**< . . . . .	Ordinary	100%	Sale and servicing of luxury sports cars and the sale of parts
AML Italy S.r.l.**< . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√ . . . . .	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited** . . . . .	Ordinary	100%	Dormant Company
Aston Martin Japan GK**<< . . . . .	Ordinary	100%	Operator of the sales office in Japan and certain other countries in the Asia Pacific region.
Aston Martin Lagonda — Asia Pacific PTE Limited**>> . . . . .	Ordinary	100%	Operator of the sales office in Singapore and certain other countries in the Asia Pacific region.
AMWS Limited**◇ . . . . .	Ordinary	50%	Holding Company
Aston Martin Works Limited** . . . . .	Ordinary	50%	Sale, servicing and restoration of Aston Martin cars

All subsidiaries are incorporated in England and Wales unless otherwise stated.

◇ incorporated in Jersey

^ incorporated in the United States of America

> incorporated in Germany

< incorporated in Italy

<< incorporated in Japan

>> incorporated in Singapore

√ incorporated in the People's Republic of China

\* Held directly by Aston Martin Holdings (UK) Limited

\*\* Held indirectly by Aston Martin Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

	Shares in subsidiary undertakings £'000
<b>Cost and carrying value</b>	
1 January 2016 .....	667,982
Additions .....	—
<b>31 December 2016</b> .....	<b>667,982</b>

### 14 Inventories

#### Group

	2016 £'000	2015 £'000
Service parts, spares and production stock .....	50,345	33,902
Work in progress .....	18,363	14,034
Finished cars and parts for resale .....	48,537	32,427
	<b>117,245</b>	<b>80,363</b>

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £19,886,000 (31 December 2015 : £11,777,000). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

There were no inventories in the Company (2015 : £Nil).

### 15 Trade and other receivables

#### Group and Company

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
<b>Amounts included in current assets</b>				
Trade receivables .....	90,979	47,227	—	—
Owed by Group undertakings (see note 27) .....	—	—	231,083	160,566
Owed by related parties (see note 27) .....	466	—	—	—
Other receivables including taxation .....	16,833	16,630	—	—
Prepayments .....	4,479	5,256	355	667
	<b>112,757</b>	<b>69,113</b>	<b>231,438</b>	<b>161,233</b>
<b>Amounts included in non-current assets</b>				
Other receivables .....	2,309	2,169	—	—

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 plc (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. Credit risk is discussed further in note 18.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £125,000,000 trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy.

The Group has entered into a financing agreement with Standard Chartered Bank plc, whereby Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc, and therefore the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2016 is £120,948,000 (2015 : £84,415,000).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
Sterling .....	46,385	37,963	231,438	160,566
Chinese Renminbi .....	14,921	8,207	—	—
Euro .....	9,698	1,887	—	—
US Dollar .....	32,229	12,565	—	—
Other .....	7,354	5,404	—	—
	<b>110,587</b>	<b>66,026</b>	<b>231,438</b>	<b>160,566</b>

### *Provision for impairment of receivables*

Trade receivables with a value of £162,000 were impaired in the Group at 31 December 2016 (31 December 2015 : £428,000). Management review trade receivables on an individual account basis and make provision where recoverability is doubtful.

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
At 1 January .....	428	331	—	—
(Credit) / charge for the year .....	(176)	352	—	—
Utilised .....	(119)	(19)	—	—
Effect of movements in exchange rates .....	29	(236)	—	—
At 31 December .....	<b>162</b>	<b>428</b>	<b>—</b>	<b>—</b>

As at 31 December 2016, trade receivables of £14,397,000 were overdue but not impaired (31 December 2015 : £13,134,000).

The ageing analysis of these trade receivables is as follows:

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
Up to 3 months overdue .....	10,872	9,716	—	—
3 to 6 months overdue .....	2,301	2,862	—	—
Over 6 months overdue .....	1,224	556	—	—
Total .....	<b>14,397</b>	<b>13,134</b>	<b>—</b>	<b>—</b>

There were no impairments in the Company in either year.

## 16 Cash and cash equivalents

### Group and Company

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand .....	101,718	65,562	1	1

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.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

Cash is held in the following currencies; those held in currencies other than Sterling have been converted into Sterling at year end exchange rates:

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
Sterling .....	31,682	16,986	1	1
Chinese Renminbi .....	29,316	12,783	—	—
Euro .....	22,202	20,427	—	—
US Dollar .....	13,484	10,025	—	—
Other .....	5,034	5,341	—	—
	<b>101,718</b>	<b>65,562</b>	<b>1</b>	<b>1</b>

### 17 Trade and other payables

#### Current trade and other payables — Group and Company

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
Trade payables .....	93,137	63,633	—	—
Due to Group undertakings (see note 27) .....	—	—	150,215	178,192
Due to related parties (see note 27) .....	1,690	483	—	—
Accruals and other payables .....	246,066	116,177	1,019	988
	<b>340,893</b>	<b>180,293</b>	<b>151,234</b>	<b>179,180</b>

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.

Trade and other payables are held at amortised cost and their amortised cash flows are expected to mature within 12 months of the year end.

### 18 Financial Instruments

#### Group and Company

The Group's principal financial instruments comprise Senior Secured Notes, Senior Subordinated PIK notes, Preference Shares, a Revolving Credit Facility, inventory financing facilities, cash and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. These short term assets and liabilities are included in the currency risk disclosure.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk as shown below. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### 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 plc (see Liquidity risk). Dealers within North America are allowed 10 day credit terms from the date of invoice or we can use the wholesale financing scheme in respect of sales to those dealers. Standard Chartered Bank plc has substantially all of

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

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 finance 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.

### Interest rate risk

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. Total borrowings on these facilities at 31 December 2016 were £5.2m (2015 : £16.6m). 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.

### Borrowings

The following table analyses borrowings:

	Group 2016	Group 2015	Company 2016	Company 2015
	£'000	£'000	£'000	£'000
<b>Current</b>				
Bank loans and overdrafts .....	5,153	16,597	—	—
<b>Non current</b>				
Senior Secured Notes .....	301,679	300,042	—	—
Senior Subordinated PIK Notes .....	176,417	133,796	176,417	133,796
Preference Shares .....	217,969	98,265	217,969	98,265
<b>Total non current borrowings</b> .....	<b>696,065</b>	<b>532,103</b>	<b>394,386</b>	<b>232,061</b>
<b>Total borrowings</b> .....	<b>701,218</b>	<b>548,700</b>	<b>394,386</b>	<b>232,061</b>

In June 2011, the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Senior Secured Notes are quoted on the Luxembourg Stock Exchange. The interest rate payable on the Senior Secured Notes is fixed at 9.25% per annum until the repayment date.

As described in accounting policies, borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

Attached to the Senior Secured Notes is a £40,000,000 Revolving Credit Facility which was undrawn at 31 December 2016 and 31 December 2015. 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. Total borrowings on these facilities at 31 December 2016 were £5,153,000 (year ended 31 December 2015: £16,597,000).

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

In March 2014 the Group issued \$165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is 10.25% per annum. Interest is charged semi-annually in arrears, on January 15th and July 15th of each year. Interest charged increases the principal amount of the Senior Subordinated PIK Notes and is payable on repayment of the Senior Subordinated PIK Notes in July 2018.

In both April 2015 and April 2016 the Group issued £100,000,000 of Preference Shares which are redeemable in April 2025. The Preference Shares are initially recognised at fair value at the date of issue which is the same as the par value of the Preference Shares (£200,000,000). The rate of interest on the Group's redeemable cumulative Preference Shares is 15% per annum and is payable on the redemption of the shares.

Borrowing costs of £Nil (2015 : £4,246,000) have been capitalised during the year ended 31 December 2016. This includes £Nil (2015 : £3,536,000) relating to the issue of the Preference Shares.

### Interest rate risks — sensitivity

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. As the Senior Secured Notes attract a fixed rate of interest there is no interest rate risk attached to them. Attached to the Senior Secured Notes is a £40,000,000 Revolving Credit Facility which was undrawn at 31 December 2016 and 31 December 2015.

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. Total borrowings on these facilities at 31 December 2016 were £5,153,000 (2015 : £16,597,000). 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.

In March 2014 the Group issued \$165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is fixed at 10.25% per annum.

In both April 2015 and April 2016 the Group issued £100,000,000 of Preference Shares (£200,000,000 in total) which are redeemable in April 2025.

The £304,000,000 9.25% Senior Secured Notes are at a fixed interest rate of 9.25% per annum. The Senior Subordinated PIK notes are at a fixed interest rate of 10.25% per annum. The redeemable cumulative Preference Shares are at a fixed interest rate of 15% per annum. Any interest rate payable on the Revolving Credit Facility is determined at the time of drawing the facility. Therefore, the Group has no sensitivity to an increase in interest rates based on the borrowings at either year end.

### Foreign currency risk management

In addition to the functional currency (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 both year ends the Group had derivative instruments in several currencies, in the form of forward exchange contracts.



## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2016 and 31 December 2015 were:

	Euros £'000	US Dollars £'000	Chinese Renminbi £'000	Other £'000	Total £'000
<b>At 31 December 2016</b>					
<b>Financial assets</b>					
Trade and other receivables	9,698	32,229	14,921	7,354	64,202
Foreign exchange contracts	—	—	—	360	360
Cash balances	22,202	13,484	29,316	5,034	70,036
	<b>31,900</b>	<b>45,713</b>	<b>44,237</b>	<b>12,748</b>	<b>134,598</b>
<b>Financial liabilities</b>					
Trade and other payables	(63,689)	(21,361)	(17,515)	(4,734)	(107,299)
Foreign exchange contracts	—	(25,981)	—	(2,276)	(28,257)
	<b>(63,689)</b>	<b>(47,342)</b>	<b>(17,515)</b>	<b>(7,010)</b>	<b>(135,556)</b>
<b>Net balance sheet exposure</b>	<b>(31,789)</b>	<b>(1,629)</b>	<b>26,722</b>	<b>5,738</b>	<b>(958)</b>

	Euros £'000	US Dollars £'000	Chinese Renminbi £'000	Other £'000	Other £'000
<b>At 31 December 2015</b>					
<b>Financial assets</b>					
Trade and other receivables	1,887	12,565	8,207	5,404	28,063
Foreign exchange contracts	—	115	—	—	115
Cash balances	20,427	10,025	12,783	5,341	48,576
	<b>22,314</b>	<b>22,705</b>	<b>20,990</b>	<b>10,745</b>	<b>76,754</b>
<b>Financial liabilities</b>					
Trade and other payables	(13,979)	(3,921)	(8,978)	(2,722)	(29,600)
Foreign exchange contracts	—	(9,784)	—	—	(9,784)
	<b>(13,979)</b>	<b>(13,705)</b>	<b>(8,978)</b>	<b>(2,722)</b>	<b>(39,384)</b>
<b>Net balance sheet exposure</b>	<b>8,335</b>	<b>9,000</b>	<b>12,012</b>	<b>8,023</b>	<b>37,370</b>

The following significant exchange rates applied:

	Average Rate 2016	Average Rate 2015	Reporting date spot rate 2016	Reporting date spot rate 2015
Euro	1.2443	1.3598	1.1715	1.3568
Chinese Renminbi	9.1285	9.5647	8.5872	9.6820
US Dollar	1.3868	1.5328	1.2357	1.4739

### Currency risk — sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant, of the Group's loss after tax (due to changes in the fair value of monetary assets and liabilities).

	(Increase)/ decrease in USD rate	Effect on profit after tax 2016 £'000	Effect on profit after tax 2015 £'000
US Dollar	Five per cent	<b>(7,692)</b>	<b>(4,401)</b>

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

The Company trades almost entirely in Sterling and therefore has no other significant foreign currency risk.

### 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. At 31 December 2016, £120,948,000 (2015 : £84,415,000) had been received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility have been renewed for a further two year period to August 2018.

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Group also has access to a £40,000,000 revolving credit facility until 2018 which was undrawn at 31 December 2016 and 31 December 2015.

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. The total size of these facilities at 31 December 2016 is £26,800,000 (2015: £23,506,000). The utilisation of these facilities at 31 December 2016 is £5,153,000 (2015: £16,597,000).

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£: 99,620,000) due for repayment in July 2018.

On 22 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% of the current fully diluted share capital of the company.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2016 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts . . . . .	—	1,302	3,973	—	—	5,275
Senior Secured Notes . . .	—	14,060	14,060	332,120	—	360,240
Senior Subordinated PIK Notes . . . . .	—	—	—	206,029	—	206,029
Preference Shares . . . . .	—	—	—	—	756,343	756,343
Trade and other payables . . . . .	—	340,893	—	—	—	340,893
<b>Derivative financial liabilities</b>						
Forward exchange contracts . . . . .	—	3,655	14,991	9,611	—	28,257
	—	359,910	33,024	547,760	756,343	1,697,037

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £701,128,000.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts .....	—	8,804	8,003	—	—	16,807
Senior Secured Notes .....	—	14,060	14,060	360,240	—	388,360
Senior Subordinated PIK Notes .....	—	—	—	172,733	—	172,733
Preference Shares .....	—	—	—	—	404,556	404,556
Trade and other payables .....	483	179,810	—	—	—	180,293
<b>Derivative financial liabilities</b>						
Forward exchange contracts .....	—	2,070	6,130	1,584	—	9,784
	<b>483</b>	<b>204,744</b>	<b>28,193</b>	<b>534,557</b>	<b>404,556</b>	<b>1,172,533</b>

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £548,700,000.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2016 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Senior Subordinated PIK Notes .....	—	—	—	206,029	—	206,029
Preference Shares .....	—	—	—	—	756,343	756,343
Trade and other payables .....	150,215	1,019	—	—	—	151,234
	<b>150,215</b>	<b>1,019</b>	<b>—</b>	<b>206,029</b>	<b>756,343</b>	<b>1,113,606</b>

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Senior Subordinated PIK Notes .....	—	—	—	172,733	—	172,733
Preference Shares .....	—	—	—	—	404,556	404,556
Trade and other payables .....	178,192	988	—	—	—	179,180
	<b>178,192</b>	<b>988</b>	<b>—</b>	<b>172,733</b>	<b>404,556</b>	<b>756,469</b>

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### *Estimation of 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 plc.

The 9.25% Senior Secured Notes, which were issued in 2011, are valued at amortised cost. The fair value of the 9.25% Senior Secured Notes is determined by reference to the quoted price at 31 December. The 9.25% Senior Secured Notes are quoted on the Luxembourg Stock Exchange (Bourse de Luxembourg). On 31 December 2016, the fair value of the Senior Secured Notes was £311,600,000 (2015 : £304,000,000). At 31 December 2016 the effective interest rate on the Senior Secured Notes is 10.25% (2015 : 10.25%).

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)”.

### *Capital management*

The Board’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 borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in notes 22 and 23 and the consolidated statements of changes in equity. No changes were made in the objectives, policies or processes during either year.

## **19 Obligations under leases**

### **Group**

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 8 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016	2015
	£’000	£’000
Not later than one year . . . . .	5,722	4,054
After one year but not more than five years . . . . .	15,563	9,618
More than five years . . . . .	17,781	6,322
	<b>39,066</b>	<b>19,994</b>

None of the leases contain any contingent rents.

There were no obligations under leases in the Company (2015 : £Nil)

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### 20 Provisions for liabilities and charges

#### Group

	<b>Warranty and Service Plans 2016</b>
	<b>£'000</b>
At the beginning of the year .....	14,579
Additions .....	12,075
Utilisation .....	(13,364)
Effect of movements in exchange rates .....	411
At the end of the year .....	<b>13,701</b>
Analysed as:	
Current .....	7,631
Non-current .....	6,070
	<b>13,701</b>

The warranty and service plans provision represents costs provided for in respect of the Group's warranty scheme. A provision of £13,701,000 (2015 : £14,579,000) has been recognised for expected claims based on past experience of the level of actual warranty claims received, and is expected to be substantially utilised within the next three years.

There are no provisions for liabilities and charges in the Company.

### 21 Pension obligations

#### Group

##### Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £2,437,000 (2015 : £1,831,000). Outstanding contributions at the year end were £240,000 (2015: £178,000).

##### Defined benefit scheme

The Group operates a defined benefit pension scheme providing benefits based on final pensionable salary. 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 UK 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 to the following risks:

*Asset volatility* — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going basis.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

*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 scheme amendments or settlements during either the years ended 31 December 2016 or 31 December 2015. There have been no curtailment events in the year ended 31 December 2016 which have resulted in a past service credit to the scheme (2015: £287,000).

The projected unit method has been used to determine the liabilities.

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 2014. The assumptions that make 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 5.0% per annum and the post retirement return 3.85% and that salary increases would average 3.5% per annum for the first calendar year starting on 1 January 2014 and 4.05% thereafter.

At the 6 April 2014 actuarial valuation, the actuarial value of the scheme assets was £178,667,000, sufficient to cover 102% 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 2014, contributions increased from 15.5% to 22.5% 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 29%.

The latest actuarial valuation on 6 April 2014 showed a surplus in the scheme of £3,447,000. Although the scheme was in surplus at this date, in the light of a deterioration in the funding position subsequently, the Group has agreed to maintain the recovery plan contributions agreed at the 6 April 2011 valuation of £2,750,000 per annum through to 6 April 2021.

Estimated Group contributions for the year ending 31 December 2017 are £9,903,000.

A full actuarial valuation was carried out at 6 April 2014 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2015 and 31 December 2016 in accordance with IAS 19R. The next actuarial valuation is due at 6 April 2017.

The principal assumptions used by the actuary were:

	31 December 2016	31 December 2015
Discount rate . . . . .	2.70%	3.95%
Rate of increase in salaries (see below) . . . . .	3.40%	3.20%
Rate of revaluation in deferment . . . . .	2.40%	2.20%
Rate of increase in pensions in payment attracting LPI . . . . .	3.20%	3.10%
Expected return on scheme assets . . . . .	2.70%	3.95%
RPI Inflation assumption . . . . .	3.40%	3.20%
CPI Inflation assumption . . . . .	2.40%	2.20%

The salary escalation assumption applies after 2021. The salary assumption increase for 2016-2021 is 3% per annum. The salary increase of 3.4% in the table above applies after 2021.

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The post mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with 'future' being that relating to an employee retiring in 2036 (2016 assumptions) or 2035 (2015 assumptions).

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### Projected life expectancy from age 65

	"Future" Currently aged 45 2016	"Current" Currently aged 65 2016	"Future" Currently aged 45 2015	"Current" Currently aged 65 2015
Male .....	24.4	22.8	23.6	22.3
Female .....	28.0	26.1	27.6	26.1

	Years
Duration of the liabilities in years as at 31 December 2016 .....	28
Duration of the liabilities in years as at 31 December 2015 .....	27

The following table provide information on the composition and fair value of the assets of the Scheme:

Asset Class	31 December 2016		31 December 2016	31 December 2015		31 December 2015
	Quoted £'000	Unquoted £'000	Total £'000	Quoted £'000	Unquoted £'000	Total £'000
UK Equities .....	41,024	—	41,024	31,968	—	31,968
Overseas Equities ....	44,817	—	44,817	34,946	—	34,946
Property .....	—	22,084	22,084	—	21,710	21,710
Index linked gilts ....	55,927	—	55,927	43,918	—	43,918
Corporate bonds ....	—	52,318	52,318	—	43,172	43,172
Diversified alternatives .....	—	22,537	22,537	—	18,907	18,907
High yield bonds ....	—	10,945	10,945	—	9,715	9,715
Cash .....	1,326	—	1,326	1,856	—	1,856
Insurance policies ...	—	2,788	2,788	—	2,051	2,051
<b>Total .....</b>	<b>143,094</b>	<b>110,672</b>	<b>253,766</b>	<b>112,688</b>	<b>95,555</b>	<b>208,243</b>

	31 December 2016 £'000	31 December 2015 £'000
Total fair value of scheme assets .....	253,766	208,243
Present value of funded obligations .....	(323,535)	(213,190)
Liability recognised in the statement of financial position .....	(69,769)	(4,947)

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Amounts recognised in the income statement		
<b>Amounts (charged) / credited to operating loss :</b>		
Current service cost .....	(9,042)	(10,004)
Past service cost .....	—	287
	(9,042)	(9,717)
<b>Amounts charged to finance expense:</b>		
Net interest income on the net defined liability .....	(3)	(277)
Total expense recognised in the Income Statement .....	(9,045)	(9,994)

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

*Changes in present value of the defined benefit pensions obligations are analysed as follows:*

	Year ended 31 December 2016	Year ended 31 December 2015
At the beginning of the year	(213,190)	(212,698)
Current service cost	(9,042)	(10,004)
Past service cost	—	287
Employee contributions	(32)	(37)
Interest cost	(8,342)	(7,807)
Experience losses	(344)	(436)
Actuarial (losses) / gains arising from changes in financial assumptions	(97,205)	13,642
Disbursements	4,413	3,863
Actuarial gains arising from changes in demographic assumptions	207	—
Obligation at the end of the year	<b>(323,535)</b>	(213,190)

*Changes in the fair value of plan assets are analysed as follows:*

	Year ended 31 December 2016	Year ended 31 December 2015
At the beginning of the year	208,243	200,294
Interest on assets	8,339	7,530
Employer contributions	10,198	10,350
Contributions by employees	32	37
Return on scheme assets excluding interest income	31,367	(6,105)
Benefits paid	(4,413)	(3,863)
Fair value at the end of the year	<b>253,766</b>	208,243

	Year ended 31 December 2016	Year ended 31 December 2015
Actual return on scheme assets	<b>39,706</b>	1,425

	Year ended 31 December 2016	Year ended 31 December 2015
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**Analysis of amounts recognised in the statement of financial position :**

Liability at the beginning of the year	(4,947)	(12,404)
Net expense recognised in the statement of comprehensive income	(9,045)	(9,994)
Employer contributions	10,198	10,350
Actuarial (loss) / gain recognised in other comprehensive income	(65,975)	7,101
Liability recognised in the statement of financial position at the end of the year	<b>(69,769)</b>	(4,947)

	Year ended 31 December 2016	Year ended 31 December 2015
<b>Analysis of amount taken to other comprehensive income :</b>		
Return on assets greater than the discount rate	31,367	(6,105)
Experience losses arising on funded obligations	(344)	(436)
(Losses) / gains arising due to changes in financial assumptions underlying the present value of funded obligations	(97,205)	13,642
Gain arising due to changes in demographic assumptions	207	—
Amount recognised in other comprehensive income	<b>(65,975)</b>	7,101



## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### *Sensitivity analysis of the principal assumptions used to measure scheme liabilities*

	Change in assumption	Present value of benefit obligations At 31 December 2016	Present value of benefit obligations At 31 December 2015
		£'000	£'000
Discount rate .....	Decrease by 0.25%	346,862	227,257
Rate of inflation* .....	Increase by 0.25%	340,537	221,754
Life expectancy increased by approximately 1 year .....	Increase by one year	335,825	219,759

\* 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 0.4% per annum after 2020/21.

The projected unit method has been applied when calculating these defined benefit obligations.

Funding levels are monitored on a regular basis by the Trustee and the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2017 is due to be completed by June 2018 in line with the scheme specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the Scheme.

	Year ended 31 December 2016	Year ended 31 December 2015
<b>Expected future benefit payments</b>	<b>£'000s</b>	<b>£'000s</b>
Year 1 (2017 / 2016) .....	2,478	2,235
Year 2 (2018 / 2017) .....	2,543	2,044
Year 3 (2019 / 2018) .....	2,868	2,541
Year 4 (2020 / 2019) .....	3,073	2,848
Year 5 (2021 / 2020) .....	3,393	3,049
Years 6 to 10 (2021 to 2025) .....	—	25,048
Years 6 to 10 (2022 to 2026) .....	29,081	—

### *History of scheme experience*

	Year ended 31 December 2016	Year ended 31 December 2015
Present value of the scheme liabilities .....	(323,535)	(213,190)
Fair value of the scheme assets .....	253,766	208,243
Deficit in the scheme before taking into account the effect of Paragraph 64 of IAS19. ....	(69,769)	(4,947)
Experience gains / (losses) on scheme assets .....	31,367	(6,105)
Percentage of scheme assets .....	12.4%	(2.9)%
Experience losses on scheme liabilities .....	(344)	(436)
Percentage of the present value of the scheme liabilities ...	(0.1)%	(0.2)%
Total amount recognised in other comprehensive income ..	(65,975)	7,101
Percentage of the present value of the scheme liabilities ...	20.4%	(3.3)%

## 22 Share capital

### Group and Company

Allotted, called up and fully paid	2016	2015
	£'000	£'000
3,069,085 ordinary shares of £0.001 each (2015: 3,069,085 ordinary shares of £0.001 each) .....	3	3
162,521 D shares of £0.001 each (2015: 162,521) .....	—	—
	<b>3</b>	<b>3</b>

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

	2016	2015
	£'000	£'000
Shares classified as liabilities .....	—	—
Shares classified as shareholders' funds .....	3	3
	3	3

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000, as part of the share subscription agreement dated 5 December 2012.

In September 2014, 33,650 additional D shares were issued to Daimler AG for a consideration of £33.65, giving Aston Martin Holdings (UK) Limited and its subsidiaries access to certain technologies for use in its next generation of vehicles.

Further shares or cash will be issued to Prestige Motor Holdings S.A. in 2017 dependent upon the deficit of the defined benefit pension scheme over the four year period to June 2017.

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 the Company. 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 the Company.

### 23 Reserves

*Share premium* — The share premium of £368,818,000 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 £150,000,000 with a par value of £1,000, resulting in a share premium of £149,999,000.

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 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% of the fully diluted share capital of the Company with a fair value of £9,043,000 in 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 the Company'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 (see note 25).

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

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% 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% 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 financial statements of foreign subsidiaries.

### 24 Additional cash flow information

#### Group

##### *Analysis of Group net debt*

Year ended 31 December 2016

	1 January 2016	Cash flow	Exchange differences	Non-cash movements	31 December 2016
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents . . . . .	65,562	27,991	8,165	—	101,718
Bank loans and overdrafts . . . . .	(16,597)	13,787	(2,343)	—	(5,153)
Senior Secured Notes . . . . .	(300,042)	—	—	(1,637)	(301,679)
Senior Subordinated PIK notes . . . . .	(133,796)	—	(27,607)	(15,014)	(176,417)
Preference Shares . . . . .	(98,265)	(100,000)	—	(19,704)	(217,969)
	<b>(483,138)</b>	<b>(58,222)</b>	<b>(21,785)</b>	<b>(36,355)</b>	<b>(599,500)</b>

Year ended 31 December 2015

	1 January 2015	Cash flow	Exchange differences	Non-cash movements	31 December 2015
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents . . . . .	89,250	(22,939)	(749)	—	65,562
Bank loans and overdrafts . . . . .	(19,808)	3,751	(540)	—	(16,597)
Senior Secured Notes . . . . .	(298,403)	—	—	(1,639)	(300,042)
Senior Subordinated PIK notes . . . . .	(114,195)	—	(7,129)	(12,472)	(133,796)
Preference Shares . . . . .	—	(96,464)	—	(1,801)	(98,265)
	<b>(343,156)</b>	<b>(115,652)</b>	<b>(8,418)</b>	<b>(15,912)</b>	<b>(483,138)</b>

### 25 Share based payments

The Company has two share option schemes in operation; a Revenue and Customs approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled. The earliest exercise date of both schemes is 18 October 2007. The approved scheme has no expiry date and the unapproved scheme has an expiry date of 18 October 2027.

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### Movements in share options

	Approved Scheme 2016 Number of shares	Unapproved Scheme 2016 Number of shares	Approved Scheme 2015 Number of shares	Unapproved Scheme 2015 Number of shares
1 January . . . . .	21,714	21,714	54,285	21,714
Exercised during the year . . . . .	—	—	(32,571)	—
31 December . . . . .	21,714	21,714	21,714	21,714
<b>Weighted average exercise price:</b>				
1 January . . . . .	7230 p	0.1 p	7230 p	0.1 p
Exercised during the year . . . . .	—	—	7230 p	—
31 December . . . . .	<b>7230 p</b>	<b>0.1 p</b>	7230 p	0.1 p

The average weighted exercise price at 31 December 2016 was 3615p (31 December 2015 : 3615p)

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.

### 26 Contingent liabilities and capital commitments

#### Group

- i) Capital expenditure contracts to the value of £57,184,000 (2015 : £43,879,000) have been placed but not provided for as at 31 December 2016.

#### Company

- i) The Company is a guarantor for the 9.25% Senior Secured Notes issued by Aston Martin Capital Limited in June 2011. Aston Martin Capital Limited is a subsidiary of the Company. See Note 18 for further information.

### 27 Related party transactions

#### Group

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

The Group has entered into transactions, in the ordinary course of business, with entities with significant influence over the Group and other related parties of the Group. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

Related party — Group	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
<b>Entities with significant influence over the Group . . . . . 31 December 2016</b>	<b>1,446</b>	<b>2,651</b>	<b>466</b>	<b>1,690</b>
Entities with significant influence over the Group . . . . . 31 December 2015	—	1,725	—	483

## Notes to the financial statements for the year ended 31 December 2016 — (Continued)

### *Transactions with directors*

During the year ended 31 December 2016 and the year ended 31 December 2015, there were no transactions with directors.

No amounts were outstanding at either year end.

The Company has not entered into any transactions with other related parties of the Company in either year. There are no balances outstanding with other related parties of the Company at either year end.

The Company operates an arrangement with its direct and indirect subsidiaries, whereby it purchases goods and services on behalf of those subsidiaries and the subsidiaries purchase goods and services on behalf of the Company. Transactions entered into, and trading balances at each year end with the subsidiaries of the Company are as follows:

Related party — Subsidiary	Purchased on behalf of subsidiary undertakings £'000	Purchased via subsidiary undertakings £'000	Amounts owed by subsidiary undertakings £'000	Amounts owed to subsidiary undertakings £'000
<b>Subsidiaries . . . . . 31 December 2016</b>	—	<b>29,638</b>	<b>231,083</b>	<b>150,215</b>
Subsidiaries . . . . . 31 December 2015	—	31,394	160,566	178,192

### **Terms and conditions of transactions with related parties (Group and Company)**

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group and the Company have not provided or benefited from any guarantees for any related party receivables or payables. The Company has not made any provision for impairment relating to amounts owed by related parties at either year end.

### **28 Immediate parent company**

The Company has no immediate parent company.

The Company shareholders and their interests in ordinary share capital of the Company at 31 December 2016 are as follows:

Prestige Motor Holdings S.A. . . . .	37.7%
PrimeWagon (Jersey) Limited . . . . .	19.5%
Asmar Limited . . . . .	19.0%
Adeem Automotive Manufacturing Company Limited . . . . .	11.0%
Daimler AG (non-voting) . . . . .	4.9%
Tejara Capital Limited . . . . .	4.7%
Stehwaz Automotive Jersey Limited . . . . .	2.5%
Dr. Ulrich Bez . . . . .	0.7%

**Aston Martin Holdings (UK) Limited**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

**Registered Number : 06067176**

## Directors and advisors

### Directors

Najeeb Al-Humaidhi  
Adnan A Al-Musallam  
Rezam M Al-Roumi  
Roberto Maestroni  
Umberto Magnetti  
Carlo Pasquale Campanini-Bonomi  
Dante Razzano  
Mahmoud Samy Mohamed Ali El Sayed  
Amr Ali Abdallah Abou El Seoud  
Dr Andrew Palmer (Chief Executive Officer)

### Secretary and registered office

Michael Marecki  
Aston Martin Holdings (UK) Limited  
Banbury Road  
Gaydon  
Warwick  
England  
CV35 0DB

### Registered auditor

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

### Primary bankers

Deutsche Bank AG  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Lloyds TSB Bank plc  
10 Gresham Street  
London  
EC2V 7AE

Standard Chartered Bank plc  
1 Basinghall Avenue  
London  
EC2V 5DD

Comerica Bank  
1717 Main Street  
Dallas  
Texas 75201  
United States of America

# Independent auditor's report to the members of Aston Martin Holdings (UK) Limited

We have audited the financial statements of Aston Martin Holdings (UK) Limited for the year ended 31 December 2015 set out on pages 8 to 41. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

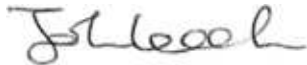
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**John Leech (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date : 22 April 2016

## Consolidated statement of comprehensive income for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Revenue .....	4	510,172	468,355
Cost of sales .....		<u>(345,294)</u>	<u>(313,476)</u>
<b>Gross profit</b> .....		<b>164,878</b>	<b>154,879</b>
Selling and distribution expenses .....		<b>(32,084)</b>	<b>(33,439)</b>
Administrative and other expenses .....		<b>(191,076)</b>	<b>(139,833)</b>
Share of result in associates .....	14	—	32
<b>Operating loss</b> .....	5	<b>(58,282)</b>	<b>(18,361)</b>
<b>Analysed as :</b>			
Impairment of intangible and tangible assets .....	6	<b>(30,169)</b>	—
Restructuring costs including related consultancy costs .....	6	<b>(7,547)</b>	—
Payment to a former director relating to the settlement of shares .....	6	<b>(2,636)</b>	—
Gain on the disposal of an associated company .....	6	—	1,706
Concept vehicle development costs .....	6	—	(5,977)
Underlying operating loss* .....		<b>(17,930)</b>	<b>(14,090)</b>
<b>Operating loss</b> .....		<b>(58,282)</b>	<b>(18,361)</b>
Finance income .....	8	<b>2,090</b>	2,548
Finance expense .....	9	<b>(71,764)</b>	<b>(56,018)</b>
<b>Net financing expense</b> .....		<b>(69,674)</b>	<b>(53,470)</b>
<b>Loss before tax</b> .....		<b>(127,956)</b>	<b>(71,831)</b>
<b>Income tax credit</b> .....	10	<b>20,999</b>	<b>7,079</b>
<b>Loss for the year</b> .....		<b>(106,957)</b>	<b>(64,752)</b>
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability .....	22	<b>7,101</b>	<b>(15,011)</b>
Related income tax .....	10	<b>(1,278)</b>	<b>3,255</b>
		<b>5,823</b>	<b>(11,756)</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation differences .....		<b>1,015</b>	<b>(336)</b>
<b>Other comprehensive income for the period, net of income tax</b> ...		<b>6,838</b>	<b>(12,092)</b>
<b>Total comprehensive income for the period</b> .....		<b>(100,119)</b>	<b>(76,844)</b>
<b>Loss attributable to:</b>			
Owners of the group .....		<b>(107,108)</b>	<b>(64,916)</b>
Non-controlling interests .....		<b>151</b>	<b>164</b>
		<b>(106,957)</b>	<b>(64,752)</b>
<b>Total comprehensive (expense) / income for the period attributable to:</b>			
Owners of the group .....		<b>(100,270)</b>	<b>(77,008)</b>
Non-controlling interests .....		<b>151</b>	<b>164</b>
		<b>(100,119)</b>	<b>(76,844)</b>

\* underlying operating loss represents operating loss excluding non-recurring items.

Notes on pages 13 to 41 form an integral part of the financial statements.

## Consolidated statement of changes in equity

Group	Share Capital	Share Premium and Share Warrants	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2015</b> .....	3	366,463	98,583	(172)	(112,076)	352,801
<b>Total comprehensive income for the period</b>						
<b>Profit/ (loss)</b> .....	—	—	151	—	(107,108)	(106,957)
<b>Other comprehensive income</b>						
Foreign currency translation differences .....	—	—	—	1,015	—	1,015
Remeasurement of defined benefit liability (note 22) .....	—	—	—	—	7,101	7,101
Income tax on other comprehensive income (note 10) .....	—	—	—	—	(1,278)	(1,278)
<b>Total other comprehensive income</b> .....	—	—	—	1,015	5,823	6,838
<b>Total comprehensive income for the period</b> ...	—	—	151	1,015	(101,285)	(100,119)
<b>Transactions with owners, recorded directly in equity</b>						
Capital increase .....	—	11,398	—	—	—	11,398
<b>Total transactions with owners</b> .....	—	11,398	—	—	—	11,398
<b>At 31 December 2015</b> .....	3	377,861	98,734	843	(213,361)	264,080

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% 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.

Group	Share Capital £'000	Share Premium £'000	Capital Reserve and non-controlling interest £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>At 1 January 2014</b> .....	<b>3</b>	<b>358,296</b>	<b>92,964</b>	<b>164</b>	<b>(35,404)</b>	<b>416,023</b>
<b>Total comprehensive income for the period</b> .....						
<b>Profit/ (loss)</b> .....	—	—	<b>164</b>	—	<b>(64,916)</b>	<b>(64,752)</b>
<b>Other comprehensive income</b> .....						
Foreign currency translation differences .....	—	—	—	(336)	—	(336)
Remeasurement of defined benefit liability (note 22) .....	—	—	—	—	(15,011)	(15,011)
Income tax on other comprehensive income (note 10) .....	—	—	—	—	3,255	3,255
<b>Total other comprehensive income</b> .....	—	—	—	<b>(336)</b>	<b>(11,756)</b>	<b>(12,092)</b>
<b>Total comprehensive income for the period</b> .....	—	—	<b>164</b>	<b>(336)</b>	<b>(76,672)</b>	<b>(76,844)</b>
<b>Transactions with owners, recorded directly in equity</b> .....						
Capital increase .....	—	<b>8,167</b>	—	—	—	<b>8,167</b>
<b>Total transactions with owners</b> ...	—	<b>8,167</b>	—	—	—	<b>8,167</b>
<b>Acquisition of subsidiary with non-controlling interests (notes 3 and 14)</b> .....	—	—	<b>5,455</b>	—	—	<b>5,455</b>
<b>At 31 December 2014</b> .....	<b>3</b>	<b>366,463</b>	<b>98,583</b>	<b>(172)</b>	<b>(112,076)</b>	<b>352,801</b>

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V.L.P., for a consideration of £3,750,000.

In September 2014 a further 33,650 shares with a par value of £0.001p per share were issued to Daimler AG for a consideration of £4,417,000.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,519,000 of Non-controlling interest relating to the acquisition of an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited. See notes 3 and 14 for further details.

## Company statement of changes in equity

Company	Share Capital	Share Premium and Share Warrants	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2015</b> .....	<b>3</b>	<b>366,463</b>	<b>92,964</b>	<b>—</b>	<b>(17,716)</b>	<b>441,714</b>
<b>Total comprehensive income for the period</b>						
<b>Loss</b> .....	—	—	—	—	(35,137)	(35,137)
<b>Total comprehensive expense for the period</b> .....	—	—	—	—	(35,137)	(35,137)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Capital increase</b> .....	—	11,398	—	—	—	11,398
<b>Total transactions with owners</b> .....	—	11,398	—	—	—	11,398
<b>At 31 December 2015</b> .....	<b>3</b>	<b>377,861</b>	<b>92,964</b>	<b>—</b>	<b>(521,853)</b>	<b>417,975</b>

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,

Company	Share Capital	Share Premium	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2014</b> .....	<b>3</b>	<b>358,296</b>	<b>92,964</b>	<b>—</b>	<b>(519)</b>	<b>450,744</b>
<b>Total comprehensive income for the period</b>						
<b>Loss</b> .....	—	—	—	—	(17,197)	(17,197)
<b>Total comprehensive expense for the period</b> .....	—	—	—	—	(17,197)	(17,197)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Capital increase</b> .....	—	8,167	—	—	—	8,167
<b>Total transactions with owners</b> .....	—	8,167	—	—	—	8,167
<b>At 31 December 2014</b> .....	<b>3</b>	<b>366,463</b>	<b>92,964</b>	<b>—</b>	<b>(71,716)</b>	<b>441,714</b>

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V.L.P., for a consideration of £3,750,000. In September 2014 a further 33,650 D shares with a par value of £0.001p were issued to Daimler AG for a consideration of £4,417,000.

## Statements of financial position at 31 December 2015

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
<b>Non-current assets</b>					
Intangible assets	11	677,297	625,805	—	—
Property, plant and equipment	13	166,314	174,379	—	—
Investments in subsidiary undertakings	14	—	—	667,982	667,982
Other receivables	16	2,169	—	—	—
Other financial assets	19	63	—	—	—
Deferred tax asset	10	48,303	44,024	—	—
		<b>894,146</b>	<b>844,208</b>	<b>667,982</b>	<b>667,982</b>
<b>Current assets</b>					
Inventories	15	80,363	98,427	—	—
Trade and other receivables	16	69,113	51,538	161,233	95,223
Other financial assets	19	52	527	—	—
Cash and cash equivalents	17	65,562	89,250	1	1
		<b>215,090</b>	<b>239,742</b>	<b>161,234</b>	<b>95,224</b>
<b>Total assets</b>		<b>1,109,236</b>	<b>1,083,950</b>	<b>829,216</b>	<b>763,206</b>
<b>Current liabilities</b>					
Borrowings	19	16,597	19,808	—	—
Trade and other payables	18	180,293	160,048	179,180	207,297
Income tax payable		894	1,208	—	—
Other financial liabilities	19	8,200	3,088	—	—
Provisions	21	6,361	9,171	—	—
		<b>212,345</b>	<b>193,323</b>	<b>179,180</b>	<b>207,297</b>
<b>Non-current liabilities</b>					
Borrowings	19	532,103	412,598	232,061	114,195
Other financial liabilities	19	1,584	2,819	—	—
Employee benefits	22	4,947	12,404	—	—
Provisions	21	8,218	8,111	—	—
Deferred tax liabilities	10	85,959	101,894	—	—
		<b>632,811</b>	<b>537,826</b>	<b>232,061</b>	<b>114,195</b>
<b>Total liabilities</b>		<b>845,156</b>	<b>731,149</b>	<b>411,241</b>	<b>321,492</b>
<b>Net assets</b>		<b>264,080</b>	<b>352,801</b>	<b>417,975</b>	<b>441,714</b>
<b>Capital and reserves</b>					
Share capital	23	3	3	3	3
Share premium	24	368,818	366,463	368,818	366,463
Share warrants	24	9,043	—	9,043	—
Capital reserve	24	94,064	94,064	92,964	92,964
Translation reserve	24	843	(172)	—	—
Retained earnings		(213,361)	(112,076)	(52,853)	(17,716)
<b>Equity attributable to owners of the group</b>		<b>259,410</b>	<b>348,282</b>	<b>417,975</b>	<b>441,714</b>
Non-controlling interests	3,14	4,670	4,519	—	—
<b>Total shareholders' equity</b>		<b>264,080</b>	<b>352,801</b>	<b>417,975</b>	<b>441,714</b>

The financial statements on pages 8 to 41 were approved by the board of directors on 21 April 2016 and were signed on its behalf by:



**Dr Andrew Palmer**

**Director**

**Company Number : 06067176**

Notes on pages 13 to 41 form an integral part of the financial statements.

## Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	Group 2015 £'000	Group 2014 £'000
<b>Operating activities</b>			
Loss for the year		(106,957)	(64,752)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax on continuing operations	10	(20,999)	(7,079)
Share of result of associates	14	—	(32)
Net finance costs		66,838	56,612
Other non cash movements		1,129	(137)
Losses on sale of property, plant and equipment	5	54	67
Gain on the sale of an associated company		—	(1,706)
Depreciation and impairment of property, plant and equipment	5,13	46,320	28,316
Amortisation and impairment of intangible assets	5,11	73,157	51,964
Difference between pension contributions paid and amounts recognised in income statement		(356)	(721)
Decrease / (increase) in inventories		18,064	(21,842)
Increase in trade and other receivables		(19,816)	(8,146)
Increase in trade and other payables		21,574	26,709
Movement in provisions		(2,876)	89
Cash generated from operations		76,132	59,342
Income taxes paid		(905)	(1,472)
<b>Net cash inflow from operating activities</b>		<b>75,227</b>	<b>57,870</b>
<b>Cash flows from investing activities</b>			
Interest received	8	2,090	2,037
Proceeds on the disposal of property, plant and equipment		94	18
Payments to acquire property, plant and equipment	13	(38,517)	(20,852)
Payments to acquire intangible assets	11	(124,649)	(105,631)
Acquisition of AMWS Limited	14	—	1,300
<b>Net cash used in investing activities</b>		<b>(160,982)</b>	<b>(123,128)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(32,252)	(31,938)
Proceeds from equity share issue	23,24	2,355	8,167
Movement in borrowings	19	(3,751)	5,348
New Borrowings	19,25	100,000	99,620
Transaction fees on new borrowings	25	(3,536)	(585)
<b>Net cash inflow from financing activities</b>		<b>62,816</b>	<b>80,612</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(22,939)</b>	<b>15,354</b>
Cash and cash equivalents at the beginning of the year		89,250	74,653
Effect of exchange rates on cash and cash equivalents		(749)	(757)
<b>Cash and cash equivalents at the end of the year</b>	25	<b>65,562</b>	<b>89,250</b>

Notes on pages 13 to 41 form an integral part of the financial statements.

# Notes to the financial statements for the year ended 31 December 2015

## 1 Basis of accounting

Aston Martin Holdings (UK) Limited (the "Company") is a Company incorporated in England and Wales and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, a revolving credit facility, inventory financing facilities and a wholesale vehicle financing facility.

The Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in 2018 and has access to a £40,000,000 revolving credit facility until 2018 which was undrawn at 31 December 2015 and 31 December 2014. The Senior Secured Notes and revolving credit facility include certain covenant tests.

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£: 99,620,000) due for repayment in July 2018.

On 23 April 2015, the Company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million were drawn in April 2016. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the Company.

The Directors have prepared trading and cash flow forecasts for the period to 2020 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests for the period of at least 12 months from the date that these financial statements were 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 to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

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 these financial statements are approved.



# Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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 financial statements.

## 2 Accounting policies

### 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 financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

#### *Investments in associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

#### **Government grants**

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate.

#### **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 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 profit or loss.

# Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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 to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 the significant risks and rewards of ownership of the vehicles have 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. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l, both indirect subsidiaries of Aston Martin Holdings (UK) Limited, revenue is recognised at the point of sale to a customer or other buyer outside of the Group. 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. Vehicles are sold with a warranty. Revenue relating to this warranty service is recognised on despatch of the vehicle.

### ***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 Aston Martin Holdings (UK) Limited, 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.

## **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 (liability) asset and gains on financial instruments that are recognised in profit or loss.

## **Finance expense**

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 profit or loss 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.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. The only cash generating unit of the Group is that of the Aston Martin Lagonda Group Limited business. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

### **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, 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 life cycle that had expired at the acquisition date.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

Technology acquired from third parties is included at fair value.

### **Dealer network**

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.

### **Beneficial lease**

Rent free lease options have been valued on the basis of the net present value of the market rental cashflows.

### **Amortisation**

Following initial recognition, the historic 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 profit or loss, 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

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 and has been fully impaired.

### **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 profit or loss in the period of derecognition.

# Notes to the financial statements for the year ended 31 December 2015 — (Continued)

## Investments in subsidiaries and associates

In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates.

## 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 profit or loss in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an infinite 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

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Predetermined rental increases

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

included in the lease are recognised on a straight-line basis. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to profit or loss on a straight-line basis over the lease term.

### **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 cash flow statement, 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**

Derivative financial assets and liabilities are recognised on 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.

### **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. Provision is 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.

### **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

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

redemption value being recognised in profit or loss 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 comprise 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 profit or loss.

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 profit or loss. 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 provision**

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, typically on despatch of a vehicle. Expected future cash flows are not discounted to present value as the effect is not material.

The Group provides for the estimated liability for all products under warranty. The provision is estimated based on past experience of the level of warranty claims settled.

### **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 profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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 financial statements, 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 financial statements requires 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 in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the useful lives of tangible and intangible assets

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 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 (see note 12).



## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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 (see note 22).

The following new standards are not yet effective but have been endorsed by the European Union and could be relevant to the Group.

There are no new standards endorsed by the European Union that have been deemed significant to the Group.

Other relevant standards not yet endorsed by the European Union that will have a significant impact on the Group

IFRS 9 Financial Instruments : First chapters of a new standard on accounting for financial instruments which will replace IAS 39 *Financial Instruments: Recognition and Measurement*. Effective for periods after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers : The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. Effective for periods after 1 January 2018,

### 3 Acquisition of subsidiary

#### Acquisitions in the prior period

On 30 April 2014 Aston Martin Holdings (UK) Limited, of which Aston Martin Lagonda Limited is an indirect subsidiary, exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. In the 4 months to 30 April 2014 the subsidiary contributed net profit of £32,000 to the consolidated net profit for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities,

	Recognised values on acquisition £ '000
<b>Acquiree's net assets at the acquisition date:</b>	
Property, plant and equipment .....	1,318
Intangible assets .....	751
Inventories .....	6,620
Trade and other receivables .....	2,947
Cash and cash equivalents .....	1,300
Trade and other payables .....	(4,226)
Net identifiable assets and liabilities .....	8,710
<b>Consideration:</b>	
Cash price paid .....	—
Fair value of 50% Investment .....	4,800
Fair value of 50% Non-controlling interest .....	4,355
Total consideration .....	9,155
Goodwill on acquisition .....	445

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 4 Revenue

#### Group

	2015	2014
	£'000	£'000
<b>Analysis by category</b>		
Sale of vehicles .....	457,404	418,182
Sale of parts .....	44,700	42,072
Servicing of vehicles .....	8,068	8,101
	510,172	468,355

### 5 Operating loss

#### Group

The Group operating loss is stated after charging / (crediting):

	2015	2014
	£'000	£'000
Depreciation of property, plant and equipment (note 13) .....	46,320	28,316
Amortisation of intangible assets (note 11) .....	73,157	51,964
Provision for the impairment of trade receivables (note 16) .....	352	84
Loss on sale of property, plant and equipment .....	54	67
Net foreign currency differences .....	3,204	(2,215)
Cost of inventories recognised as an expense .....	264,930	249,290
Write-down of inventories to net realisable value .....	964	61
Operating lease payments		
— Land and buildings .....	2,818	2,580
— Plant and machinery .....	1,615	1,055
<i>Auditor's remuneration:</i>		
— Audit of these financial statements .....	15	15
— Audit of financial statements of subsidiaries pursuant to legislation .....	121	118
— Other services relating to taxation .....	366	595
— All other services .....	147	99
Government grants* .....	—	(4,487)
Research and development expenditure recognised as an expense .....	10,570	10,100
<b>Research and development expenditure is further analysed as follows:</b>		
Total research and development expenditure .....	132,601	106,193
Capitalised research and development expenditure .....	(122,031)	(96,093)
Research and development expenditure recognised as an expense .....	10,570	10,100

\* The Group has received grants from the United Kingdom government to support incremental development activities which safeguard and increase employment within the Group in designated areas of the United Kingdom.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 6 Non-recurring items

	2015	2014
	£'000	£'000
Non-recurring operating income and (expenses):		
Impairment of intangible and tangible assets ..... (a)	(30,169)	—
Restructuring costs including related consultancy costs ..... (b)	(7,547)	—
Payment to a former director relating to the settlement of shares ..... (c)	(2,636)	—
Gain on the disposal of an associated company ..... (d)	—	1,706
Concept vehicle development costs ..... (e)	—	(5,977)
Non-recurring items before tax .....	(40,352)	(4,271)
Tax on non-recurring items .....	—	—
Non-recurring items after tax .....	(40,352)	(4,271)

- (a) 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 an impairment charge.
- (b) 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.
- (c) The Group made a contractual payment to a former director relating to the settlement of partly paid shares.
- (d) On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. In accordance with IFRS 3, for accounting purposes this transaction has been treated as a disposal of a 40% interest and the acquisition of a new 50% interest giving rise to a gain on the disposal of the associated company of £1,706,000, which has been treated as a non-recurring item and recorded in administrative and other expenses in the condensed consolidated statement of comprehensive income. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.
- (e) During the year ended 31 December 2014, the Group incurred significant one-off costs in relation to concept vehicles, as it continues its largest investment in future models during its 103-year history.

There is no tax effect on the non-recurring items in either year.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 7 Staff costs and directors' emoluments

#### Group

##### (a) Staff costs

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Wages and salaries .....	75,766	62,473
Social security costs .....	7,641	5,858
Expenses related to post-employment defined benefit plan .....	9,717	8,709
Contributions to defined contribution plans .....	1,831	1,183
	94,955	78,223

During the year the Company had no employees or staff costs (2014 : none).

The average monthly number of employees during the years ended 31 December 2015 and 31 December 2014 were:

	2015	2014
<b>By activity</b>		
Production .....	681	666
Selling and distribution .....	206	200
Administration .....	589	512
	1,476	1,378

##### (b) Directors' emoluments and transactions

	2015	2014
	£'000	£'000
Directors' emoluments .....	3,498	1,094

None of the directors received any amounts under long term incentive plans. One director was a member of the Group pension scheme in both years.

#### Highest paid director:

Aggregate emoluments .....	2,598	194
----------------------------	-------	-----

#### Compensation of key management personnel (including directors)

	2015	2014
	£'000	£'000
Short-term employee benefits .....	7,549	4,004
Post-employment benefits .....	615	445
	8,164	4,449

Compensation for loss of office payments included above amounted to £18,563 (2014: £13,338).

All of the directors benefited from qualifying third party indemnity provisions.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 8 Finance income

#### Group

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Bank deposit and other interest income .....	2,090	2,037
Net interest income on the net defined benefit liability .....	—	287
Net gain on financial instruments recognised at fair value through profit or loss .....	—	224
<b>Total finance income .....</b>	<b>2,090</b>	<b>2,548</b>

### 9 Finance expense

#### Group

	2015	2014
	£'000	£'000
Bank loans and overdrafts .....	46,670	42,159
Net interest expense on the net defined benefit liability .....	277	—
Interest on preference shares classified as financial liabilities .....	10,838	—
Net loss on financial instruments recognised at fair value through profit or loss .....	6,850	7,101
Net foreign exchange loss .....	7,129	6,758
<b>Total finance expense .....</b>	<b>71,764</b>	<b>56,018</b>

### 10 Tax expense on continuing operations

#### Group

	2015	2014
	£'000	£'000
Current tax expense		
UK corporation tax on profits .....	(47)	(43)
Overseas tax .....	(430)	(1,620)
Prior period movement .....	(16)	67
<b>Total current income tax .....</b>	<b>(493)</b>	<b>(1,596)</b>
Deferred tax expense		
Origination and reversal of temporary differences .....	15,388	8,292
Effect of change in tax laws .....	6,004	—
Prior period movement .....	100	383
<b>Total deferred tax .....</b>	<b>21,492</b>	<b>8,675</b>
<b>Total tax credit .....</b>	<b>20,999</b>	<b>7,079</b>
<b><i>Tax relating to items charged in other comprehensive income</i></b>		
Deferred tax		
Actuarial gains / (losses) on defined benefit pension plan .....	(1,278)	3,255

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### (b) Reconciliation of the total tax charge

The tax credit (2014 : credit) in the consolidated statement of comprehensive income for the year is lower than (2014 : lower than) the standard rate of corporation tax in the UK of 20.25% (2014 : 21.5%). The differences are reconciled below:

	2015		2014	
	£'000		£'000	
Loss from operations before taxation .....	(127,956)		(71,831)	
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 20.25% (2014 : 21.5%) .....	20.25%	(25,911)	21.5%	(15,444)
Difference to current tax credit due to effects of:				
Unrecognised tax losses .....		6,701		6,638
Additional tax credit for research and development .....		—		(8)
Expenses not deductible for tax purposes .....		2,100		1,165
Adjustments in respect of prior periods .....		(84)		(450)
Effect of change in tax laws .....		(4,201)		—
Other .....		396		1,020
Total tax credit .....		(20,999)		(7,079)

### (c) Factors affecting future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Group's future current tax charge accordingly.

### (d) Deferred tax

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015	Assets 2014	Liabilities 2015	Liabilities 2014
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(33,819)	(27,102)	—	—
Intangible assets .....	—	—	85,959	101,894
Employee benefits .....	(890)	(2,481)	—	—
Provisions .....	(2,416)	(2,910)	—	—
Losses .....	(11,178)	(11,531)	—	—
Tax (assets) /liabilities .....	(48,303)	(44,024)	85,959	101,894
Set off of tax liabilities / (assets) .....	48,303	44,024	(48,303)	(44,024)

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### Movement in deferred tax in 2015

	1 January 2015	Recognised in income	Recognised in equity	31 December 2015
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(27,102)	(6,717)	—	(33,819)
Intangible assets .....	101,894	(15,935)	—	85,959
Employee benefits .....	(2,481)	313	1,278	(890)
Provisions .....	(2,910)	494	—	(2,416)
Losses .....	(11,531)	353	—	(11,178)
	<b>57,870</b>	<b>(21,492)</b>	<b>1,278</b>	<b>37,656</b>

### Movement in deferred tax in 2014

	1 January 2014	Recognised in income	Recognised in equity	31 December 2014
	£'000	£'000	£'000	£'000
Property, plant and equipment .....	(20,414)	(6,688)	—	(27,102)
Intangible assets .....	91,597	10,297	—	101,894
Employee benefits .....	377	397	(3,255)	(2,481)
Provisions .....	842	(3,752)	—	(2,910)
Losses .....	(2,602)	(8,929)	—	(11,531)
	<b>69,800</b>	<b>(8,675)</b>	<b>(3,255)</b>	<b>57,870</b>

Deferred tax assets have not been recognised in respect of the following items:

	2015	2014
	£'000	£'000
Tax losses .....	<b>26,804</b>	23,181

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.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 11 Intangible assets

#### Group

	Brands £'000	Technology £'000	Dealer Network £'000	Other £'000	Goodwill £'000	Total £'000
<b>Cost</b>						
Balance at 1 January 2014 . . . . .	242,600	96,885	15,400	309,993	84,131	749,009
Additions . . . . .	—	4,417	—	101,214	445	106,076
Transfer in . . . . .	—	—	—	—	860	860
Balance at 31 December 2014 . . . . .	242,600	101,302	15,400	411,207	85,436	855,945
Balance at 1 January 2015 . . . . .	242,600	101,302	15,400	411,207	85,436	855,945
Additions . . . . .	—	—	—	124,649	—	124,649
Balance at 31 December 2015 . . . . .	242,600	101,302	15,400	535,856	85,436	980,594
<b>Amortisation</b>						
Balance at 1 January 2014 . . . . .	—	52,733	5,069	120,265	—	178,067
Amortisation for the year . . . . .	—	8,010	770	43,093	91	51,964
Transfer in . . . . .	—	—	—	—	109	109
Balance at 31 December 2014 . . . . .	—	60,743	5,839	163,358	200	230,140
Balance at 1 January 2015 . . . . .	—	60,743	5,839	163,358	200	230,140
Amortisation for the year . . . . .	—	19,357	770	52,898	132	73,157
Balance at 31 December 2015 . . . . .	—	80,100	6,609	216,256	332	303,297
<b>Carrying Amounts</b>						
At 1 January 2014 . . . . .	242,600	44,152	10,331	189,728	84,131	570,942
At 31 December 2014 . . . . .	242,600	40,559	9,561	247,849	85,236	625,805
<b>At 1 January 2015 . . . . .</b>	<b>242,600</b>	<b>40,559</b>	<b>9,561</b>	<b>247,849</b>	<b>85,236</b>	<b>625,805</b>
<b>At 31 December 2015 . . . . .</b>	<b>242,600</b>	<b>21,202</b>	<b>8,791</b>	<b>319,600</b>	<b>85,104</b>	<b>677,297</b>

The Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited 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.

Other intangible assets of £319,600,000 (2014: £247,849,000) include £315,756,000 (2014: £237,700,000) relating to capitalised development costs, £1,535,000 relating to Chinese distribution rights (2014: £2,762,000) and £2,098,000 relating to software development (2014: £7,026,000).

Goodwill of £85,104,000 (2014 : £85,236,000) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. The addition of £445,000 in the year ended 31 December 2014 arose on the acquisition of AMWS Limited, the parent company of Aston Martin Works Limited. The transfer in at a net book value of £751,000 in 2014 relates to the acquisition of Aston Martin Works Limited. Amortisation in the year ended 31 December 2015 relates to amortisation of the Goodwill on acquisition of AMWS Limited £89,000 (2014 :£59,000) and amortisation of the Goodwill within Aston Martin Works Limited of £43,000 (2014 :£32,000).

There are no intangible assets in the Company.



## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 12 Impairment testing of goodwill and other intangible fixed assets with indefinite useful lives

#### Group

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 five year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% 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 rate used was 12.0%. An exchange rate of \$1.56/£ has been used in the forecast.

#### *Sensitivity analysis*

- the pre-tax discount rate would need to increase to 16.3% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the six year plan would need to be a decline of 6.5% in order for the assets to become impaired
- the exchange rate would need to increase to \$2.38/£ (with all other currencies moving against the £ in line with the \$) in order for the assets to become impaired.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 13 Property, plant and equipment

#### Group

	Freehold land and buildings £'000	Plant, machinery, fixtures, fittings and tooling £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
Balance at 1 January 2014	63,118	290,764	819	354,701
Additions	5,158	15,618	76	20,852
Transfer (note 14)	88	1,395	—	1,483
Disposals	—	(435)	—	(435)
Effect of movements in exchange rates	(219)	(49)	(7)	(275)
Balance at 31 December 2014	68,145	307,293	888	376,326
Balance at 1 January 2015	68,145	307,293	888	376,326
Additions	—	38,517	—	38,517
Disposals	(23)	(184)	(50)	(257)
Effect of movements in exchange rates	(155)	(29)	(5)	(189)
Balance at 31 December 2015	67,967	345,597	833	414,397
<b>Depreciation</b>				
Balance at 1 January 2014	13,691	160,138	63	173,892
Charge for the year	2,231	26,069	16	28,316
Transfer (note 14)	2	163	—	165
Disposals	—	(350)	—	(350)
Effect of movements in exchange rates	(45)	(26)	(5)	(76)
Balance at 31 December 2014	15,879	185,994	74	201,947
Balance at 1 January 2015	15,879	185,994	74	201,947
Charge for the year	2,305	43,990	25	46,320
Disposals	(9)	(101)	—	(110)
Effect of movements in exchange rates	(35)	(37)	(2)	(74)
Balance at 31 December 2015	18,140	229,846	97	248,083
<b>Carrying amounts</b>				
At 1 January 2014	49,427	130,626	756	180,809
At 31 December 2014	52,266	121,299	814	174,379
<b>At 1 January 2015</b>	52,266	121,299	814	174,379
<b>At 31 December 2015</b>	49,827	115,751	736	166,314

As detailed in Note 19, property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the 9.25% Senior Secured Notes.

Assets in the course of construction at a cost of £125,000 (2014 : £13,171,000) are included within land and buildings. Assets in the course of construction at a cost of £20,113,000 (2014 : £15,115,000) are included within plant and machinery.

Capital expenditure contracts to the value of £43,879,000 have been placed but not provided for as at 31 December 2015 (2014 : £26,135,000).

There was no property, plant and equipment in the Company (2014 : £Nil).

# Notes to the financial statements for the year ended 31 December 2015 — (Continued)

## 14 Investments

### Investments in subsidiary undertakings

#### Company

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
Aston Martin Capital Limited* ◇ . . . . .	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited* . . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda Group Limited** . . . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda of North America Incorporated** ^ . . . . .	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited** . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda Pension Trustees Limited** . . . . .	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited** . . . . .	Ordinary	100%	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda of Europe GmbH** > . . . . .	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited** . . . . .	Ordinary	100%	Provision of management services to Aston Martin Lagonda Limited
Aston Martin Italy S.r.l.** < . . . . .	Ordinary	100%	Sale and servicing of luxury sports cars and the sale of parts
AML Italy S.r.l.**< . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd** √ . . . . .	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited** . . . .	Ordinary	100%	Dormant Company
Aston Martin Japan GK << . . . . .	Ordinary	100%	Aston Martin Japan GK operates the sales office in Japan and certain other countries in the Asia Pacific region.
AMWS Limited** ◇ . . . . .	Ordinary	50%	Holding Company
Aston Martin Works Limited** . . . . .	Ordinary	50%	Sale, servicing and restoration of Aston Martin cars

All subsidiaries are incorporated in England and Wales unless otherwise stated.

◇ incorporated in Jersey

^ incorporated in the United States of America

> incorporated in Germany

< incorporated in Italy

<< incorporated in Japan

√ incorporated in the People's Republic of China

\* Held directly by Aston Martin Holdings (UK) Limited

\*\* Held indirectly by Aston Martin Holdings (UK) Limited

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

	Shares in subsidiary undertakings £'000
<b>Cost and carrying value</b>	
1 January 2015 .....	667,982
Additions .....	—
<b>31 December 2015 .....</b>	<b>667,982</b>

On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

### Investments in associates

	Investment in associated undertakings £'000
<b>Cost and carrying value</b>	
At 1 January 2015 and 31 December 2015 .....	—

The Company's 40% share of the post-acquisition result of AMWS Limited up to the date of disposal and immediate re-acquisition as a subsidiary on 30 April 2014 is detailed below:

	Year ended 31 December 2015 £'000	Period to 30 April 2014 £'000
Turnover .....	—	2,783
Profit before tax .....	—	32
Taxation .....	—	—
Profit after tax .....	—	32
Fixed assets .....	—	—
Current assets .....	—	—
Liabilities due within one year .....	—	—

## 15 Inventories

### Group

	2015 £'000	2014 £'000
Service parts, spares and production stock .....	33,902	31,758
Work in progress .....	14,034	12,465
Finished cars and parts for resale .....	32,427	54,204
	<b>80,363</b>	<b>98,427</b>

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £11,777,000 (31 December 2014 : £14,867,000). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

There were no inventories in the Company (2015 : £Nil).

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 16 Trade and other receivables

#### Group and Company

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
<b>Amounts included in current assets</b>				
Trade receivables .....	47,227	28,247	—	—
Owed by Group undertakings (see note 28) .....	—	—	160,566	94,968
Owed by related parties (see note 28) .....	—	—	—	—
Other receivables including taxation .....	16,630	17,513	—	—
Prepayments .....	5,256	5,778	667	255
	<b>69,113</b>	<b>51,538</b>	<b>161,233</b>	<b>95,223</b>
<b>Amounts included in non-current assets</b>				
Other receivables .....	2,169	—	—	—

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 plc (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. Credit risk is discussed further in note 19.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £100,000,000 trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy.

The Group has entered into a financing agreement with Standard Chartered Bank plc, whereby Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc, and therefore the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2015 is £84,415,000 (2014 : £89,988,000).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
Sterling .....	37,963	22,306	160,566	94,968
Chinese Renminbi .....	8,207	9,778	—	—
Euro .....	1,887	5,792	—	—
US Dollar .....	12,565	7,490	—	—
Other .....	5,404	394	—	—
	<b>66,026</b>	<b>45,760</b>	<b>160,566</b>	<b>94,968</b>

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### *Provision for impairment of receivables*

Trade receivables with a value of £428,000 were impaired in the Group at 31 December 2015 (31 December 2014 : £331,000). Management review trade receivables on an individual account basis and make provision where recoverability is doubtful.

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
At 1 January .....	331	356	—	—
Charge for the year .....	352	84	—	—
Utilised .....	(19)	(50)	—	—
Transfer in on the acquisition of AMWS Limited (note 14) ...	—	3	—	—
Effect of movements in exchange rates .....	(236)	(62)	—	—
At 31 December .....	428	331	—	—

As at 31 December 2015, trade receivables of £13,134,000 were overdue but not impaired (31 December 2014 : £6,268,000). The ageing analysis of these trade receivables is as follows:

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
Up to 3 months overdue .....	9,716	2,649	—	—
3 to 6 months overdue .....	2,862	114	—	—
Over 6 months overdue .....	556	3,505	—	—
Total .....	13,134	6,268	—	—

There were no impairments in the Company in either year.

## 17 Cash and cash equivalents

### Group and Company

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand .....	65,562	89,250	1	1

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.

Cash is held in the following currencies; those held in currencies other than Sterling have been converted into Sterling at year end exchange rates:

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
Sterling .....	16,986	15,619	1	1
Chinese Renminbi .....	12,783	28,298	—	—
US Dollar .....	10,025	27,642	—	—
Other .....	25,768	17,691	—	—
	65,562	89,250	1	1

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 18 Trade and other payables

#### Current trade and other payables — Group and Company

	Group 2015	Group 2014	Company 2015	Company 2014
	£'000	£'000	£'000	£'000
Trade payables .....	63,633	61,004	—	—
Due to Group undertakings (see note 28) .....	—	—	178,192	206,317
Due to related parties (see note 28) .....	483	269	—	—
Accruals and other payables .....	116,177	98,775	988	980
	<b>180,293</b>	160,048	<b>179,180</b>	207,297

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.

Trade and other payables are held at amortised cost and their amortised cash flows are expected to mature within 12 months of the year end.

### 19 Financial Instruments

#### Group and Company

The Group's principal financial instruments comprise Senior Secured Notes, Senior Subordinated PIK notes, Preference Shares, a Revolving Credit Facility, inventory financing facilities, cash and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. These short term assets and liabilities are included in the currency risk disclosure.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk as shown below. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### 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 plc (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 plc 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. 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.

#### Interest rate risk

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.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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. Total borrowings on these facilities at 31 December 2015 were £16.6m (2014 : £19.8m). 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.

### **Borrowings**

The following table analyses borrowings:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
<b>Current</b>				
Bank loans and overdrafts .....	16,597	19,808	—	—
<b>Non current</b>				
Senior Secured Notes .....	300,042	298,403	—	—
Senior Subordinated PIK Notes .....	133,796	114,195	133,796	114,195
Preference Shares .....	98,265	—	98,265	—
<b>Total non current borrowings</b> .....	<b>532,103</b>	<b>412,598</b>	<b>232,061</b>	<b>114,195</b>
<b>Total borrowings</b> .....	<b>548,700</b>	<b>432,406</b>	<b>232,061</b>	<b>114,195</b>

In June 2011, the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Senior Secured Notes are quoted on the Luxembourg Stock Exchange. The interest rate payable on the Senior Secured Notes is fixed at 9.25% per annum until the repayment date.

As described in accounting policies, borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

Attached to the Senior Secured Notes is a £40,000,000 Revolving Credit Facility which was undrawn at 31 December 2015 and 31 December 2014. 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. Total borrowings on these facilities at 31 December 2015 were £16,597,000 (year ended 31 December 2014 : £19,808,000).

In March 2014 the Group issued \$165,000,000 ( £99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is 10.25% per annum. Interest is charged semi-annually in arrears, on January 15th and July 15th of each year. Interest charged increases the principal amount of the Senior Subordinated PIK Notes and is payable on repayment of the Senior Subordinated PIK Notes in July 2018.

In April 2015 the Group issued £100,000,000 of Preference Shares which are redeemable in April 2025. The Preference Shares are initially recognised at fair value at the date of issue which is the same as the par value of the Preference Shares (£100,000,000). The rate of interest on the Group's redeemable cumulative Preference Shares is 15% per annum and is payable on the redemption of the shares.

Borrowing costs of £4,246,000 (2014 : £585,000) have been capitalised during the year ended 31 December 2015. This includes £3,536,000 relating to the issue of the Preference Shares.



## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### Interest rate risks — sensitivity

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. As the Senior Secured Notes attract a fixed rate of interest there is no interest rate risk attached to them. Attached to the Senior Secured Notes is a £40,000,000 Revolving Credit Facility which was undrawn at 31 December 2015 and 31 December 2014.

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. Total borrowings on these facilities at 31 December 2015 were £16,597,000 (2014: £19,808,000). 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.

In March 2014 the Group issued \$165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is fixed at 10.25% per annum.

In April 2015 the Group issued £100,000,000 of Preference Shares which are redeemable in April 2025. The rate of interest on the Group's redeemable cumulative Preference Shares is 15% per annum.

The £304,000,000 9.25% Senior Secured Notes are at a fixed interest rate of 9.25% per annum. The Senior Subordinated PIK notes are at a fixed interest rate of 10.25% per annum. The redeemable cumulative Preference Shares are at a fixed rate of 15% per annum. Any interest rate payable on the Revolving Credit Facility is determined at the time of drawing the facility. Therefore, the Group has no sensitivity to an increase in interest rates based on the borrowings at either year end.

### Foreign currency risk management

In addition to the functional currency (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 both year ends the Group had derivative instruments in several currencies, in the form of forward exchange contracts.

### Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2015 and 31 December 2014 were:

	Euros £'000	US Dollars £'000	Chinese Renminbi £'000	Other £'000	Total £'000
<b>At 31 December 2015</b>					
<b>Financial assets</b>					
Trade and other receivables .....	1,887	12,565	8,207	5,404	28,063
Foreign exchange contracts .....	—	115	—	—	115
Cash balances .....	20,427	10,025	12,782	22,328	65,562
	<b>22,314</b>	<b>22,705</b>	<b>20,989</b>	<b>27,732</b>	<b>93,740</b>
<b>Financial liabilities</b>					
Trade and other payables .....	(13,979)	(3,921)	(8,978)	(2,722)	(29,600)
Foreign exchange contracts .....	—	(9,784)	—	—	(9,784)
	<b>(13,979)</b>	<b>(13,705)</b>	<b>(8,978)</b>	<b>(2,722)</b>	<b>(39,384)</b>
<b>Net balance sheet exposure .....</b>	<b>8,335</b>	<b>9,000</b>	<b>12,011</b>	<b>25,010</b>	<b>54,356</b>

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

	Euros £'000	US Dollars £'000	Chinese Renminbi £'000	Other £'000	Other £'000
At 31 December 2014					
<b>Financial assets</b>					
Trade and other receivables .....	5,792	7,490	9,778	394	23,454
Foreign exchange contracts .....	—	233	—	294	527
Cash balances .....	13,902	27,642	28,298	3,789	73,631
	19,694	35,365	38,076	4,477	97,612
<b>Financial liabilities</b>					
Trade and other payables .....	(16,728)	(4,982)	(14,371)	(1,112)	(37,193)
Foreign exchange contracts .....	—	(5,907)	—	—	(5,907)
	(16,728)	(10,889)	(14,371)	(1,112)	(43,100)
<b>Net balance sheet exposure .....</b>	<b>2,966</b>	<b>24,476</b>	<b>23,705</b>	<b>3,365</b>	<b>54,512</b>

The following significant exchange rates applied:

	Average Rate 2015	Average Rate 2014	Reporting date spot rate 2015	Reporting date spot rate 2014
Euro .....	1.3598	1.2360	1.3568	1.2886
Chinese Renminbi .....	9.5647	10.2373	9.6820	9.6736
US Dollar .....	1.5328	1.6637	1.4739	1.5593

### Currency risk — sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant, of the Group's loss after tax (due to changes in the fair value of monetary assets and liabilities).

	(Increase)/ decrease in USD rate	Effect on profit after tax 2015 £'000	Effect on profit after tax 2014 £'000
US Dollar .....	Five per cent	(4,401)	(4,356)

The Company trades almost entirely in Sterling and therefore has no other significant foreign currency risk.

### 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. At 31 December 2015, £84,415,000 (2014 : £89,988,000) had been received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility run to August 2016 and negotiations have commenced to renew both facilities with the expectation of a positive outcome to the negotiations.

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Group also has access to a £40,000,000 revolving credit facility until 2018 which was undrawn at 31 December 2015 and 31 December 2014.

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. The total size of these facilities at 31 December 2015 is £23,506,000 (2014 : £23,058,000). The utilisation of these facilities at 31 December 2015 is £16,597,000 (2014 : £19,808,000).

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars ( £: 99,620,000) due for repayment in July 2018.

On 22 April 2015, the Company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million 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% of the current fully diluted share capital of the company.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts . . . . .	—	8,804	8,003	—	—	16,807
Senior Secured Notes . . .	—	14,060	14,060	360,240	—	388,360
Senior Subordinated PIK Notes . . . . .	—	—	—	172,733	—	172,733
Preference Shares . . . . .	—	—	—	—	404,556	404,556
Trade and other payables . . . . .	483	179,810	—	—	—	180,293
<b>Derivative financial liabilities</b>						
Forward exchange contracts . . . . .	—	2,070	6,130	1,584	—	9,784
	<b>483</b>	<b>204,744</b>	<b>28,193</b>	<b>534,557</b>	<b>404,556</b>	<b>1,172,533</b>

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £548,700,000.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts . . . . .	—	14,823	5,310	—	—	20,133
Senior Secured Notes . . .	—	14,060	14,060	388,360	—	416,480
Senior Subordinated PIK Notes . . . . .	—	—	—	161,879	—	161,879
Trade and other payables . . . . .	269	159,779	—	—	—	160,048
<b>Derivative financial liabilities</b>						
Forward exchange contracts . . . . .	—	701	2,387	2,819	—	5,907
	<b>269</b>	<b>189,363</b>	<b>21,757</b>	<b>553,058</b>	<b>—</b>	<b>764,447</b>

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £432,406,000.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables .....	178,192	988	—	—	—	179,180
	<b>178,192</b>	<b>988</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>179,180</b>

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables .....	206,317	980	—	—	—	207,297
	<b>206,317</b>	<b>980</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>207,297</b>

### *Estimation of 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 plc and Morgan Stanley & Co International plc.

The 9.25% Senior Secured Notes, which were issued in 2011, are valued at amortised cost. The fair value of the 9.25% Senior Secured Notes is determined by reference to the quoted price at 31 December. The 9.25% Senior Secured Notes are quoted on the Luxembourg Stock Exchange (Bourse de Luxembourg). On 31 December 2015, the fair value of the Senior Secured Notes was £304,000,000 (2014: £291,080,000). At 31 December 2015 the effective interest rate on the Senior Secured Notes is 10.25% (2014: 10.25%).

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)".

### *Capital management*

The Board'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 borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in notes 23 and 24 and the consolidated statements of changes in equity. No changes were made in the objectives, policies or processes during either year.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 20 Obligations under leases

#### Group

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 10 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2015	2014
	£'000	£'000
Not later than one year . . . . .	503	2,618
After one year but not more than five years . . . . .	4,456	8,260
More than five years . . . . .	15,035	2,571
	<u>19,994</u>	<u>13,449</u>

None of the leases contain any contingent rents.

There were no obligations under leases in the Company (2014 : £Nil)

### 21 Provisions for liabilities and charges

#### Group

	Warranty 2015
	£'000
At the beginning of the year . . . . .	17,282
Additions . . . . .	12,837
Utilisation . . . . .	(15,713)
Effect of movements in exchange rates . . . . .	173
At the end of the year . . . . .	<u>14,579</u>
Analysed as:	
Current . . . . .	6,361
Non-current . . . . .	<u>8,218</u>
	<u>14,579</u>

The warranty provision represents costs provided for in respect of the Group's warranty scheme. A provision of £14,579,000 (2014 : £17,282,000) has been recognised for expected claims based on past experience of the level of actual warranty claims received, and is expected to be substantially utilised within the next three years.

There are no provisions for liabilities and charges in the Company.

### 22 Pension obligations

#### Group

##### *Defined contribution scheme*

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £1,831,000 (2014 : £1,183,000). Outstanding contributions at the year end were £178,000 (2014: £123,000).

##### *Defined benefit scheme*

The Group operates a defined benefit pension scheme providing benefits based on final pensionable salary. 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

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

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 UK 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 to the following risks:

*Asset volatility* — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% risk-reducing assets. The Trustee monitors the appropriateness of the scheme's investment strategy, in consultation with the Group, on an on-going 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 scheme amendments or settlements during either the year ended 31 December 2015 or 31 December 2014. Curtailment events in the year ended 31 December 2015 have resulted in a past service credit to the scheme of £287,000 (2014 : £Nil)

The projected unit method has been used to determine the liabilities.

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 2011. The assumptions that make 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 6.2% per annum and the post retirement return 4.9% and that salary increases would average 3.25% per annum for the next four calendar years starting on 1 January 2011 and 4.05% thereafter.

At the 6 April 2011 actuarial valuation, the actuarial value of the scheme assets was £114,306,000, sufficient to cover 109% 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 2011, contributions remained at 15.5% 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 22%.

The latest actuarial valuation on 6 April 2011 showed a surplus in the scheme of £9,645,000. This valuation was rolled forward to 6 April 2012. At this date the deficit in the scheme was £28,856,000 representing a funding level of 82%. On this basis the Group has agreed a recovery plan to fund this deficit over a period of 9 years from 6 April 2012.

Estimated Group contributions for the year ending 31 December 2016 are £11,226,000.

A full actuarial valuation was carried out at 6 April 2011 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2014 and 31 December 2015 in accordance with IAS 19R. The actuarial valuation at 6 April 2014 is currently in progress and is due to be completed by June 2016.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

The principal assumptions used by the actuary were:

	31 December 2015	31 December 2014
Discount rate .....	3.95%	3.70%
Rate of increase in salaries (see below) .....	3.20%	3.10%
Rate of revaluation in deferment .....	2.20%	2.10%
Rate of increase in pensions in payment attracting LPI .....	3.10%	3.15%
Expected return on scheme assets .....	3.95%	4.65%
RPI Inflation assumption .....	3.20%	3.30%
CPI Inflation assumption .....	2.20%	2.10%

The salary escalation assumption applies after 2021. The salary assumption increase for 2016-2021 is 3% per annum. The salary increase of 3.2% in the table above applies after 2021.

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The post mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with 'future' being that relating to an employee retiring in 2035 (2015 assumptions) or 2034 (2014 assumptions).

### Projected life expectancy from age 65

	"Future" Currently aged 45 2015	"Current" Currently aged 65 2015	"Future" Currently aged 45 2014	"Current" Currently aged 65 2014
Male .....	23.6	22.3	23.6	22.3
Female .....	27.6	26.1	27.5	26.0

	Years
Duration of the liabilities in years as at 31 December 2015 .....	27
Duration of the liabilities in years as at 31 December 2014 .....	27

The following table provide information on the composition and fair value of the assets of the Scheme:

Asset Class	31 December 2015		31 December 2015		31 December 2014		31 December 2014	
	Quoted £'000	Unquoted £'000	Total £'000	Quoted £'000	Unquoted £'000	Total £'000	Quoted £'000	Unquoted £'000
UK Equities .....	31,968	—	31,968	32,029	—	32,029		
Overseas Equities . . . .	34,946	—	34,946	32,470	—	32,470		
Property .....	—	21,710	21,710	—	18,716	18,718		
Index linked gilts . . . .	43,918	—	43,918	44,478	—	44,478		
Corporate bonds . . . .	—	43,172	43,172	—	42,056	42,056		
Diversified alternatives .....	—	18,907	18,907	—	18,732	18,732		
High yield bonds . . . .	—	9,715	9,715	—	8,973	8,973		
Cash .....	1,856	—	1,856	675	—	675		
Insurance policies . . . .	—	2,051	2,051	—	2,163	2,163		
<b>Total .....</b>	<b>112,688</b>	<b>95,555</b>	<b>208,243</b>	<b>109,652</b>	<b>90,642</b>	<b>200,294</b>		

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

	31 December 2015	31 December 2014
	£'000	£'000
Total fair value of scheme assets .....	208,243	200,294
Present value of funded obligations .....	(213,190)	(212,698)
Liability recognised in the statement of financial position .....	(4,947)	(12,404)

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000	£'000
Amounts recognised in the income statement		
<b>Amounts (charged) / credited to operating loss :</b>		
Current service cost .....	(10,004)	(8,709)
Past service cost .....	287	—
	(9,717)	(8,709)
<b>Amounts (charged) / credited to finance (expense) / income :</b>		
Net interest income on the net defined liability .....	(277)	287
Total expense recognised in the Income Statement .....	(9,994)	(8,422)

### Changes in present value of the defined benefit pensions obligations are analysed as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
At the beginning of the year .....	(212,698)	(169,652)
Current service cost .....	(10,004)	(8,709)
Past service cost .....	287	—
Employee contributions .....	(37)	(39)
Interest cost .....	(7,807)	(7,680)
Experience losses .....	(436)	(2,371)
Actuarial gains / (losses) arising from changes in financial assumptions .....	13,642	(26,217)
Disbursements .....	3,863	1,970
Obligation at the end of the year .....	(213,190)	(212,698)

### Changes in the fair value of plan assets are analysed as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
At the beginning of the year .....	200,294	171,538
Interest on assets .....	7,530	7,967
Employer contributions .....	10,350	9,143
Contributions by employees .....	37	39
Actuarial (losses) / gains .....	(6,105)	13,577
Benefits paid .....	(3,863)	(1,970)
Fair value at the end of the year .....	208,243	200,294

	Year ended 31 December 2015	Year ended 31 December 2014
Actual return on scheme assets .....	1,425	21,544



## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Analysis of amounts recognised in the statement of financial position :</b>		
(Liability) / asset at the beginning of the year . . . . .	(12,404)	1,886
Net expense recognised in the statement of comprehensive income . . . . .	(9,994)	(8,422)
Employer contributions . . . . .	10,350	9,143
Actuarial gain / (loss) recognised in other comprehensive income . . . . .	7,101	(15,011)
Liability recognised in the statement of financial position at the end of the year . . . . .	(4,947)	(12,404)

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Analysis of amount taken to other comprehensive income :</b>		
Return on assets greater than the discount rate . . . . .	(6,105)	13,577
Experience losses arising on funded obligations . . . . .	(436)	(2,371)
Gains / (losses) arising due to changes in financial assumptions underlying the present value of funded obligations . . . . .	13,642	(26,217)
Amount recognised in other comprehensive income . . . . .	7,101	(15,011)

### Sensitivity analysis of the principal assumptions used to measure scheme liabilities

	Change in assumption	Present value of benefit obligations	Present value of benefit obligations
		At 31 December 2015 £'000	At 31 December 2014 £'000
Discount rate . . . . .	Decrease by 0.25%	227,257	227,284
Rate of inflation* . . . . .	Increase by 0.25%	221,754	221,255
Life expectancy increased by approximately 1 year . . . . .	Increase by one year	219,759	219,414

\* 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 annum after 2020/21.

The projected unit method has been applied when calculating these defined benefit obligations.

Funding levels are monitored on a regular basis by the Trustee of the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2014 is due to be completed by June 2016 in line with the scheme specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the Scheme.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

	Year ended 31 December 2015	Year ended 31 December 2014
	£'000s	£'000s
<b>Expected future benefit payments</b>		
Year 1 (2016 / 2015) .....	2,235	2,025
Year 2 (2017 / 2016) .....	2,044	1,992
Year 3 (2018 / 2017) .....	2,541	2,062
Year 4 (2019 / 2018) .....	2,848	2,558
Year 5 (2020 / 2019) .....	3,049	2,856
Years 6 to 10 (2020 to 2024) .....	—	21,433
Years 6 to 10 (2021 to 2025) .....	25,048	—

### History of scheme experience

	Year ended 31 December 2015	Year ended 31 December 2014
Present value of the scheme liabilities .....	(213,190)	(212,698)
Fair value of the scheme assets .....	208,243	200,294
Deficit in the scheme before taking into account the effect of Paragraph 64 of IAS19. ....	(4,947)	(12,404)
Experience (losses) / gains on scheme assets .....	(6,105)	13,577
Percentage of scheme assets .....	(2.9)%	(6.4)%
Experience losses on scheme liabilities .....	(436)	(2,371)
Percentage of the present value of the scheme liabilities .....	(0.2)%	(1.1)%
Total amount recognised in other comprehensive income .....	7,101	(15,011)
Percentage of the present value of the scheme liabilities .....	(3.3)%	(7.1)%

## 23 Share capital

### Group and Company

	2015	2014
	£'000	£'000
<b>Allotted, called up and fully paid</b>		
3,069,085 ordinary shares of £0.001 each (2014 : 3,069,085 ordinary shares of £0.001 each) .....	3	3
162,521 D shares of £0.001 each (2014 : 162,521) .....	—	—
	<b>3</b>	<b>3</b>

	2015	2014
	£'000	£'000
Shares classified as liabilities .....	—	—
Shares classified as shareholders' funds .....	3	3
	<b>3</b>	<b>3</b>

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000, as part of the share subscription agreement dated 5 December 2012.

In September 2014, 33,650 additional D shares were issued to Daimler AG for a consideration of £33.65, giving Aston Martin Holdings (UK) Limited and its subsidiaries access to certain technologies for use in its next generation of vehicles.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

Further shares or cash will be issued to Prestige Motor Holdings S.A. in 2017 dependent upon the deficit of the defined benefit pension scheme over the four year period to June 2017.

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 the Company. 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 the Company.

### 24 Reserves

**Share premium** — The share premium of £368,818,000 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 £150,000,000 with a par value of £1,000, resulting in a share premium of £149,999,000.

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 SA., 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 partly paid shares which gave rise to a share premium of £2,355,000.

**Share warrants** — The share warrants of £9,043,000 arose as follows. In April 2016, the Group issued £100,000,000 of preference shares. The subscription included warrants for a pro rata allocation of P shares (non-voting ordinary shares) corresponding to 4% of the fully diluted share capital of the Company with a fair value of £9,043,000.

**Capital reserve** — The capital reserve of £94,064,000 arose as follows. In the year ended December 2008 there was a capital contribution from the Company'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 (see note 26).

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% 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% interest in AMWS Limited which the Group owned at the date of acquisition. See note 14 for further details.

**Translation reserve** — The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 25 Additional cash flow Information

#### Group

#### *Analysis of Group net debt*

Year ended 31 December 2015

	1 January 2015	Cash flow	Exchange differences	Non-cash movements	31 December 2015
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	89,250	(22,939)	(749)	—	65,562
Bank loans and overdrafts	(19,808)	3,751	(540)	—	(16,597)
Senior Secured Notes	(298,403)	26,614	—	(30,253)	(300,042)
Senior Subordinated PIK notes	(114,195)	—	—	(19,601)	(133,796)
Preference Shares	—	(96,464)	—	(1,801)	(98,265)
	<b>(343,156)</b>	<b>(87,038)</b>	<b>(1,289)</b>	<b>(51,655)</b>	<b>(483,138)</b>

Year ended 31 December 2014

	1 January 2014	Cash flow	Exchange differences	Non-cash movements	31 December 2014
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	74,653	15,354	(757)	—	89,250
Bank loans and overdrafts	(13,854)	(5,348)	(606)	—	(19,808)
Senior Secured Notes	(296,765)	28,565	—	(30,203)	(298,403)
Senior Subordinated PIK notes	—	(99,035)	—	(15,160)	(114,195)
	<b>(235,966)</b>	<b>(60,464)</b>	<b>(1,363)</b>	<b>(45,363)</b>	<b>(343,156)</b>

### 26 Share based payments

The Company has two share option schemes in operation; a Revenue and Customs approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled. The earliest exercise date of both schemes is 18 October 2007. The approved scheme has no expiry date and the unapproved scheme has an expiry date of 18 October 2027.

#### Movements in share options

	Approved Scheme 2015	Unapproved Scheme 2015	Approved Scheme 2014	Unapproved Scheme 2014
	Number of shares	Number of shares	Number of shares	Number of shares
1 January	54,285	21,714	54,285	21,714
Exercised during the year	(32,571)	—	—	—
31 December	21,714	21,714	54,285	21,714

#### Weighted average exercise price:

1 January	7230 p	0.1 p	7230 p	0.1 p
Exercised during the year	7230 p	—	—	—
31 December	7230 p	0.1 p	7230 p	0.1 p

The average weighted exercise price at 31 December 2015 was 3615p (31 December 2014: 5164p)

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.

## Notes to the financial statements for the year ended 31 December 2015 — (Continued)

### 27 Contingent liabilities and capital commitments

#### Group

- i) Capital expenditure contracts to the value of £43,879,000 (2014 : £26,135,000) have been placed but not provided for as at 31 December 2015.

#### Company

- i) The Company is a guarantor for the 9.25% Senior Secured Notes issued by Aston Martin Capital Limited in June 2011. Aston Martin Capital Limited is a subsidiary of the Company. See Note 19 for further information.

### 28 Related party transactions

#### Group

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

The Group has entered into transactions, in the ordinary course of business, with entities with significant influence over the Group and other related parties of the Group. Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

Related party — Group	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
<b>Entities with significant influence over the Group</b> . . . . . 31 December 2015	—	1,725	—	483
<b>Associates</b> . . . . . 31 December 2015	—	—	—	—
<b>Other related parties — companies under common directorship</b> . . . . . 31 December 2015	—	—	—	—
<b>Total</b> . . . . . 31 December 2015	—	1,725	—	483
<b>Entities with significant influence over the Group</b> . . . . . 31 December 2014	—	3,730	—	269
<b>Associates</b> . . . . . 31 December 2014	2,726	28	—	—
<b>Other related parties — companies under common directorship</b> . . . . . 31 December 2014	159	1,199	—	—
<b>Total</b> . . . . . 31 December 2014	2,885	4,957	—	269

#### *Transactions with directors*

The following transactions have taken place with directors on an arms-length basis

During the year ended 31 December 2015, there were no transactions with directors.

During the year ended 31 December 2014, one vehicle was sold to Mr. Amr Ali Abdallah Abou El Seoud for £85,833.

No amounts were outstanding at either year end.

The Company has not entered into any transactions with other related parties of the Company in either year. There are no balances outstanding with other related parties of the Company at either year end.

The Company operates an arrangement with its direct and indirect subsidiaries, whereby it purchases goods and services on behalf of those subsidiaries and the subsidiaries purchase goods and services on behalf of the Company. Transactions entered into, and trading balances at each year end with the subsidiaries of the Company are as follows:

Related party — Subsidiary		Purchased on behalf of subsidiary undertakings	Purchased via subsidiary undertakings	Amounts owed by subsidiary undertakings	Amounts owed to subsidiary undertakings
		£'000	£'000	£'000	£'000
Subsidiaries . . . . .	<b>31 December 2015</b>	—	<b>31,394</b>	<b>160,566</b>	<b>178,192</b>
Subsidiaries . . . . .	31 December 2014	—	29,593	94,968	206,317

### Terms and conditions of transactions with related parties (Group and Company)

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group and the Company have not provided or benefited from any guarantees for any related party receivables or payables. The Company has not made any provision for impairment relating to amounts owed by related parties at either year end.

### 29 Post balance sheet events

In April 2016 the company drew down the second £100m relating to the £200m redeemable cumulative preference shares issued in April 2015.

### 30 Immediate parent company

The Company has no immediate parent company.

**Aston Martin Holdings (UK) Limited**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014**

**Registered Number : 06067176**

## Directors and advisors

### Directors

Najeeb Al-Humaidhi  
Adnan A Al-Musallam  
Rezam M Al-Roumi  
Roberto Maestroni  
Umberto Magnetti  
Carlo Pasquale Campanini-Bonomi  
Dante Razzano  
Mahmoud Samy Mohamed Ali El Sayed  
Amr Ali Abdallah Abou El Seoud  
Dr Andrew Palmer (Chief Executive Officer)

### Primary bankers

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Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

HSBC Bank plc  
8 Canada Square  
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E14 5HQ

### Secretary and registered office

Michael Marecki  
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Warwick  
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CV35 0DB

Lloyds TSB Bank plc  
10 Gresham Street  
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Standard Chartered Bank plc  
1 Basinghall Avenue  
London  
EC2V 5DD

### Registered auditor

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Comerica Bank  
1717 Main Street  
Dallas  
Texas 75201  
United States of America



# Independent auditor's report to the members of Aston Martin Holdings (UK) Limited

We have audited the financial statements of Aston Martin Holdings (UK) Limited for the year ended 31 December 2014 set out on pages 7 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**John Leech (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Date:** 28 April 2015

## Consolidated statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue	4	468,355	519,189
Cost of sales		<b>(313,476)</b>	(352,040)
<b>Gross profit</b>		<b>154,879</b>	167,149
Selling and distribution expenses		<b>(33,439)</b>	(34,087)
Administrative and other expenses		<b>(139,833)</b>	(131,939)
Share of result in associates	14	<b>32</b>	362
<b>Operating (loss) / profit</b>	5	<b>(18,361)</b>	1,485
<b>Analysed as :</b>			
Gain on the disposal of an associated company	6,14	<b>1,706</b>	—
Concept vehicle development costs	6	<b>(5,977)</b>	(5,200)
Impairment of computer hardware and software assets	6	—	(3,481)
Professional fees relating to capital increase	6	—	(6,663)
Underlying operating (loss) / profit*		<b>(14,090)</b>	16,829
<b>Operating (loss) / profit</b>		<b>(18,361)</b>	1,485
Finance income	8	<b>2,548</b>	7,230
Finance expense	9	<b>(56,018)</b>	(34,097)
<b>Net financing expense</b>		<b>(53,470)</b>	(26,867)
<b>Loss before tax</b>		<b>(71,831)</b>	(25,382)
<b>Income tax credit</b>	10	<b>7,079</b>	8,727
<b>Loss for the year</b>		<b>(64,752)</b>	(16,655)
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit (liability) / asset	22	<b>(15,011)</b>	3,831
Related Income tax	10	<b>3,255</b>	(891)
		<b>(11,756)</b>	2,940
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation differences		<b>(336)</b>	(180)
<b>Other comprehensive income for the period, net of income tax</b>		<b>(12,092)</b>	2,760
<b>Total comprehensive income for the period</b>		<b>(76,844)</b>	(13,895)
<b>Loss attributable to:</b>			
Owners of the group		<b>(64,916)</b>	(16,655)
Non-controlling interests		<b>164</b>	—
		<b>(64,752)</b>	(16,655)
<b>Total comprehensive (expense) / income for the period attributable to:</b>			
Owners of the group		<b>(77,008)</b>	(13,895)
Non-controlling interests		<b>164</b>	—
		<b>(76,844)</b>	(13,895)

\* underlying operating (loss) / profit represents operating (loss) / profit excluding non-recurring items.

Notes on pages 12 to 40 form an integral part of the financial statements.

## Consolidated statement of changes in equity

### Group

	Share Capital	Share Premium	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2014</b> .....	3	358,296	92,964	164	(35,404)	416,023
<b>Total comprehensive income for the period Loss</b> .....	—	—	—	—	(64,916)	(64,916)
<b>Other comprehensive Income</b>						
Foreign currency translation differences .....	—	—	—	(336)	—	(336)
Remeasurement of defined benefit (liability) / asset (note 22) .....	—	—	—	—	(15,011)	(15,011)
Income tax on other comprehensive income (note 10) .....	—	—	—	—	3,255	3,255
<b>Total other comprehensive Income</b> .....	—	—	—	(336)	(11,756)	(12,092)
<b>Total comprehensive Income for the period</b> .....	—	—	—	(336)	(76,672)	(77,008)
<b>Transactions with owners, recorded directly in equity</b> ...						
Capital increase .....	—	8,167	—	—	—	8,167
<b>Total transactions with owners</b> .....	—	8,167	—	—	—	8,167
<b>Acquisition of subsidiary with non-controlling interests (notes 3 and 14)</b> .....	—	—	5,619	—	—	5,619
<b>At 31 December 2014</b> .....	3	366,463	98,583	(172)	(112,076)	352,801

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A, which is controlled by Investindustrial V L.P., for a consideration of £3,750,000.

In September 2014 a further 33,650 shares with a par value of £0.001p per share were issued to Daimler AG for a consideration of £4,417,000.

Included in Capital Reserve and Non-controlling interests is £1,100,000 of additional capital reserve and £4,355,000 of Non-controlling interest relating to the acquisition of an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited. See notes 3 and 14 for further details.

## Group

	Share Capital	Share Premium	Capital Reserve and non-controlling interest	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2013</b> .....	<b>2</b>	<b>191,512</b>	<b>92,964</b>	<b>344</b>	<b>(21,689)</b>	<b>263,133</b>
<b>Total comprehensive income for the period</b>						
<b>Loss</b> .....	—	—	—	—	(16,655)	(16,655)
<b>Other comprehensive income</b>						
Foreign currency translation differences .....	—	—	—	(180)	—	(180)
Remeasurement of defined benefit (liability) / asset (note 22) .....	—	—	—	—	3,831	3,831
Income tax on other comprehensive income (note 10) .....	—	—	—	—	(891)	(891)
<b>Total other comprehensive income</b> .....	—	—	—	(180)	2,940	2,760
<b>Total comprehensive income for the period</b> .....	—	—	—	(180)	(13,715)	(13,895)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Capital increase</b> .....	<b>1</b>	<b>166,784</b>	—	—	—	<b>166,785</b>
<b>Total transactions with owners</b> .....	<b>1</b>	<b>166,784</b>	—	—	—	<b>166,785</b>
<b>At 31 December 2013</b> .....	<b>3</b>	<b>358,296</b>	<b>92,964</b>	<b>164</b>	<b>(35,404)</b>	<b>416,023</b>

On 30 April 2013 the company issued 1,142,696 shares with a par value of £0.001p per share for a consideration of £150,000,000 to Prestige Motor Holdings S.A.

On 18 December 2013 the company issued 127,871 shares with a par value of £0.001p per share for a consideration of £16,785,000 to Daimler AG.

## Company statement of changes in equity

### Company

	Share Capital	Share Premium	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014 .....	3	358,296	92,964	—	(519)	450,744
<b>Total comprehensive income for the period</b>						
<b>Loss</b> .....	—	—	—	—	(17,197)	(17,197)
<b>Total comprehensive expense for the period</b> .....	—	—	—	—	(17,197)	(17,197)
<b>Transactions with owners, recorded directly in equity</b> .....						
Capital increase .....	—	8,167	—	—	—	8,167
<b>Total transactions with owners</b> .....	—	8,167	—	—	—	8,167
<b>At 31 December 2014</b> .....	<b>3</b>	<b>366,463</b>	<b>92,964</b>	<b>—</b>	<b>(17,716)</b>	<b>441,714</b>

In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A., which is controlled by investindustrial V L.P., for a consideration of £3,750,000. In September 2014 a further 33,650 D shares with a par value of £0.001p were issued to Daimler AG for a consideration of £4,417,000.

### Company

	Share Capital	Share Premium	Capital Reserve	Translation Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2013 .....	2	191,512	92,964	—	6,889	291,367
<b>Total comprehensive income for the period</b>						
<b>Loss</b> .....	—	—	—	—	(7,408)	(7,408)
<b>Total comprehensive expense for the period</b> .....	—	—	—	—	(7,408)	(7,408)
<b>Transactions with owners, recorded directly in equity</b> .....						
Capital increase .....	1	166,784	—	—	—	166,785
<b>Total transactions with owners</b> .....	<b>1</b>	<b>166,784</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>166,785</b>
<b>At 31 December 2013</b> .....	<b>3</b>	<b>358,296</b>	<b>92,964</b>	<b>—</b>	<b>(519)</b>	<b>450,744</b>

On 30 April 2013 the company issued 1,142,696 shares with a par value of £0.001p per share for a consideration of £150,000,000 to Prestige Motor Holdings S.A.

On 18 December 2013 the company issued 127,871 shares with a par value of £0.001p per share for a consideration of £16,785,000 to Daimler AG.

## Statements of financial position at 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
<b>Non-current assets</b>					
Intangible assets	11	625,805	570,942	—	—
Property, plant and equipment	13	174,379	180,809	—	—
Investment in associates	14	—	1,962	—	—
Investments in subsidiary undertakings	14	—	—	667,982	667,982
Other financial assets	19	—	1,542	—	—
Deferred tax asset	10	44,024	23,016	—	—
Employee benefits	22	—	1,886	—	—
		<b>844,208</b>	<b>780,157</b>	<b>667,982</b>	<b>667,982</b>
<b>Current assets</b>					
Inventories	15	98,427	69,965	—	—
Trade and other receivables	16	51,538	40,350	95,223	17,209
Other financial assets	19	527	3,108	—	—
Cash and cash equivalents	17	89,250	74,653	1	1
		<b>239,742</b>	<b>188,076</b>	<b>95,224</b>	<b>17,210</b>
<b>Total assets</b>		<b>1,083,950</b>	<b>968,233</b>	<b>763,206</b>	<b>685,192</b>
<b>Current liabilities</b>					
Borrowings	19	19,808	13,854	—	—
Trade and other payables	18	160,048	130,566	207,297	234,448
Income tax payable		1,208	936	—	—
Other financial liabilities	19	3,088	253	—	—
Provisions	21	9,171	7,678	—	—
		<b>193,323</b>	<b>153,287</b>	<b>207,297</b>	<b>234,448</b>
<b>Non-current liabilities</b>					
Borrowings	19	412,598	296,765	114,195	—
Other financial liabilities	19	2,819	45	—	—
Employee benefits	22	12,404	—	—	—
Provisions	21	8,111	9,297	—	—
Deferred tax liabilities	10	101,894	92,816	—	—
		<b>537,826</b>	<b>398,923</b>	<b>114,195</b>	<b>—</b>
<b>Total liabilities</b>		<b>731,149</b>	<b>552,210</b>	<b>321,492</b>	<b>234,448</b>
<b>Net assets</b>		<b>352,801</b>	<b>416,023</b>	<b>441,714</b>	<b>450,744</b>
<b>Capital and reserves</b>					
Share capital	23	3	3	3	3
Share premium	24	366,463	358,296	366,463	358,296
Capital reserve	24	94,064	92,964	92,964	92,964
Translation reserve	24	(172)	164	—	—
Retained earnings		(112,076)	(35,404)	(17,716)	(519)
<b>Equity attributable to owners of the group</b>		<b>348,282</b>	<b>416,023</b>	<b>441,714</b>	<b>450,744</b>
Non-controlling interests	3,14	4,519	—	—	—
<b>Total shareholders' equity</b>		<b>352,801</b>	<b>416,023</b>	<b>441,714</b>	<b>450,744</b>

The financial statements on pages 7 to 40 were approved by the board of directors on 28 April 2015 and were signed on its behalf by:



Dr Andrew Palmer

**Director**

Company Number : 06067176

Notes on pages 12 to 40 form an integral part of the financial statements.

## Consolidated statement of cash flows for the year ended 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000
<b>Operating activities</b>			
Loss for the year		(64,752)	(16,655)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax on continuing operations	10	(7,079)	(8,727)
Share of result of associates	14	(32)	(362)
Net finance costs		56,612	25,586
Other non cash movements		(137)	(273)
Losses on sale of property, plant and equipment	5	67	69
Gain on the sale of an associated company		(1,706)	—
Depreciation and impairment of property, plant and equipment	5,13	28,316	27,547
Amortisation and impairment of intangible assets	5,11	51,964	43,796
Difference between pension contributions paid and amounts recognised in income statement		(721)	(1,038)
(Increase) / decrease in inventories		(21,842)	3,424
Increase in trade and other receivables		(8,146)	(6,799)
Increase / (decrease) in trade and other payables		26,709	(45,026)
Movement in provisions		89	832
Cash generated from operations		59,342	22,374
Income taxes paid		(1,472)	(1,106)
<b>Net cash inflow from operating activities</b>		<b>57,870</b>	<b>21,268</b>
<b>Cash flows from investing activities</b>			
Interest received	8	2,037	1,950
Proceeds on the disposal of property, plant and equipment		18	14
Payments to acquire property, plant and equipment	13	(20,852)	(13,123)
Payments to acquire intangible assets	11	(105,631)	(92,157)
Acquisition of AMWS Limited	14	1,300	—
<b>Net cash used in investing activities</b>		<b>(123,128)</b>	<b>(103,316)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(31,938)	(32,258)
Proceeds from equity share issue	23,24	8,167	166,785
Movement in borrowings	19	5,348	(27,366)
New Borrowings	19,25	99,620	—
Transaction fees on new borrowings	25	(585)	—
<b>Net cash inflow from financing activities</b>		<b>80,612</b>	<b>107,161</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,354</b>	<b>25,113</b>
Cash and cash equivalents at the beginning of the year		74,653	50,413
Effect of exchange rates on cash and cash equivalents		(757)	(873)
<b>Cash and cash equivalents at the end of the year</b>	25	<b>89,250</b>	<b>74,653</b>

Notes on pages 12 to 40 form an integral part of the financial statements.



# Notes to the financial statements for the year ended 31 December 2014

## 1 Basis of accounting

Aston Martin Holdings (UK) Limited (the "Company") is a Company incorporated in England and Wales and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value.

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes, a revolving credit facility, inventory financing facilities and a wholesale vehicle financing facility.

The Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in 2018 and has access to a £30,000,000 revolving credit facility until 2016 which was undrawn at 31 December 2014 and 31 December 2013. The Senior Secured Notes and revolving credit facility include certain covenant tests.

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£ : 99,620,000) due for repayment in July 2018.

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

The Directors have prepared trading and cash flow forecasts for the period to 2020 from the date of approval of these financial statements. These forecasts show that the Group has sufficient financial resources to meet its obligations as they fall due and meet all covenant tests for the period of at least 12 months from the date that these financial statements were 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 to represent their best estimate of future events, based on the information that is available to them at the time of approval of these financial statements.

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 these financial statements are approved.

Accordingly, after considering the forecasts, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that the Group has adequate

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

resources to continue in operational existence for the foreseeable future and therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

## 2 Accounting policies

### 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 financial statements of subsidiaries used in the preparation of the consolidated financial statements 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.

#### *Investments in associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

### Government grants

Government grants are recognised in the income statement so as to match them with the related expenses that they are intended to compensate.

### 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 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 profit or loss.

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.

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 the significant risks and rewards of ownership of the vehicles have 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. Where the dealer is Aston Martin Works Limited or Aston Martin Italy S.r.l, both indirect subsidiaries of Aston Martin Holdings (UK) Limited, revenue is recognised at the point of sale to a customer or other buyer outside of the Group. 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. Vehicles are sold with a warranty. Revenue relating to this warranty service is recognised on despatch of the vehicle.

### ***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 Aston Martin Holdings (UK) Limited, 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.

## **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 (liability) asset and gains on financial instruments that are recognised in profit or loss.

## **Finance expense**

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 profit or loss 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.

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## **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.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. The only cash generating unit of the Group is that of the Aston Martin Lagonda Group Limited business. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss.

## **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, 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 life cycle that had expired at the acquisition date.

Technology acquired from third parties is included at fair value.

### ***Dealer network***

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.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### **Beneficial lease**

Rent free lease options have been valued on the basis of the net present value of the market rental cashflows.

### **Amortisation**

Following initial recognition, the historic 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 profit or loss, 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.

Following a review of the useful lives of the computer software and hardware assets during the year ended 31 December 2013, all assets greater than 3 years old and 4 years old respectively were deemed to have no future useful life and have been fully impaired and the future depreciation rates adjusted to reflect the revised useful lives. Computer software and hardware assets are contained within plant, machinery, fixtures, fittings and tooling.

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 profit or loss in the period of derecognition.

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## Investments in subsidiaries and associates

In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of investment.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates.

## 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 profit or loss in those expense categories consistent with the function of the impaired asset.

For goodwill and brands that have an infinite 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

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Predetermined rental increases

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

included in the lease are recognised on a straight-line basis. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to profit or loss on a straight-line basis over the lease term.

### **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 cash flow statement, 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**

Derivative financial assets and liabilities are recognised on 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.

### **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. Provision is 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.

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## **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 profit or loss 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 comprise 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 profit or loss.

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 profit or loss. 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 provision**

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, typically on despatch of a vehicle. Expected future cash flows are not discounted to present value as the effect is not material.

The Group provides for the estimated liability for all products under warranty. The provision is estimated based on past experience of the level of warranty claims received.



# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## 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 profit or loss 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 financial statements, 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 financial statements requires 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 in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- the point of capitalisation and amortisation of development costs; and
- the useful lives of tangible and intangible assets

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 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

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

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 12).

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 (see note 22).

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

- International Financial Reporting Standard (IFRS) 10 'Consolidated financial statements'
- International Financial Reporting Standard (IFRS) 11 'Joint arrangements'
- International Financial Reporting Standard (IFRS) 12 'Disclosure of interests in other entities'.

The adoption of the above standards has had no significant impact on profit or net assets.

**The following new standards are not yet effective but have been endorsed by the European Union and could be relevant to the Group.**

There are no new standards endorsed by the European Union that have been deemed significant to the Group.

**Other relevant standards not yet endorsed by the European Union that will have a significant impact on the Group**

IFRS 9 Financial Instruments: First chapters of a new standard on accounting for financial instruments which will replace IAS 39 *Financial Instruments: Recognition and Measurement*. Effective for periods after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers : The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. Effective for periods after 1 January 2017.

### 3 Acquisition of subsidiary

#### Acquisitions in the current period

On 30 April 2014 Aston Martin Holdings (UK) Limited, of which Aston Martin Lagonda Limited is an indirect subsidiary, exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. In the 4 months to 30 April 2014 the subsidiary contributed net profit of £32,000 to the consolidated net profit for the year.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £'000
<b>Acquiree's net assets at the acquisition date:</b>	
Property, plant and equipment .....	1,318
Intangible assets .....	751
Inventories .....	6,620
Trade and other receivables .....	2,947
Cash and cash equivalents .....	1,300
Trade and other payables .....	(4,226)
Net identifiable assets and liabilities .....	8,710
<b>Consideration:</b>	
Cash price paid .....	—
Fair value of 50% Investment .....	4,800
Fair value of 50% Non-controlling interest .....	4,355
Total consideration .....	9,155
Goodwill on acquisition .....	445

## 4 Revenue

### Group

	2014 £'000	2013 £'000
<b>Analysis by category</b>		
Sale of vehicles .....	418,182	485,177
Sale of parts .....	42,072	33,366
Servicing of vehicles .....	8,101	646
	468,355	519,189

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 5 Operating (loss) / profit

#### Group

The Group operating (loss) / profit is stated after charging / (crediting):

	2014	2013
	£'000	£'000
Depreciation of property, plant and equipment (note 13) . . . . .	28,316	27,547
Amortisation of intangible assets (note 11) . . . . .	51,964	43,796
Provision for the impairment of trade receivables (note 16) . . . . .	84	—
Loss on sale of property, plant and equipment . . . . .	67	69
Net foreign currency differences . . . . .	(2,215)	4,442
Cost of inventories recognised as an expense . . . . .	249,290	242,038
Write-down of inventories to net realisable value . . . . .	61	748
Operating lease payments		
— Land and buildings . . . . .	2,580	2,565
— Plant and machinery . . . . .	1,055	668
<i>Auditor's remuneration:</i>		
— Audit of these financial statements . . . . .	15	12
— Audit of financial statements of subsidiaries pursuant to legislation . . . . .	118	101
— Other services relating to taxation . . . . .	595	518
— All other services . . . . .	99	145
Government grants* . . . . .	(4,487)	(3,379)
Research and development expenditure recognised as an expense . . . . .	10,100	7,775

#### Research and development expenditure is further analysed as follows:

Total research and development expenditure . . . . .	106,193	78,922
Capitalised research and development expenditure . . . . .	(96,093)	(71,147)
Research and development expenditure recognised as an expense . . . . .	10,100	7,775

\* The Group has received grants from the United Kingdom government to support incremental development activities which safeguard and increase employment within the Group in designated areas of the United Kingdom.

### 6 Non-recurring items

	2014	2013
	£'000	£'000
Non-recurring operating income and (expenses):		
Gain on the disposal of an associated company . . . . . (a)	1,706	—
Concept vehicle development costs . . . . . (b)	(5,977)	(5,200)
Impairment of computer hardware and software assets . . . . . (c)	—	(3,481)
Professional fees relating to capital increase . . . . . (d)	—	(6,663)
Non-recurring items before tax . . . . .	(4,271)	(15,344)
Tax on non-recurring items . . . . .	—	—
Non-recurring items after tax . . . . .	(4,271)	(15,344)

(a) On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Aston Martin Works Limited's principal activities are the servicing, restoration and sale of luxury high-performance motor cars under the brand name of Aston Martin. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. In accordance

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

with IFRS 3, for accounting purposes this transaction has been treated as a disposal of a 40% interest and the acquisition of a new 50% interest giving rise to a gain on the disposal of the associated company of £1,706,000, which has been treated as a non-recurring item and recorded in administrative and other expenses in the condensed consolidated statement of comprehensive income. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

- (b) During the year ended 31 December 2014, the Group incurred significant one-off costs in relation to concept vehicles, as it continues its largest investment in future models during its 102-year history. During the year ended 31 December 2013, following a review and decision not to proceed with the future development of a previous concept vehicle, the costs incurred were written off.
- (c) Following a review of the useful lives of the computer software and hardware assets, all assets greater than 3 years old and 4 years old respectively were deemed to have no future useful life and have been fully impaired and the future depreciation rates adjusted to reflect the revised useful lives.
- (d) In April 2013 new equity was issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P. Professional fees relating to this transaction are shown above.

There is no tax effect on the non-recurring items in either year.

### 7 Staff costs and directors' emoluments

#### Group

##### (a) Staff costs

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Wages and salaries .....	62,473	56,436
Social security costs .....	5,858	5,498
Expenses related to post-employment defined benefit plan .....	8,709	8,005
Contributions to defined contribution plans .....	1,183	343
	<b>78,223</b>	<b>70,282</b>

During the year the Company had no employees or staff costs (2013 : none).

The average monthly number of employees during the years ended 31 December 2014 and 31 December 2013 were:

	2014	2013
<b>By activity</b>		
Production .....	666	605
Selling and distribution .....	200	191
Administration .....	512	443
	<b>1,378</b>	<b>1,239</b>

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### (b) Directors' emoluments and transactions

	2014	2013
	£'000	£'000
Directors' emoluments .....	1,094	535

None of the directors received any amounts under long term incentive plans or were members of a Group pension scheme in either year.

#### Highest paid director:

Aggregate emoluments .....	194	399
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#### Compensation of key management personnel (including directors)

	2014	2013
	£'000	£'000
Short-term employee benefits .....	4,004	5,011
Post-employment benefits .....	445	499
	<b>4,449</b>	<b>5,510</b>

Compensation for loss of office payments included above amounted to £13,338 (2013 : £198,152).

All of the directors benefited from qualifying third party indemnity provisions.

## 8 Finance Income

### Group

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Bank deposit and other interest income .....	2,037	1,950
Net interest income on the net defined benefit (liability) / asset .....	287	60
Net gain on financial instruments recognised at fair value through profit or loss .....	224	5,220
Total finance income .....	<b>2,548</b>	<b>7,230</b>

## 9 Finance expense

### Group

	2014	2013
	£'000	£'000
Bank loans and overdrafts .....	42,159	34,097
Net loss on financial instruments recognised at fair value through profit or loss .....	7,101	—
Net foreign exchange loss .....	6,758	—
Total finance expense .....	<b>56,018</b>	<b>34,097</b>

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 10 Tax expense on continuing operations

#### Group

	2014	2013
	£'000	£'000
<i>Current tax expense</i>		
UK corporation tax on profits	(43)	94
Overseas tax	(1,620)	(2,049)
Prior period movement	67	91
Total current income tax	<b>(1,596)</b>	<b>(1,864)</b>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	8,292	611
Effect of change in tax laws	—	10,786
Prior period movement	383	(711)
Total deferred tax	<b>8,675</b>	<b>10,686</b>
Share of associate's tax	—	(95)
Total tax credit	<b>7,079</b>	<b>8,727</b>
<b><i>Tax relating to items charged in other comprehensive income</i></b>		
<i>Deferred tax</i>		
Actuarial (losses) / gains on defined benefit pension plan	3,255	(891)
Adjustment to pension scheme assets in accordance with paragraph 64 of IAS19	—	—
Tax (credit) / charge on items recognised in other comprehensive income	<b>3,255</b>	<b>(891)</b>

#### **(b) Reconciliation of the total tax charge**

The tax credit (2013 : credit) in the consolidated statement of comprehensive income for the year is lower than (2013 : higher than) the standard rate of corporation tax in the UK of 21.5% (2013:23.25%). The differences are reconciled below:

	2014	2013
	£'000	£'000
Loss from operations before taxation	<b>(71,831)</b>	<b>(25,382)</b>
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 21.5% (2013 : 23.25%)	<b>21.5% (15,444)</b>	<b>23.25% (5,901)</b>
Difference to current tax credit due to effects of:		
Unrecognised tax losses	<b>6,638</b>	6,172
Additional tax credit for research and development	<b>(8)</b>	(642)
Expenses not deductible for tax purposes	<b>1,165</b>	1,386
Adjustments in respect of prior periods	<b>(450)</b>	620
Effect of change in tax laws	—	(10,786)
Other	<b>1,020</b>	424
Total tax credit	<b>(7,079)</b>	<b>(8,727)</b>

#### **(c) Factors affecting future tax charges**

A reduction in the UK corporation rate from 23% to 21% (effective from 1 April 2014) and a further reduction to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This has reduced the Company's current tax charge in the year ended 31 December 2014 and will reduce the Company's current tax charge in the year ended 31 December 2015.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### (d) *Deferred tax*

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2014	Assets 2013	Liabilities 2014	Liabilities 2013
	£'000	£'000	£'000	£'000
Property, plant and equipment	(27,102)	(20,414)	—	—
Intangible assets	—	—	101,894	91,597
Employee benefits	(2,481)	—	—	377
Provisions	(2,910)	—	—	842
Losses	(11,531)	(2,602)	—	—
Tax (assets) / liabilities	(44,024)	(23,016)	101,894	92,816
Set off of tax liabilities / (assets)	44,024	23,016	(44,024)	(23,016)
Net tax (assets) / liabilities	—	—	57,870	69,800

#### Movement in deferred tax in 2014

	1 January 2014	Recognised in income	Recognised in equity	31 December 2014
	£'000	£'000	£'000	£'000
Property, plant and equipment	(20,414)	(6,688)	—	(27,102)
Intangible assets	91,597	10,297	—	101,894
Employee benefits	377	397	(3,255)	(2,481)
Provisions	842	(3,752)	—	(2,910)
Losses	(2,602)	(8,929)	—	(11,531)
	69,800	(8,675)	(3,255)	57,870

#### Movement in deferred tax in 2013

	1 January 2013	Recognised in income	Recognised in equity	31 December 2013
	£'000	£'000	£'000	£'000
Property, plant and equipment	(16,464)	(3,950)	—	(20,414)
Intangible assets	97,875	(6,278)	—	91,597
Employee benefits	(686)	172	891	377
Provisions	(1,130)	1,972	—	842
Losses	—	(2,602)	—	(2,602)
	79,595	(10,686)	891	69,800

Deferred tax assets have not been recognised in respect of the following items:

	2014	2013
	£'000	£'000
Tax losses	23,181	17,095

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.



## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 11 Intangible assets

#### Group

	Brands £'000	Technology £'000	Dealer Network £'000	Other £'000	Goodwill £'000	Total £'000
<b>Cost</b>						
Balance at 1 January 2013	242,600	80,100	15,400	234,621	84,131	656,852
Additions	—	16,785	—	75,372	—	92,157
Balance at 31 December 2013	242,600	96,885	15,400	309,993	84,131	749,009
Balance at 1 January 2014	242,600	96,885	15,400	309,993	84,131	749,009
Additions	—	4,417	—	101,214	445	106,076
Transfer in (note 14)	—	—	—	—	860	860
Balance at 31 December 2014	242,600	101,302	15,400	411,207	85,436	855,945
<b>Amortisation</b>						
Balance at 1 January 2013	—	44,723	4,299	85,249	—	134,271
Amortisation for the year	—	8,010	770	35,016	—	43,796
Balance at 31 December 2013	—	52,733	5,069	120,265	—	178,067
Balance at 1 January 2014	—	52,733	5,069	120,265	—	178,067
Amortisation for the year	—	8,010	770	43,093	91	51,964
Transfer in (note 14)	—	—	—	—	109	109
Balance at 31 December 2014	—	60,743	5,839	163,358	200	230,140
<b>Carrying Amounts</b>						
At 1 January 2013	242,600	35,377	11,101	149,372	84,131	522,581
At 31 December 2013	242,600	44,152	10,331	189,728	84,131	570,942
<b>At 1 January 2014</b>	242,600	44,152	10,331	189,728	84,131	570,942
<b>At 31 December 2014</b>	242,600	40,559	9,561	247,849	85,236	625,805

The Brand identified above and valued through the acquisition of Aston Martin Lagonda Group Limited 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.

Other intangible assets of £247,849,000 (2013 : £189,728,000) include £237,700,000 (2013 : £177,716,000) relating to capitalised development costs, £2,762,000 relating to Chinese distribution rights (2013 : £3,989,000) and £7,026,000 relating to software development (2013 : £7,511,000).

Goodwill of £84,131,000 (2013 : £84,131,000) arose on the acquisition of Aston Martin Lagonda Group Limited by Aston Martin Holdings (UK) Limited (via Aston Martin Investments Limited) in 2007. The addition of £445,000 in the year ended 31 December 2014 arose on the acquisition of AMWS Limited, the parent company of Aston Martin Works Limited (see note 14 for further details). The transfer in at a net book value of £751,000 relates to the acquisition of Aston Martin Works Limited (see note 14). Amortisation in the year ended 31 December 2014 relates to amortisation of the Goodwill on acquisition of AMWS Limited (£59,000) and amortisation of the Goodwill within Aston Martin Works Limited of (£32,000).

There are no intangible assets in the Company.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 12 Impairment testing of goodwill and other intangible fixed assets with Indefinite useful lives

#### Group

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 six year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2% 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 rate used was 12.0%. An exchange rate of \$1.56/£ has been used in the forecast.

#### *Sensitivity analysis*

- the pre-tax discount rate would need to increase to 14.5% in order for the assets to become impaired
- the rate of growth of 2% per annum beyond the six year plan would need to be a decline of 3.1% in order for the assets to become impaired

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 13 Property, plant and equipment

#### Group

	Freehold land and buildings	Plant, machinery, fixtures, fittings and tooling	Motor vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Balance at 1 January 2013 .....	62,962	277,793	840	341,595
Additions .....	74	13,049	—	13,123
Disposals .....	—	(70)	(23)	(93)
Effect of movements in exchange rates .....	82	(8)	2	76
Balance at 31 December 2013 .....	63,118	290,764	819	354,701
Balance at 1 January 2014 .....	63,118	290,764	819	354,701
Additions .....	5,158	15,618	76	20,852
Transfer (note 14) .....	88	1,395	—	1,483
Disposals .....	—	(435)	—	(435)
Effect of movements in exchange rates .....	(219)	(49)	(7)	(275)
Balance at 31 December 2014 .....	68,145	307,293	888	376,326
<b>Depreciation</b>				
Balance at 1 January 2013 .....	11,527	134,793	52	146,372
Charge for the year .....	2,153	25,374	20	27,547
Disposals .....	—	—	(10)	(10)
Effect of movements in exchange rates .....	11	(29)	1	(17)
Balance at 31 December 2013 .....	13,691	160,138	63	173,892
Balance at 1 January 2014 .....	13,691	160,138	63	173,892
Charge for the year .....	2,231	26,069	16	28,316
Transfer (note 14) .....	2	163	—	165
Disposals .....	—	(350)	—	(350)
Effect of movements in exchange rates .....	(45)	(26)	(5)	(76)
Balance at 31 December 2014 .....	15,879	185,994	74	201,947
<b>Carrying amounts</b>				
At 1 January 2013 .....	51,435	143,000	788	195,223
At 31 December 2013 .....	49,427	130,626	756	180,809
<b>At 1 January 2014</b> .....	49,427	130,626	756	180,809
<b>At 31 December 2014</b> .....	52,266	121,299	814	174,379

As detailed in Note 19, property, plant and equipment above provides security for a fixed and floating charge in favour of the holders of the 9.25% Senior Secured Notes.

Assets in the course of construction at a cost of £13,171,000 (2013 : £74,000) are included within land and buildings. Assets in the course of construction at a cost of £15,115,000 (2013 : £1,548,000) are included within plant and machinery.

Capital expenditure contracts to the value of £26,135,000 have been placed but not provided for as at 31 December 2014 (2013 : £6,064,000).

There was no property, plant and equipment in the Company (2013 : £Nil).

# Notes to the financial statements for the year ended 31 December 2014 — (Continued)

## 14 Investments

### Investments in subsidiary undertakings

#### Company

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of Business
Aston Martin Capital Limited*◇ . . . . .	Ordinary	100%	Financing company holding the Senior Secured Notes
Aston Martin Investments Limited* . . . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda Group Limited** . . . . .	Ordinary	100%	Holding Company
Aston Martin Lagonda of North America Incorporated**^ . . . . .	Ordinary	100%	Luxury sports car distributor
Lagonda Properties Limited** . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda Pension Trustees Limited** . . . . .	Ordinary	100%	Trustee of the Aston Martin Lagonda Limited Pension Scheme
Aston Martin Lagonda Limited** . . . . .	Ordinary	100%	Manufacture and sale of luxury sports cars and the sale of parts
Aston Martin Lagonda of Europe GmbH**> . . . . .	Ordinary	100%	Provision of engineering and sales and marketing services
AML Overseas Services Limited** . . . . .	Ordinary	100%	Provision of management services to Aston Martin Lagonda Limited
Aston Martin Italy S.r.l.**< . . . . .	Ordinary	100%	Sale and servicing of luxury sports cars and the sale of parts
AML Italy S.r.l.**< . . . . .	Ordinary	100%	Dormant Company
Aston Martin Lagonda (China) Automobile Distribution Co., Ltd**√ . . . . .	Ordinary	100%	Luxury sports car distributor
AM Nurburgring Racing Limited** . . . . .	Ordinary	100%	Dormant Company
AMWS Limited**◇ . . . . .	Ordinary	50%	Holding Company
Aston Martin Works Limited** . . . . .	Ordinary	50%	Sale, servicing and restoration of Aston Martin cars

All subsidiaries are incorporated in England and Wales unless otherwise stated.

◇ incorporated in Jersey

^ incorporated in the United States of America

> incorporated in Germany

< incorporated in Italy

√ incorporated in the People's Republic of China

\* Held directly by Aston Martin Holdings (UK) Limited

\*\* Held indirectly by Aston Martin Holdings (UK) Limited

Cost and carrying value	Shares in subsidiary undertakings £'000
1 January 2014 . . . . .	667,982
Additions . . . . .	—
<b>31 December 2014</b> . . . . .	<b>667,982</b>

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

On 30 April 2014 the Group exercised an option to acquire an additional 10% of the share capital of AMWS Limited, the parent company of Aston Martin Works Limited, for a consideration of £100, increasing its interest in the ordinary share capital of the company from 40% to 50%. Previously, Aston Martin Works Limited was accounted for as an associated company using the equity method of accounting, but following the increase in the shareholding to 50% it became a subsidiary and has been fully consolidated from 1 May 2014. From 1 May 2014 the condensed consolidated statement of comprehensive income includes all revenues and costs of Aston Martin Works Limited whilst the condensed consolidated statement of financial position shows all assets and liabilities.

### Investments in associates

	Investment in associated undertakings £'000
<b>Cost and carrying value</b>	
At 1 January 2014 .....	1,962
Share of result .....	32
Disposal of 40% interest in AMWS Limited (see Investments in subsidiary undertakings — page 18) .....	(1,994)
<b>31 December 2014</b> .....	<b>—</b>

The Company's 40% share of the post-acquisition result of AMWS Limited up to the date of disposal and immediate re-acquisition as a subsidiary on 30 April 2014 is detailed below:

	Period to 30 April 2014 £'000	Year ended 31 December 2013 £'000
Turnover .....	2,783	9,097
Profit before tax .....	32	362
Taxation .....	—	(95)
Profit after tax .....	32	267
Fixed assets .....	—	816
Current assets .....	—	3,884
Liabilities due within one year .....	—	(1,233)

### 15 Inventories

#### Group

	2014 £'000	2013 £'000
Service parts, spares and production stock .....	31,758	30,251
Work in progress .....	12,465	10,836
Finished cars and parts for resale .....	54,204	28,878
	<b>98,427</b>	<b>69,965</b>

Finished cars and parts for resale includes Group owned service vehicles at a net realisable value of £14,867,000 (31 December 2013 : £16,593,000). These are vehicles used by employees of the Group and are not retained by the Group for periods in excess of one year.

There were no inventories in the Company (2013 : £Nil).

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 16 Trade and other receivables

#### Group and Company

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
<b>Amounts included in current assets</b>				
Trade receivables .....	28,247	26,846	—	—
Owed by Group undertakings (see note 28) .....	—	—	94,968	16,774
Owed by related parties (see note 28) .....	—	940	—	—
Other receivables including taxation .....	17,513	10,599	—	—
Prepayments .....	5,778	1,965	255	435
	<b>51,538</b>	<b>40,350</b>	<b>95,223</b>	<b>17,209</b>

Trade receivables and other receivables are non-interest bearing and generally have terms between 10 and 30 days, with amounts financed through the trade finance facility with Standard Chartered Bank plc (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. Credit risk is discussed further in note 19.

All financed vehicle sales are made directly to third-party Aston Martin franchised dealers, and a large proportion are financed through a £100,000,000 trade finance facility with Standard Chartered Bank plc with an associated credit insurance policy.

The Group has entered into a financing agreement with Standard Chartered Bank plc, whereby Standard Chartered Bank plc advance to the Group the sales value of vehicles which have been despatched upon receipt of transportation documentation. Substantially all of the risks of the associated receivables reside with Standard Chartered Bank plc, and therefore the financing arrangement is treated as off-balance sheet. The utilisation of the facility at 31 December 2014 is £89,988,000 (2013 : £69,318,000).

The carrying amount of trade and other receivables (excluding prepayments) are denominated in the following currencies:

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
Sterling .....	22,306	15,770	94,968	16,774
Chinese Renminbi .....	9,778	1,319	—	—
Euro .....	5,792	6,179	—	—
US Dollar .....	7,490	12,766	—	—
Other .....	394	2,351	—	—
	<b>45,760</b>	<b>38,385</b>	<b>94,968</b>	<b>16,774</b>

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### *Provision for impairment of receivables*

Trade receivables with a value of £331,000 were impaired in the Group at 31 December 2014 (31 December 2013 : £356,000). Management review trade receivables on an individual account basis and make provision where recoverability is doubtful.

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
At 1 January .....	356	3,977	—	—
Charge for the year .....	84	—	—	—
Utilised .....	(50)	(3,902)	—	—
Transfer in on the acquisition of AMWS Limited (note 14) .....	3	—	—	—
Effect of movements in exchange rates .....	(62)	281	—	—
At 31 December .....	331	356	—	—

As at 31 December 2014, trade receivables of £6,268,000 were overdue but not impaired (31 December 2013 : £8,314,000). The ageing analysis of these trade receivables is as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
Up to 3 months overdue .....	2,649	5,596	—	—
3 to 6 months overdue .....	114	329	—	—
Over 6 months overdue .....	3,505	2,389	—	—
Total .....	6,268	8,314	—	—

There were no impairments in the Company in either year.

## 17 Cash and cash equivalents

### Group and Company

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
Cash at bank and in hand .....	89,250	74,653	1	1

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.

Cash is held in the following currencies; those held in currencies other than Sterling have been converted into Sterling at year end exchange rates:

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
Sterling .....	15,619	28,911	1	1
Chinese Renminbi .....	28,298	24,064	—	—
US Dollar .....	27,642	9,547	—	—
Other .....	17,691	12,131	—	—
	89,250	74,653	1	1

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 18 Trade and other payables

#### Current trade and other payables—Group and Company

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
Trade payables .....	61,004	50,248	—	—
Due to Group undertakings (see note 28) .....	—	—	206,317	234,433
Due to related parties (see note 28) .....	269	1,953	—	—
Accruals and other payables .....	98,775	78,365	980	15
	<b>160,048</b>	<b>130,566</b>	<b>207,297</b>	<b>234,448</b>

Trade payables are non-interest bearing and it is the Group's policy to pay within the stated terms which vary from 14 to 60 days.

Trade and other payables are held at amortised cost and their amortised cash flows are expected to mature within 12 months of the year end.

### 19 Financial Instruments

#### Group and Company

The Group's principal financial instruments comprise Senior Secured Notes, Senior Subordinated PIK notes, a Revolving Credit Facility, inventory financing facilities, cash and forward currency contracts. The Group also has trade payables and trade receivables, which arise directly from its operations. These short term assets and liabilities are included in the currency risk disclosure.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk as shown below. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

The Board of Directors oversees how management monitor compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### 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 (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. All vehicle sales on the wholesale financing scheme are covered by credit risk insurance. 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.

#### Interest rate risk

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. Total borrowings on these facilities at 31 December 2014 were £19.8m (2013 : £13.9m). The interest rate charged on each of these facilities is determined when the



## Notes to the financial statements for the year ended 31 December 2014— (Continued)

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.

### **Borrowings**

The following table analyses borrowings:

	Group 2014	Group 2013	Company 2014	Company 2013
	£'000	£'000	£'000	£'000
<b>Current</b> .....				
Bank loans and overdrafts .....	19,808	13,854	—	—
<b>Non current</b>				
Senior Secured Notes .....	298,403	296,765	—	—
Senior Subordinated PIK Notes .....	114,195	—	114,195	—
<b>Total non current borrowings</b> .....	412,598	296,765	114,195	—
<b>Total borrowings</b> .....	432,406	310,619	114,195	—

In June 2011, the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Senior Secured Notes are quoted on the Luxembourg Stock Exchange. The interest rate payable on the Senior Secured Notes is fixed at 9.25% per annum until the repayment date.

As described in accounting policies, borrowings are initially recognised at fair value less attributable transaction costs. Subject to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

The Senior Secured Notes above are secured by fixed and floating charges over certain assets of the Group.

Attached to the Senior Secured Notes is a £30,000,000 Revolving Credit Facility which was undrawn at 31 December 2014 and 31 December 2013. 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. Total borrowings on these facilities at 31 December 2014 were £19,808,000 (year ended 31 December 2013 : £13,854,000).

In March 2014 the Group issued \$165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is 10.25% per annum. Interest is charged semi-annually in arrears, on January 15th and July 15th of each year, with a shorter interest period up to 15 July 2014. Interest charged increases the principal amount of the Senior Subordinated PIK Notes and is payable on repayment of the Senior Subordinated PIK Notes in July 2018.

Borrowing costs of £585,000 (2013 : £Nil) have been capitalised during the year ended 31 December 2014.

### **Interest rate risks—sensitivity**

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. As the Senior Secured Notes attract a fixed rate of interest there is no interest rate risk attached to them. Attached to the Senior Secured Notes is a £30,000,000 Revolving Credit Facility which was undrawn at 31 December 2014 and 31 December 2013.

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. Total borrowings on these facilities at 31 December 2014 were £19,808,000 (2013 : £13,854,000). 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.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

In March 2014 the Group issued \$165,000,000 (£99,620,000) of Senior Subordinated PIK Notes which are repayable in July 2018. The interest rate payable on the Senior Secured PIK notes is fixed at 10.25% per annum.

The £304,000,000 9.25% Senior Secured Notes are at a fixed interest rate of 9.25% per annum. The Senior Subordinated PIK notes are at a fixed interest rate of 10.25% per annum. Any interest rate payable on the Revolving Credit Facility is determined at the time of drawing the facility. Therefore, the Group has no sensitivity to an increase in interest rates based on the borrowings at either year end.

### Foreign currency risk management

In addition to the functional currency (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 both year ends the Group had derivative instruments in several currencies, in the form of forward exchange contracts.

### Foreign currency exposure

The Group's sterling equivalents of financial assets and liabilities denominated in foreign currencies at 31 December 2014 and 31 December 2013 were:

	Euros £'000	Chinese Renminbi £'000	US Dollars £'000	Other £'000
<b>At 31 December 2014</b> .....				
<b>Financial assets</b> .....				
Trade and other receivables .....	5,792	9,778	7,490	394
Foreign exchange contracts .....	—	—	233	294
Cash balances .....	13,902	28,298	27,642	3,789
.....	<b>19,694</b>	<b>38,076</b>	<b>35,365</b>	<b>4,477</b>
<b>Financial liabilities</b> .....				
Trade and other payables .....	(16,728)	(14,371)	(4,982)	(1,112)
Foreign exchange contracts .....	—	—	(5,907)	—
.....	<b>(16,728)</b>	<b>(14,371)</b>	<b>(10,889)</b>	<b>(1,112)</b>
<b>Net balance sheet exposure</b> .....	<b>2,966</b>	<b>23,705</b>	<b>24,476</b>	<b>3,365</b>
	Euros £'000	Chinese Renminbi £'000	US Dollars £'000	Other £'000
<b>At 31 December 2013</b> .....				
<b>Financial assets</b> .....				
Trade and other receivables .....	6,179	1,319	12,766	2,351
Foreign exchange contracts .....	—	—	4,140	510
Cash balances .....	6,571	24,064	9,547	5,560
.....	<b>12,750</b>	<b>25,383</b>	<b>26,453</b>	<b>8,421</b>
<b>Financial liabilities</b> .....				
Trade and other payables .....	(20,370)	(7,009)	(4,815)	(1,603)
Foreign exchange contracts .....	—	—	—	(298)
.....	<b>(20,370)</b>	<b>(7,009)</b>	<b>(4,815)</b>	<b>(1,901)</b>
<b>Net balance sheet exposure</b> .....	<b>(7,620)</b>	<b>18,374</b>	<b>21,638</b>	<b>6,520</b>

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

The following significant exchange rates applied:

	Average Rate 2014	Average Rate 2013	Reporting date spot rate 2014	Reporting date spot rate 2013
Euro .....	1.2360	1.1947	1.2886	1.2020
Chinese Renminbi .....	10.2373	9.6945	9.6736	10.0268
US Dollar .....	1.6637	1.5700	1.5593	1.6563

### Currency risk — sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US 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).

	(Increase)/ decrease in USD rate	Effect on profit after tax 2014 £'000	Effect on profit after tax 2013 £'000
US Dollar .....	Five per cent	(4,356)	(4,803)

The Company trades almost entirely in Sterling and therefore has no other significant foreign currency risk.

### 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. At 31 December 2014, £89,988,000 (2013 : £69,318,000) had been received against sales invoices. The wholesale finance scheme and the credit insurance supporting the facility have both been renewed for a further two years to August 2016.

In June 2011 the Group issued £304,000,000 of 9.25% Senior Secured Notes repayable in July 2018. The Group also has access to a £30,000,000 revolving credit facility until 2016 which was undrawn at 31 December 2014 and 31 December 2013.

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. The total size of these facilities at 31 December 2014 is £23,058,000 (2013 : £29,023,000). The utilisation of these facilities at 31 December 2014 is £19,808,000 (2013 : £13,854,000).

In March 2014, the Company issued Senior Subordinated PIK notes with a value of 165,000,000 US dollars (£ : 99,620,000) due for repayment in July 2018.

On 22 April 2015, the Company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts	—	14,823	5,310	—	—	20,133
Senior Secured Notes	—	14,060	14,060	388,360	—	416,480
Senior Subordinated PIK Notes	—	—	—	161,879	—	161,879
Trade and other payables	269	159,779	—	—	—	160,048
<b>Derivative financial liabilities</b>						
Forward exchange contracts	—	701	2,387	2,819	—	5,907
	269	189,363	21,757	553,058	—	764,447

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £432,406,000.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b>						
Bank loans and overdrafts	—	8,952	5,126	—	—	14,078
Senior Secured Notes	—	14,060	14,060	416,480	—	444,600
Trade and other payables	1,953	128,613	—	—	—	130,566
<b>Derivative financial liabilities</b>						
Forward exchange contracts	—	65	188	45	—	298
	1,953	151,690	19,374	416,525	—	589,542

Included in the table above in respect of the Group are interest bearing loans and borrowings at a carrying value of £310,619,000.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b> .....						
Trade and other payables .....	206,317	980	—	—	—	207,297
	<b>206,317</b>	<b>980</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>207,297</b>

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Contractual Cash Flows Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-derivative financial liabilities</b> .....						
Trade and other payables .....	234,433	15	—	—	—	234,448
	<b>234,433</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>234,448</b>

### *Estimation of 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 plc and Morgan Stanley & Co International plc.

The 9.25% Senior Secured Notes, which were issued in 2011, are valued at amortised cost. The fair value of the 9.25% Senior Secured Notes is determined by reference to the quoted price at 31 December. The 9.25% Senior Secured Notes are quoted on the Luxembourg Stock Exchange (Bourse de Luxembourg). On 31 December 2014, the fair value of the Senior Secured Notes was £291,080,000 (2013 : £329,949,000). At 31 December 2014 the effective interest rate on the Senior Secured Notes is 10.25% (2013 : 10.25%).

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)".

### *Capital management*

The Board'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 borrowings disclosed in this note, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital and reserves as disclosed in notes 23 and 24 and the consolidated statements of changes in equity. No changes were made in the objectives, policies or processes during either year.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### 20 Obligations under leases

#### Group

The Group has entered into commercial leases on certain properties and items of machinery. The leases have a duration of between 1 and 10 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2014	2013
	£'000	£'000
Not later than one year . . . . .	2,618	1,562
After one year but not more than five years . . . . .	8,260	5,713
More than five years . . . . .	2,571	1,177
	13,449	8,452

None of the leases contain any contingent rents.

There were no obligations under leases in the Company (2013: £Nil)

### 21 Provisions for liabilities and charges

#### Group

	Warranty 2014
	£'000
At the beginning of the year . . . . .	16,975
Additions . . . . .	10,789
Utilisation . . . . .	(10,700)
Effect of movements in exchange rates . . . . .	218
At the end of the year . . . . .	17,282
Analysed as:	
Current . . . . .	9,171
Non-current . . . . .	8,111
	17,282

The warranty provision represents costs provided for in respect of the Group's warranty scheme. A provision of £17,282,000 (2013 : £16,975,000) has been recognised for expected claims based on past experience of the level of actual warranty claims received, and is expected to be substantially utilised within the next three years.

There are no provisions for liabilities and charges in the Company.

### 22 Pension obligations

#### Group

##### Defined contribution scheme

The Group opened a defined contribution scheme in June 2011. The total expense relating to this scheme in the current year was £1,183,000 (2013 : £343,000). Outstanding contributions at the year end were £123,000 (2013: £99,000).

##### Defined benefit scheme

The Group operates a defined benefit pension scheme providing benefits based on final pensionable salary. 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

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

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 UK 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 to the following risks:

*Asset volatility* — the scheme's Statement of Investment Principles targets 55% return-enhancing assets and 45% 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 scheme amendments, curtailments or settlements during either the year ended 31 December 2014 or 31 December 2013.

The projected unit method has been used to determine the liabilities.

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 2011. The assumptions that make 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 6.2% per annum and the post retirement return 4.9% and that salary increases would average 3.25% per annum for the next four calendar years starting on 1 January 2011 and 4.05% thereafter.

At the 6 April 2011 actuarial valuation, the actuarial value of the scheme assets was £114,306,000, sufficient to cover 109% 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 2011, contributions remained at 15.5% 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 22%.

The latest actuarial valuation on 6 April 2011 showed a surplus in the scheme of £9,645,000. This valuation was rolled forward to 6 April 2012. At this date the deficit in the scheme was £28,856,000 representing a funding level of 82%. On this basis the Group has agreed a recovery plan to fund this deficit over a period of 9 years from 6 April 2012.

Estimated Group contributions for the year ending 31 December 2015 are £9,093,000.

A full actuarial valuation was carried out at 6 April 2011 by a qualified independent actuary. This valuation has been updated by an independent qualified actuary to both 31 December 2013 and 31 December 2014 in accordance with IAS 19R. The actuarial valuation at 6 April 2014 is currently in progress and is due to be completed by July 2015.

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

The principal assumptions used by the actuary were:

	31 December 2014	31 December 2013
Discount rate .....	3.70%	4.55%
Rate of increase in salaries (see below) .....	3.10%	3.90%
Rate of revaluation in deferment .....	2.10%	2.20%
Rate of increase in pensions in payment attracting LPI . . . .	3.15%	3.25%
Expected return on scheme assets .....	4.65%	5.90%
RPI Inflation assumption .....	3.30%	3.40%
CPI Inflation assumption .....	2.10%	2.20%

The salary escalation assumption applies after 2014. The assumed salary increases for 2013 and 2014 were 3.5% per annum. The salary assumption increase for 2015-2021 is 3% per annum. The salary increase of 3.1% in the table above applies after 2021.

The Group's inflation assumption reflects its long term expectations and has not been amended for short term variability. The post mortality assumptions allow for expected increases in longevity. The 'current' disclosures below relate to assumptions based on the longevity (in years) following retirement at each reporting date, with 'future' being that relating to an employee retiring in 2034 (2014 assumptions) or 2033 (2013 assumptions).

### *Projected life expectancy from age 65*

	"Future" Currently aged 45	"Current" Currently aged 65	"Future" Currently aged 45	"Current" Currently aged 65
	2014	2014	2013	2013
Male .....	23.6	22.3	23.5	22.2
Female .....	27.5	26.0	27.5	25.9

	Years
Duration of the liabilities in years as at 31 December 2014 .....	27
Duration of the liabilities in years as at 31 December 2013 .....	26

The following table provide information on the composition and fair value of the assets of the Scheme:

Asset Class	31 December 2014	31 December 2014	31 December 2014	31 December 2013	31 December 2013	31 December 2013
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
UK Equities .....	32,029	—	32,029	30,386	—	30,386
Overseas Equities . . . .	32,470	—	32,470	30,072	—	30,072
Property .....	—	18,718	18,718	—	16,130	16,130
Index linked gilts . . . .	44,478	—	44,478	33,588	—	33,588
Corporate bonds . . . .	—	42,056	42,056	—	33,884	33,884
Diversified alternatives .....	—	18,732	18,732	—	17,290	17,290
High yield bonds . . . .	—	8,973	8,973	—	8,005	8,005
Cash .....	675	—	675	903	—	903
Insurance policies . . . .	—	2,163	2,163	—	1,280	1,280
<b>Total .....</b>	<b>109,652</b>	<b>90,642</b>	<b>200,294</b>	<b>94,949</b>	<b>76,589</b>	<b>171,538</b>



## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

	31 December 2014	31 December 2013
	£'000	£'000
Total fair value of scheme assets .....	200,294	171,538
Present value of funded obligations .....	(212,698)	(169,652)
<b>(Liability) / asset recognised in the statement of financial position .....</b>	<b>(12,404)</b>	<b>1,886</b>

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Amounts recognised in the income statement		
<b>Amounts charged to operating (loss) / profit :</b>		
Current service cost .....	(8,709)	(8,005)
<b>Amounts credited to finance income :</b>		
Net interest income on the net defined (liability)/asset .....	287	60
<b>Total expense recognised in the Income Statement .....</b>	<b>(8,422)</b>	<b>(7,945)</b>

*Changes in present value of the defined benefit pensions obligations are analysed as follows:*

	Year ended 31 December 2014	Year ended 31 December 2013
At the beginning of the year .....	(169,652)	(149,469)
Current service cost .....	(8,709)	(8,005)
Employee contributions .....	(39)	(38)
Interest cost .....	(7,680)	(6,840)
Experience losses .....	(2,371)	(427)
Actuarial losses arising from changes in financial assumptions .....	(26,217)	(6,795)
Disbursements .....	1,970	1,922
<b>Obligation at the end of the year .....</b>	<b>(212,698)</b>	<b>(169,652)</b>

*Changes in the fair value of plan assets are analysed as follows:*

	Year ended 31 December 2014	Year ended 31 December 2013
At the beginning of the year .....	171,538	146,486
Interest on assets .....	7,967	6,900
Employer contributions .....	9,143	8,983
Contributions by employees .....	39	38
Actuarial gains .....	13,577	11,053
Benefits paid .....	(1,970)	(1,922)
<b>Fair value at the end of the year .....</b>	<b>200,294</b>	<b>171,538</b>

	Year ended 31 December 2014	Year ended 31 December 2013
Actual return on scheme assets .....	21,544	17,953

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Analysis of amounts recognised in the statement of financial position :</b>		
Asset / (liability) at the beginning of the year .....	1,886	(2,983)
Net expense recognised in the statement of comprehensive income ...	(8,422)	(7,945)
Employer contributions .....	9,143	8,983
Actuarial (loss) / gain recognised in other comprehensive income .....	(15,011)	3,831
(Liability) / asset recognised in the statement of financial position at the end of the year .....	(12,404)	1,886

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Analysis of amount taken to other comprehensive income :</b>		
Return on assets greater than the discount rate .....	13,577	11,053
Experience losses arising on funded obligations .....	(2,371)	(427)
Losses arising due to changes in financial assumptions underlying the present value of funded obligations .....	(26,217)	(6,795)
Amount recognised in other comprehensive income .....	(15,011)	3,831

### *Sensitivity analysis of the principal assumptions used to measure scheme liabilities*

	Change in assumption	Present value of benefit obligations At 31 December 2014	Present value of benefit obligations At 31 December 2013
		£'000	£'000
Discount rate .....	Decrease by 0.25%	227,284	180,881
Rate of inflation* .....	Increase by 0.25%	221,255	178,178
Life expectancy increased by approximately 1 year .....	Increase by one year	219,414	174,276

\* 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 0.25% per annum after 2020/21 and the pension increase assumption will increase by 0.15% per annum.

The projected unit method has been applied when calculating these defined benefit obligations.

Funding levels are monitored on a regular basis by the Trustee of the Group to ensure the security of member's benefits. The next triennial valuation as at 6 April 2014 is due to be completed by July 2015 in line with the scheme specific funding requirements of the Pensions Act 2004. As part of that valuation the Trustee and the Group will review the adequacy of the contributions being paid into the Scheme.

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Expected future benefit payments</b>	<b>£'000s</b>	<b>£'000s</b>
Year 1 (2015) .....	2,025	1,684
Year 2 (2016) .....	1,992	1,739
Year 3 (2017) .....	2,062	1,796
Year 4 (2018) .....	2,558	1,854
Year 5 (2019) .....	2,856	—
Years 6 to 10 (2019 to 2023) .....	—	10,213
Years 6 to 10 (2020 to 2024) .....	21,433	—

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

### History of scheme experience

	Year ended 31 December 2014	Year ended 31 December 2013
Present value of the scheme liabilities	(212,698)	(169,652)
Fair value of the scheme assets	200,294	171,538
(Deficit) / surplus in the scheme before taking into account the effect of Paragraph 64 of IAS19.	(12,404)	1,886
Experience gains on scheme assets	13,577	11,053
Percentage of scheme assets	6.8%	6.4%
Experience losses on scheme liabilities	(2,371)	(427)
Percentage of the present value of the scheme liabilities	(1.1)%	(0.3)%
Total amount recognised in other comprehensive income	(15,011)	3,831
Percentage of the present value of the scheme liabilities	(7.1)%	2.3%

### 23 Share capital

#### Group and Company

	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid</b>		
3,069,085 ordinary shares of £0.001 each (2013 : 2,992,905 ordinary shares of £0.001 each)	3	3
161,521 D shares of £0.001 each (2013 : 127,871)	—	—
	<b>3</b>	<b>3</b>
	2014 £'000	2013 £'000
Shares classified as liabilities	—	—
Shares classified as shareholders' funds	3	3
	<b>3</b>	<b>3</b>

In April 2013, 1,142,696 ordinary shares were issued to Prestige Motor Holdings S.A., which is controlled by Investindustrial V L.P., for a consideration of £150,000,000 in order to provide funds for the development of new vehicles. In April 2014 a further 76,180 ordinary shares were issued to Prestige Motor Holdings S.A for a consideration of £3,750,000, as part of the same share subscription agreement dated 5 December 2012.

In December 2013, 127,871 D shares were issued to Daimler AG for a consideration of £127.88 and in September 2014, 33,650 additional D shares were issued to Daimler AG for a consideration of £33.65, giving Aston Martin Holdings (UK) Limited and its subsidiaries access to certain technologies for use in its next generation of vehicles.

Further shares or cash will be issued to Prestige Motor Holdings S.A. in 2017 dependent upon the deficit of the defined benefit pension scheme over the four year period to June 2017.

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 the Company. 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 the Company.

### 24 Reserves

Share premium — The share premium of £366,463,000 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

## Notes to the financial statements for the year ended 31 December 2014 — (Continued)

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 £150,000,000 with a par value of £1,000, resulting in a share premium of £149,999,000.

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.

Capital reserve — The capital reserve of £94,064,000 arose as follows. In the year ended December 2008 there was a capital contribution from the Company'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 (see note 26).

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% 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% interest in AMWS Limited which the Group owned at the date of acquisition. See note 14 for further details.

Translation reserve—The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### 25 Additional cash flow information

#### Group

##### *Analysis of Group net debt*

Year ended 31 December 2014

	1 January 2014	Cash flow	Exchange differences	Non-cash movements	31 December 2014
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents . . . . .	74,653	15,354	(757)	—	89,250
Bank loans and overdrafts . . . . .	(13,854)	(5,348)	(606)	—	(19,808)
Senior Secured Notes . . . . .	(296,765)	28,565	—	(30,203)	(298,403)
Senior Subordinated PIK notes . . . . .	—	(99,035)	—	(15,160)	(114,195)
	<b>(235,966)</b>	<b>(60,464)</b>	<b>(1,363)</b>	<b>(45,363)</b>	<b>(343,156)</b>

Year ended 31 December 2013

	1 January 2013	Cash flow	Exchange differences	Non-cash movements	31 December 2013
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents . . . . .	50,413	25,113	(873)	—	74,653
Bank loans and overdrafts . . . . .	(41,259)	27,344	61	—	(13,854)
Senior Secured Notes . . . . .	(295,149)	28,379	—	(29,995)	(296,765)
	<b>(285,995)</b>	<b>24,078</b>	<b>(812)</b>	<b>26,763</b>	<b>(235,966)</b>

## Notes to the financial statements for the year ended 31 December 2014— (Continued)

### 26 Share based payments

The Company has two share option schemes in operation; a Revenue and Customs approved scheme and an unapproved scheme. Both schemes have no vesting conditions and are equity-settled.

The options that existed during the year are as follows:

	Grant date	Exercise price	Number of shares	Earliest date of exercise	Expiry Date
Approved scheme . . . . .	18 October 2007	7230 p	54,285	18 October 2007	—
Unapproved scheme . . . . .	18 October 2007	0.1 p	21,714	18 October 2007	18 October 2027

The number and weighted average exercise price of share options are as follows:

	2014 Weighted average exercise price	2014 Number of options	2013 Weighted average exercise price	2013 Number of options
Outstanding at the beginning and end of the year . . . . .	5164 p	75,999	5164 p	75,999

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.

### 27 Contingent liabilities and capital commitments

#### Group

- i) Capital expenditure contracts to the value of £26,135,000 (2013 : £6,064,000) have been placed but not provided for as at 31 December 2014.

#### Company

- i) The Company is a guarantor for the 9.25% Senior Secured Notes issued by Aston Martin Capital Limited in June 2011. Aston Martin Capital Limited is a subsidiary of the Company.

### 28 Related party transactions

#### Group

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

The Group has entered into transactions, in the ordinary course of business, with entities with significant influence over the Group and other related parties of the Group.

Transactions entered into, and trading balances outstanding at each year end with entities with significant influence over the Group and other related parties of the Group are as follows:

Related party—Group	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
Entities with significant influence over the Group . . . . . 31 December 2014	—	3,730	—	269
Associates . . . . . 31 December 2014	2,726	28	—	—
Other related parties— companies under common directorship . . . . . 31 December 2014	159	1,199	—	—
<b>Total . . . . . 31 December 2014</b>	<b>2,885</b>	<b>4,957</b>	<b>—</b>	<b>269</b>

## Notes to the financial statements for the year ended 31 December 2014— (Continued)

During the year ended 31 December 2013 the Group provided against a balance of £5,200,000 due from an entity with significant influence over the Group.

Entities with significant influence					
over the Group . . . . .	31 December 2013	3,371	15,041	81	1,835
Associates . . . . .	31 December 2013	12,355	349	594	117
Other related parties—					
companies under common					
directorship . . . . .	31 December 2013	887	699	265	1
<b>Total . . . . .</b>	<b>31 December 2013</b>	<b>16,613</b>	<b>16,089</b>	<b>940</b>	<b>1,953</b>

### *Transactions with directors*

The following transactions have taken place with directors on an arms-length basis.

During the year ended 31 December 2014, one vehicle was sold to Mr. Amr Ali Abdallah Abou El Seoud for £85,833.

During the year ended 31 December 2013, there were no transactions with directors.

No amounts were outstanding at either year end.

The Company has not entered into any transactions with other related parties of the Company in either year. There are no balances outstanding with other related parties of the Company at either year end.

The Company operates an arrangement with its direct and indirect subsidiaries, whereby it purchases goods and services on behalf of those subsidiaries and the subsidiaries purchase goods and services on behalf of the Company. Transactions entered into, and trading balances at each year end with the subsidiaries of the Company are as follows:

Related party— Subsidiary	Purchased on behalf of subsidiary undertakings	Purchased via subsidiary undertakings	Amounts owed by subsidiary undertakings	Amounts owed to subsidiary undertakings
	£'000	£'000	£'000	£'000
<b>Subsidiaries . . . . . 31 December 2014</b>	<b>—</b>	<b>29,593</b>	<b>94,968</b>	<b>206,317</b>
Subsidiaries . . . . . 31 December 2013	—	35,779	16,774	234,433

### **Terms and conditions of transactions with related parties (Group and Company)**

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group and the Company have not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2013 the Group provided against a balance of £5,200,000 due from an entity with significant influence over the Group. The Company has not made any provision for impairment relating to amounts owed by related parties at either year end.

### **29 Post balance sheet events**

In April 2015, David Richards agreed to transfer 32,571 ordinary shares in Aston Martin Holdings (UK) Limited to the following shareholders: 19,671 ordinary shares to Prestige Motor Holdings S.A.; 9,700 ordinary shares to Tejara Capital Limited; and 3,200 ordinary shares to Adeem Automotive Manufacturing Company Limited.

## **Notes to the financial statements for the year ended 31 December 2014 — (Continued)**

On 23 April 2015, the company accepted binding subscriptions for £200 million of preference shares. The first tranche of £100 million was received on 27 April 2015 and the second tranche of £100 million may be drawn at any time in the following 12 months. These subscriptions also included warrants for a pro rata allocation of P shares (non voting ordinary shares) corresponding to 4% of the current fully diluted share capital of the company.

### **30 Immediate parent company**

The Company has no immediate parent company.

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**OFFERING MEMORANDUM**

**Aston Martin Capital Holdings Limited**

**\$400,000,000 6.5% Senior Secured Notes due 2022**

**£230,000,000 5.75% Senior Secured Notes due 2022**



**ASTON MARTIN**

*Joint Global Coordinators*

**J.P. Morgan**

**Deutsche Bank**

**Goldman Sachs International**

*Joint Bookrunners*

**BofA Merrill Lynch**

**HSBC**

**Morgan Stanley**

**Standard Chartered Bank**

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