

Jaguar Land Rover Canada ULC

Financial Statements

For fiscal years ended

31 March 2020 and 2019

Jaguar Land Rover Canada ULC

INDEX TO FINANCIAL STATEMENTS

Statutory Financial Statements of Jaguar Land Rover Canada, ULC

Independent Auditors' Report for the fiscal year ended 31 March 2020.....	3
Balance Sheets.....	4
Income Statements.....	5
Statements of Cash Flows.....	6
Statements of Changes in Equity.....	7
Notes to the financial statements.....	8



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Jaguar Land Rover Canada ULC

We have audited the accompanying financial statements of Jaguar Land Rover Canada ULC, which comprise the balance sheets as of March 31, 2020 and 2019, and the related statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jaguar Land Rover Canada ULC as of March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP

New York, New York
June 24, 2020

Jaguar Land Rover Canada ULC

Jaguar Land Rover Canada ULC

Balance Sheets

in \$CAD

	Note	As at 31 March	
		2020	2019
Non-current assets			
Property, plant and equipment	3	\$ 12,408,986	\$ 4,051,546
Other financial assets	4	363,220	275,614
Deferred tax assets	5	54,585,876	49,422,876
Total non-current assets		67,358,082	53,750,036
Current assets			
Inventories	6	71,626,070	86,050,037
Trade receivables	20	41,656,757	72,078,861
Other financial assets		-	41,314
Other current assets	8	1,720,127	18,736,841
Cash and cash equivalents		240,723,543	138,784,116
Current income tax assets	5	-	5,645,078
Total current assets		355,726,497	321,336,247
Total assets		\$ 423,084,579	\$ 375,086,283
Current liabilities			
Accounts payable		\$ (50,945,201)	\$ (50,524,498)
Variable marketing provisions	11	(38,066,263)	(29,498,586)
Lease obligations - short term	7	(386,716)	-
Financial liabilities		(78,151)	(85,255)
Other current liabilities	12	(74,838,897)	(59,644,583)
Other provisions	14	(46,998,554)	(43,599,486)
Current income tax liabilities	5	(15,546,050)	(14,700,000)
Total current liabilities		(226,859,832)	(198,052,408)
Non-current liabilities			
Other non-current liabilities	13	(20,930,909)	(16,875,470)
Other provisions	14	(96,093,128)	(98,351,578)
Lease obligations - long term	7	(9,848,328)	-
Other financial liabilities		-	(78,150)
Total non-current liabilities		(126,872,365)	(115,305,198)
Total liabilities		(353,732,197)	(313,357,606)
Shareholder's equity			
Retained earnings		(69,352,382)	(61,728,677)
Total equity		(69,352,382)	(61,728,677)
Total liabilities and equity		\$ (423,084,579)	\$ (375,086,283)

See accompanying notes to the financial statements

Jaguar Land Rover Canada ULC

Jaguar Land Rover Canada ULC
Income Statements
in \$CAD

	Note	Year ended 31 March	
		2020	2019
Income			
Revenue - vehicles		\$ 1,103,703,957	\$ 982,174,569
Revenue - parts, service and accessories		68,790,465	64,349,741
Other income		1,671,493	1,605,832
Total revenue		1,174,165,915	1,048,130,142
Purchase of vehicles and parts	6	(1,059,121,356)	(873,350,262)
Employee costs	15	(4,803,465)	(5,822,385)
Warranty and services costs		(58,376,968)	(43,652,233)
Fixed marketing expense		(28,750,750)	(33,876,118)
Warehousing, handling and distribution costs		(4,958,404)	(6,015,243)
Other expenses	16	(6,494,316)	(8,604,701)
Depreciation and amortization	3	(1,526,060)	(690,507)
Foreign exchange income		(75,203)	(228,208)
Finance income		4,042,757	4,205,631
Finance costs		(2,512,654)	(2,591,523)
Profit before tax		11,589,496	77,504,593
Income Tax Expense	5	(3,062,118)	(12,449,943)
Profit for the period		\$ 8,527,378	\$ 65,054,650

See accompanying notes to the financial statements

Jaguar Land Rover Canada ULC

Jaguar Land Rover Canada ULC Statements of Cash Flows In \$CAD

	Note	Year Ended 31 March	
		2020	2019
Cash flows from operating activities:			
Profit for the period		\$ 8,527,378	\$ 65,054,650
Adjustments for noncash items included in profit for the period:			
Depreciation and amortization	3	1,526,060	690,507
Inventory write-down	6	1,246,983	347,013
Loss on sale of assets / assets written off	3	443,188	-
Income tax expense	5	3,062,118	12,449,943
Net finance income		(1,530,103)	(980,429)
		13,275,624	77,561,684
Changes in assets and liabilities:			
Increase in Other Financial Assets (Non-current)	4	(87,606)	(65,396)
Increase in Deferred tax assets	5	(5,163,000)	(1,477,000)
Decrease/(Increase) in Inventories	6	13,176,984	(31,556,152)
Decrease/(Increase) in Trade receivables	20	30,422,104	(55,718,563)
Decrease in Other Financial Assets		41,314	21,271
Decrease in Other Current Assets	8	17,016,714	2,726,059
Decrease in Accounts payables		(699,226)	(75,807,417)
Increase in Current income tax liabilities	5	5,163,000	1,004,754
Increase/(Decrease) in Variable marketing provisions	11	8,567,677	(11,277,125)
Decrease in Financial Liabilities		(7,105)	-
Increase/(Decrease) in Other Current Liabilities	12	15,194,314	(2,531,966)
Increase in Provisions (Current)	14	3,399,068	5,136,325
Increase in Other Non-Current Liabilities	13	4,055,439	3,215,486
Decrease in Provisions (Non-current)	14	(2,258,450)	(2,554,461)
Decrease in Other Financial Liabilities (Non-current)		(78,150)	(85,255)
Cash generated from/(used by) operating activities		102,018,702	(91,407,757)
Income tax paid	5	(1,733,990)	(7,518,000)
Net cash generated from/(used by) operating activities		100,284,712	(98,925,757)
Cash flows from investing activities:			
Interest received		4,042,757	872,293
Redemption of note receivable with parent company	10	-	150,000,000
Payments for property, plant and equipment	3	(661,518)	(2,564,144)
Net cash generated from investing activities		3,381,239	148,308,149
Cash flows from financing activities:			
Interest paid		(402,318)	(238,615)
Cash payments for leases	7	(1,324,206)	-
Net cash used by financing activities		(1,726,524)	(238,615)
Net change in cash and cash equivalents		\$ 101,939,426	\$ 49,143,778
Cash and cash equivalents, beginning of the year		138,784,117	89,640,339
Cash and cash equivalents, end of the year		\$ 240,723,543	\$ 138,784,117

See accompanying notes to the financial statements

Jaguar Land Rover Canada ULC

Jaguar Land Rover Canada ULC
 Statements of Changes in Equity
 In \$CAD

	<u>(Retained earnings)/</u>	<u>Accumulated deficit</u>	<u>Total Equity</u>
Balance at 31 March 2018	\$	3,325,973	\$ 3,325,973
Profit for the period		(65,054,650)	(65,054,650)
Balance at 31 March 2019	\$	(61,728,677)	\$ (61,728,677)
Profit for the period		(8,527,378)	(8,527,378)
Impact of adoption of IFRS 16		903,674	903,674
Balance at 31 March 2020	\$	(69,352,382)	\$ (69,352,382)

See accompanying notes to the financial statements

Jaguar Land Rover Canada ULC

Notes to the Financial Statements

1. Background and operations

Jaguar Land Rover Canada ULC (the "Company" or "JLRC") is an unlimited liability corporation registered in the Province of Alberta. The registered office address is 855 2 Street SW Calgary, Alberta. JLRC is an importer and distributor of luxury sedans, sport utility vehicles and parts in the Canadian market. The Company also offers various vehicle related service plans to end users of its vehicles. The Company's primary areas of business are the distribution, marketing, sales, and service of its products.

JLRC headquarters is located at 75 Courtneypark Drive West Unit 3 Mississauga, Ontario L5W 0E3.

JLRC is a wholly-owned subsidiary of Jaguar Land Rover Limited ("JLR Limited"), which is a UK company. The ultimate parent and controlling shareholder is Tata Motors Limited ("TML"), registered and domiciled in India.

The vehicles are purchased from JLR Limited and imported into Canada. Parts are primarily sourced from JLR Limited with some domestic procurement.

The parts business is managed under a relationship with a third party logistics provider whereby the third party manage the warehousing of physical inventory and distribution. JLRC owns the inventory and manages the sale and collection function.

During March 2020, the escalation of the COVID-19 pandemic required the Company to react by instituting a remote working mandate for all employees as well as take various actions to preserve cash liquidity and assist the retailer network to continue to operate under the government mandated shut downs. The Company continues to operate under these mandates and actions and is continuously monitoring the health of the Company and the retailer network.

2. Significant accounting policies

a. *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as issued by the International Accounting Standards Board (referred to as "IASB"). The results of the Company are included in the consolidated financial statements of JLR Limited and its ultimate parent, TML and these are publicly available.

Basis of preparation

The financial statements have been prepared on historical cost basis. The Company's fiscal year end is 31 March of each year.

All figures are presented in Canadian dollars unless otherwise stated.

Note 2 – Significant accounting policies (continued)

b. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- i) Note 5 – Recoverability/recognition of deferred tax assets – management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses. The Company also uses judgement and estimates in determining timing and amount of pending tax matters where deemed appropriate.
- ii) Note 11 – Variable marketing incentives are estimated at the reporting date based on approved programs that are in place to incentivize retailers to meet sales volume requirements. These program needs can change from the initial expectation due to, among other variables, prevailing interest rates, competitive market conditions, macroeconomic factors, supply and demand, etc. Such changes will impact balances previously recorded.
- iii) Notes 12 & 13 – Other current liabilities and Other non-current liabilities - The Company applies judgement in estimating the anticipated payments on locally offered vehicle services under such programs as certified pre-owned (“CPO”), scheduled maintenance, and connected car. Revenue related to these programs is deferred and recognized over the life of the service plan in line with when the claims emerge. The timing of the recognition of this deferred revenue requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates for CPO, and retail customer take rates for scheduled maintenance and connected car.
- iv) Note 14 – Provisions – The Company applies judgement in estimating the provision for anticipated payments on locally offered vehicle services under such programs as roadside assistance and service loaner. The valuation of these provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates. Additionally, the Company is responsible for some of the residual value risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years.

c. Concentration risk

As a wholly-owned subsidiary of JLR Limited, the Company is dependent on JLR Limited for substantially all of the products it sells. This dependency represents a material concentration of supply of vehicles and parts, and without that supply, the Company’s ability to continue as a going concern would be limited.

Note 2 – Significant accounting policies (continued)

d. *Revenue recognition*

Revenue is measured at fair value of consideration received or receivable.

The Company recognizes revenues on the sale of vehicles, net of discounts, sales incentives, customer bonuses and rebates granted, when products are segregated for dispatch to dealers, which is when risks and rewards of ownership pass to the customer. Revenues on the sale of parts is recognized upon shipment. Sale of products is presented net of excise duty where applicable and other indirect taxes.

Revenues are recognized when collectability of the resulting receivable is reasonably assured.

For certain service plans, the Company defers revenue related to cash received for the future services to be provided. In the case of certified pre-owned warranties, cash is explicitly received at the point of vehicle certification; this cash is deferred and recognized over the life of the service plan in line with when the claims are expected to emerge. In the case of complementary scheduled maintenance programs and connected car, the cost of these services is embedded in the price of the vehicle. The Company defers a portion of the revenue attributable to these service plans and recognizes it when the service is expected to be provided.

e. *Cost recognition and presentation*

Costs and expenses are recognized when incurred and are classified according to their nature.

f. *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the provision.

i) *Locally offered vehicle services expenses*

The estimated provision for locally offered vehicle services under such programs as roadside assistance and service loaner are recorded when vehicles are sold to retailers. These estimates are established using historical information on the nature, frequency and average cost of claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when claim will arise, being typically up to five years.

ii) *Variable marketing*

In the normal course of business, the Company provides opportunities for retailers to earn incentives upon the retail sale of a vehicle. The Company makes a best estimate of the amount expected to be earned by the retailers on in-stock inventory and records a provision for those expected payments. The timing of these payments will vary as and when claims will arise, being typically one to three months from the time of provisioning.

Note 2 – Significant accounting policies (continued)

g. Foreign currency

These financial statements are presented in Canadian Dollars (CAD).

Transactions are typically not recorded in foreign currencies; in the rare instance of such a transaction, they would be recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into CAD at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the Income Statements.

h. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Income Statements except, when it relates to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where it arises from the initial accounting for business combination.

Current income taxes are determined based on the taxable income of the Company and tax rules applicable for Canada.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. Inventories and Purchases of vehicles and parts

Inventories consist of finished vehicles and automotive parts and accessories and are valued at the lower of cost and net realizable value. As a limited risk distributor the Company operates under a transfer price agreement with JLR Limited whereby profit before tax is set at 1.9% of revenue. The Company completed its negotiations with the taxing authorities in both Canada and the United Kingdom. Profit adjustments, negative or positive, to meet the required profit targets, are reflected in the Income Statements as a

Jaguar Land Rover Canada ULC

component of Purchases of vehicles and parts. See Note 5 – Income Taxes for additional information on the advanced pricing agreement negotiations.

j. *Property, plant and equipment*

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Land is measured at cost and is not depreciated.

Cost includes purchase price, taxes and duties, labor cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit and loss. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

	Estimated useful life in years
Buildings and leasehold improvements	Lesser of lease term or useful life
Office machines & equipment	12.5 - 14.5
Computer equipment	10
Software	3 - 8
Furniture & fixtures	12.5
Auto show displays	5

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 2 – Significant accounting policies (continued)

k. *Leases*

The Company adopted IFRS 16 effective 1 April 2019 using the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognized as an adjustment to opening equity at 1 April 2019.

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company associates the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

This policy is applied to all contracts entered into, or changed, on or after 1 April 2019.

The comparative information for the year ending 31 March 2019 continues to be accounted for under the Company's previous lease accounting policies under IAS 17 *Leases*.

Note 2 – Significant accounting policies (continued)

1. *Impairment - Property, plant and equipment*

At each reporting date, the Company assesses whether there is any indication that any property, plant and equipment or cash generating unit may be impaired. If any such impairment indication exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Income Statements.

As of 31 March 2020, none of the Company's property, plant and equipment were considered impaired.

m. *Employee benefits*

Plan Descriptions:

Defined Contribution Pension Plan ("DCPP") — covers all former employees from the Ford Motor Company who transferred as a result of the sale and became members of the DCPP effective January 1, 2009. All full-time and part-time employees hired on or after January 1, 2009 automatically join the DCPP on their date of hire as a condition of employment. The Company will make contributions to the member's DCPP account in an amount equal to a percentage of the member's salary. The Company's only liability is limited to the contributions currently required under the plan.

Retirement Savings Plan ("RSP"), — An employee is eligible to join the RSP as of the date of hire. Participation is voluntary. The member may contribute a percentage of base salary and direct the contribution to the Group RRSP or the Employee Profit Sharing Plan ("EPSP") or a combination of both. The Company will match a portion of the member's contribution to the EPSP at a percentage authorized by the Company. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the plans.

Group Registered Retirement Savings Plan ("Group RRSP")— The Company also maintains a plan covering certain Ford legacy employees that provides additional postretirement benefits to replace pension benefits lost as a result of the acquisition of the Jaguar and Land Rover businesses on June 2, 2008 by a subsidiary of Tata Motors Limited. The Company funds these benefits on a pay-as-you go basis out of Company assets.

Note 2 – Significant accounting policies (continued)

n. *Financial instruments*

i) *Classification, initial recognition and measurement:*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities accounted for at amortized cost on the basis of the effective interest method.

Financial instruments are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

These includes trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

i) Determination of fair value:

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models and utilize available market data.

ii) *Derecognition of financial assets and financial liabilities:*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

Note 2 – Significant accounting policies (continued)

iii) *Impairment of financial assets:*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A 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.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in the Income Statement. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is recognized in the Income Statement.

o. **Deferred revenue**

In the normal course of business, the Company offers a certified pre-owned warranty program (“CPO”) for its vehicles. Upon reported sale of a CPO vehicle by an authorized retailer, the Company defers all revenue received from the retailers for the sale of this service contract. The revenue is released to profits in line with the trend of expected claims payments over the life of the CPO coverage. The Company does not receive any other revenue related to the sale of the vehicle by the retailer. Additionally, the Company offers a variety of complementary scheduled maintenance plans which vary by make/model and model year. For complementary scheduled maintenance offerings, the Company allocates a portion of the wholesale revenue of the vehicle and defers this revenue over the life of the service offerings. This amount is determined on a cost-plus-margin basis with all other revenue allocated to the vehicle. This deferred revenue is recognized over the life of the service plan in line with expected claims emergence. The Company also equips vehicles with “connected car” hardware and software whereby the owner can enable the car as a wifi hotspot, activate on-demand roadside assistance in the event of an emergency, infotainment, vehicle tracking, and vehicle remote control. The Company provides the hardware as a permanent attachment to the vehicle and provides a trial period of software activation; for both of these, a portion of wholesale revenue is deferred. The owner can activate software features beyond the trial period at their own expense.

p. **New accounting pronouncements**

(a) Standards, revisions and amendments to standards and interpretations significant to the Company and applied for the first time in the year ending 31 March 2020

IFRS 16 Leases is effective for the year beginning 1 April 2019 for the Company. This standard replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations. Under IFRS 16, lessee accounting is based on a single model, resulting from the elimination of the distinction between operating and finance leases. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

The Company has elected to apply the exemptions for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

Note 2 – Significant accounting policies (continued)

The Company is applying the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity as at 1 April 2019.

The Company has elected to use the following practical expedients at transition permitted by the Standard:

- On initial application, IFRS 16 has only been applied to contracts that were previously classified as leases under IFRIC 4;
- Regardless of the original lease term, lease arrangements with a remaining duration of less than 12 months will continue to be expensed to the Income Statement on a straight line basis over the lease term;
- Short-term and low value leases will be exempt;
- The lease term has been determined with the use of hindsight where the contract contains options to extend or terminate the lease;
- The discount rate applied at the transition date is the incremental borrowing rate of Jaguar Land Rover Limited corresponding to the remaining lease term;
- The measurement of a right-of-use asset excludes the initial direct costs at the date of initial application.

See Note 7 – Leases for additional information on leases.

(b) Standards, revisions and amendments to standards and interpretations not significant to the Company and applied for the first time in the year ending 31 March 2020

The following amendments and interpretations have been adopted by the Company in the year ending 31 March 2020.

- IFRIC 23 Uncertainty over income tax treatments;
- Amendments to IFRS 9 Financial Instruments – Prepayment features with negative compensation;
- Amendments to IAS 19 Employee Benefits – Plan amendment, curtailment or settlement;
- Amendments to IAS 28 Investments in Associates and Joint Ventures – Long-term interests in associates and joint ventures; and
- Annual improvements to IFRS standards 2015-2017 cycle.

The adoption of these amendments and interpretations has not had a significant impact on the financial statements of the Company.

(c) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Company

The following pronouncements, issued by the IASB and endorsed by the EU, are not yet effective and have not yet been adopted by the Company. These amendments are effective for annual reporting periods beginning on or after 1 January 2020.

Jaguar Land Rover Canada ULC

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform;
- Amendments to IFRS 3 Business Combinations – Definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material; and
- Amendments to references to the conceptual framework in IFRS standards.

The Company is currently assessing the impact of these pronouncements on the financial statements.

3. Property, plant and equipment

Fixed assets consist of the following:

	Buildings	Plant and equipment	Vehicles	Computers	Furniture and fixtures	Total
Cost as of 1 April 2018	\$ 1,536,105	\$ 732,294	\$ -	\$ 3,698	\$ 1,519,724	\$ 3,791,821
Additions	538,978	218,768	211,557	129,641	1,465,200	2,564,144
Disposal	-	-	-	-	-	-
Cost as of 31 March 2019	\$ 2,075,083	\$ 951,062	\$ 211,557	\$ 133,339	\$ 2,984,924	\$ 6,355,965
Accumulated depreciation as 1 April 2018	\$ (875,225)	\$ (108,662)	\$ -	\$ (2,219)	\$ (627,806)	\$ (1,613,912)
Disposals	-	-	-	-	-	-
Depreciation charge for the year	(184,865)	(161,300)	(68,913)	(370)	(275,059)	(690,507)
Accumulated depreciation as of 31 March 2019	(1,060,090)	(269,961)	(68,913)	(2,589)	(902,864)	(2,304,419)
Net book value as of 31 March 2019	\$ 1,014,993	\$ 681,101	\$ 142,644	\$ 130,750	\$ 2,082,059	\$ 4,051,546
Cost as of 1 April 2019	\$ 2,075,083	\$ 951,062	\$ 211,557	\$ 133,339	\$ 2,984,924	\$ 6,355,965
Additions	270,850	151,747	-	95,790	143,131	661,518
Adoption of IFRS 16	9,665,170	-	-	-	-	9,665,170
Disposal	(443,188)	-	-	-	-	(443,188)
Cost as of 31 March 2020	\$ 11,567,915	\$ 1,102,809	\$ 211,557	\$ 229,129	\$ 3,128,055	\$ 16,239,465
Accumulated depreciation as 1 April 2019	\$ (1,060,090)	\$ (269,961)	\$ (68,913)	\$ (2,589)	\$ (902,864)	\$ (2,304,419)
Disposals	-	-	-	-	-	-
Depreciation charge for the year	(922,012)	(171,978)	(17,544)	(19,438)	(395,088)	(1,526,060)
Accumulated depreciation as of 31 March 2020	(1,982,102)	(441,939)	(86,457)	(22,027)	(1,297,952)	(3,830,479)
Net book value as of 31 March 2020	\$ 9,585,813	\$ 660,870	\$ 125,100	\$ 207,102	\$ 1,830,102	\$ 12,408,986

4. Other financial assets (non-current)

Other financial assets (non-current) consist of deposits with banks whose use in whole or in part are restricted for specific purposes bound by virtue of contracted agreements. For both fiscal years presented, the Company has contractual arrangements with a financial institution requiring it to deposit collateral for the residual value of vehicles that are subject to retail leases financed by the financial institution, which the Company shares in the potential losses upon termination. At 31 March 2020 and 2019, these deposits amounted to \$0.4 million and \$0.3 million, respectively.

Jaguar Land Rover Canada ULC

5. Income taxes

The components of income tax expense were:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Current taxes:		
Current year	\$ 10,693,570	\$ 4,487,864
Prior period adjustments	(168,452)	485,079
Change in tax provision	(2,300,000)	6,000,000
Deferred taxes:		
Current year	(5,163,000)	1,477,000
Total income tax expense	\$ 3,062,118	\$ 12,449,943

Income tax expense recognized in the Income Statements consist of the following:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Current	\$ 8,225,118	\$ 10,972,943
Deferred	(5,163,000)	1,477,000
Total income tax expense	\$ 3,062,118	\$ 12,449,943

The reconciliation of expected income tax to income tax expense is as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Profit before tax	\$ 11,589,496	\$ 77,504,593
Income tax expense at applicable tax rates	3,071,218	20,538,717
Change in tax provision	(2,300,000)	(8,154,975)
Non-deductible expenses	2,984,203	10,890
Net prior period current and deferred tax adjustments	(616,316)	(21,497)
Other	(76,987)	76,808
Income tax expense	\$ 3,062,118	\$ 12,449,943

As a limited risk distributor, JLRC operates under an advanced transfer pricing agreement with JLR Limited whereby pretax operating profit is set at 1.9% of revenue. During the fiscal year, the Company completed its negotiations with Canada Revenue Agency (“CRA”). During the fiscal year ended 31 March 2019, the Company held its best estimate of the expected tax liability that would result from those negotiations which was \$14.7 million. Upon the finalization of those negotiations during the current fiscal year, the liability was determined to be \$12.4 million which resulted in a reduction of the tax liability of \$2.3 million.

The provincial government enacted changes to its statutory tax rate which cancelled the proposed decline in the tax rate and the tax rate was frozen at 11.5%. The combined federal and provincial statutory tax rate is 26.5% for the 2013 and future taxation years. The effective rate during the 12 months ended 31 March 2020 and 31 March 2019 were 26.42% and 16.06%.

Jaguar Land Rover Canada ULC

Note 5 – Income taxes (continued)

Deferred tax assets have been recognized in the Balance Sheet in respect of deductible temporary differences. Significant components of deferred tax assets and liabilities for the year ended 31 March 2020 were as follows:

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Closing balance</u>
Deferred tax assets:			
Expenses deductible in future years:			
Contingent liabilities incurred including warranty payables, step rent, and impact of reduction in tax rates	\$ 48,774,369	\$ 4,741,000	\$ 53,515,369
Lease liability	-	2,712,000	2,712,000
Inventory	554,208	202,000	756,208
Post retirement benefit plan	109,876	-	109,876
Deferred tax assets	\$ 49,438,453	\$ 7,655,000	\$ 57,093,453
Deferred tax liabilities:			
Tax effects of excess depreciation over capital cost allowance	(15,577)	(123,000)	(138,577)
Right of use leased asset	-	(2,369,000)	(2,369,000)
Net deferred tax assets	\$ 49,422,876	\$ 5,163,000	\$ 54,585,876

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 were as follows:

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Closing balance</u>
Deferred tax assets:			
Expenses deductible in future years:			
Contingent liabilities incurred including warranty payables, step rent, and impact of reduction in tax rates	\$ 50,343,369	\$ (1,569,000)	\$ 48,774,369
Inventory	462,208	92,000	554,208
Post retirement benefit plan	109,876	-	109,876
Deferred tax assets	\$ 50,915,453	\$ (1,477,000)	\$ 49,438,453
Deferred tax liabilities:			
Tax effects of excess depreciation over capital cost allowance	(15,577)	-	(15,577)
Net deferred tax assets	\$ 50,899,876	\$ (1,477,000)	\$ 49,422,876

Jaguar Land Rover Canada ULC

6. Inventories

Inventories consist of vehicles and automotive parts and are classified as finished goods and were comprised as follows:

	As at 31 March	
	2020	2019
Vehicle inventory	\$ 45,250,973	\$ 60,920,291
Parts inventory	29,236,649	27,220,940
Adjustment to lower of cost or net realizable value	(2,861,552)	(2,091,194)
Total inventories	\$ 71,626,070	\$ 86,050,036

Cost of sales (including cost of purchased products) recognized as expense and inventory write-down expense included in Cost of sales for the years ended 31 March 31 2020 and 2019 were as follows:

	Year ended 31 March	
	2020	2019
Purchase of vehicles	\$ 982,485,364	\$ 769,223,928
Purchase of parts	54,913,920	51,079,617
Import duties	20,475,090	51,708,674
Inventory write-down expense	1,246,983	1,338,044
Total	\$ 1,059,121,356	\$ 873,350,262

7. Leases

Lease as a Lessee

The Company leases buildings for its headquarters and a warehouse. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Buildings
Balance at 1 April 2019	\$ 9,665,170
Depreciation charge for the year	(725,412)
Balance at 31 March 2020	\$ 8,939,758

There were no additions to the right-of-use assets during the year ended 31 March 2020.

Jaguar Land Rover Canada ULC

Note 7 – Leases (continued)

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

Less than one year	\$	1,322,666
One to five years		4,515,428
More than five years		4,887,644
<u>Total undiscounted lease obligations as at 31 March 2020</u>	<u>\$</u>	<u>10,725,738</u>

The following amounts are included in the Consolidated Balance Sheet as at 31 March 2020:

Lease obligations - short term	\$	(386,716)
Lease obligations - long term		(9,848,328)
<u>Total lease obligations</u>	<u>\$</u>	<u>(10,235,044)</u>

The following amounts are recognised in the consolidated income statement for the year ended 31 March 2020:

Interest expense on lease obligations	\$	990,406
Rent expense on lease obligations	\$	333,800

The following amounts are recognised in the consolidated statement of cash flow for the year ended 31 March 2020:

Cash payments for the principal portion of lease liabilities (within financing activities)	\$	333,800
Cash payment for interest expense related to lease liabilities (within financing activities)		990,406
<u>Total cash outflow for leases</u>	<u>\$</u>	<u>1,324,206</u>

The Company has applied IFRS 16 from 1 April 2019 using the modified retrospective method, meaning the comparative information for the year ending 31 March 2019 has not been restated. As a result, the comparative information provided for that fiscal period below continues to be accounted for in accordance with the Company's previous lease accounting policy under IAS 17 *Leases*.

Jaguar Land Rover Canada ULC

Note 7 – Leases (continued)

LEASE AS A LESSEE under IAS 17

The future minimum non-cancellable finance lease rentals were payable as follows:

	31 March 2019
Not later than one year	\$ 1,324,206
Later than one year but not later than five years	4,675,488
Later than five years	6,050,250
Total minimum lease commitments	\$ 12,049,944

The Company does not sublease any properties to third parties.

8. Other current assets

Other current assets consisted of the following:

	As at 31 March	
	2020	2019
Prepayments for vehicles	\$ 418,248	\$ 18,490,737
Other	1,301,879	246,104
Other current assets	\$ 1,720,127	\$ 18,736,841

9. Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks for operating purposes. At 31 March 2020 and 2019, these amounted to \$240.7 million and \$138.8 million, respectively.

10. Finance Receivable

On 27 March 2018, in order to better utilize cash held in Canada subject to regulatory restrictions over pooling excess funds held by JLRC within JLR Limited, JLRC entered a loan agreement with JLR Limited permitting JLRC to lend up to \$200 million to JLR Limited. This loan had a term of 1 year. This loan bore interest at the Canada Bankers Acceptances 1-month rate plus 0.05% with interest payments deferred until repayment of principal. This loan was repaid in late March 2019. At 31 March 2018, JLRC had loaned \$150.0 million to JLR Limited which was repaid during the year ended 31 March 2018. The Company initiated another loan to JLR Limited in April 2020 in the amount of \$220 million that will be repaid by 31 March 2022.

Jaguar Land Rover Canada ULC

11. Variable Marketing Provisions

Variable marketing provisions represent liabilities for dealer incentives and were all current liabilities. These provisions amounted to:

Balance at 31 March 2018	\$ (40,775,711)
Provisions made during the year	(60,439,258)
Provisions used during the year	73,289,018
Other adjustments	(1,572,635)
Balance at 31 March 2019	\$ (29,498,586)
Provisions made during the year	(65,437,686)
Provisions used during the year	56,486,952
Other adjustments	383,057
Balance at 31 March 2020	\$ (38,066,263)

12. Other current liabilities

Other current liabilities consist of the following:

	As at 31 March	
	2020	2019
Variable dealer margin accruals	\$ (37,973,149)	\$ (29,937,718)
Transfer price adjustments	(4,763,903)	(6,023,701)
VAT and excise taxes	(9,719,506)	(5,233,398)
Deferred revenue - certified pre-owned programs	(5,924,250)	(4,558,020)
Deferred revenue - service plans	(3,865,963)	(4,784,787)
Fixed marketing accruals	(1,477,503)	(3,756,731)
Deferred revenue - connected car	(4,098,039)	(3,552,533)
Import duties	(7,010,961)	(1,797,696)
Other	(5,623)	-
Total Other current liabilities	\$ (74,838,897)	\$ (59,644,584)

Jaguar Land Rover Canada ULC

13. Other Non-current Liabilities:

Other non-current liabilities consist of the following:

	As at 31 March	
	2020	2019
Deferred revenue - certified pre-owned programs	\$ (12,670,636)	\$ (10,569,684)
Deferred revenue - service plans	(2,660,987)	(867,104)
Deferred revenue - connected car	(5,599,286)	(5,438,682)
Total Other non-current liabilities	\$ (20,930,909)	\$ (16,875,470)

14. Other provisions

Other provisions consist of amounts recognized related to expected future cash outflows for locally offered vehicle services under such programs as manufacturer's warranty, roadside assistance and service loaner as well as residual risk sharing agreements on leased vehicles and retirement leave. The overall provision was as follows:

	Locally Offered					Total
	Vehicle Services	Residual Risk	Restructuring	Retirement Plans		
Balance at 31 March 2018	\$ (102,929,311)	\$ (36,404,541)	\$ -	\$ (35,348)	\$ (139,369,200)	
Provisions made during the year	(31,642,485)	(20,665,521)	(230,630)	-	(52,538,635)	
Provisions used during the year	29,603,387	4,484,701	21,973	-	34,110,061	
Other adjustments	-	15,846,711	-	-	15,846,711	
Balance at 31 March 2019	\$ (104,968,409)	\$ (36,738,649)	(208,657)	\$ (35,348)	\$ (141,951,063)	
Current	\$ (34,449,890)	\$ (8,940,939)	(208,657)	\$ -	\$ (43,599,486)	
Noncurrent	\$ (70,518,519)	\$ (27,797,711)	-	\$ (35,348)	\$ (98,351,578)	
Provisions made during the year	(45,597,643)	(16,395,030)	-	-	(61,992,673)	
Provisions used during the year	37,124,651	14,764,403	-	-	51,889,054	
Other adjustments	-	8,794,255	168,745	-	8,963,000	
Balance at 31 March 2020	\$ (113,441,401)	\$ (29,575,021)	\$ (39,912)	\$ (35,348)	\$ (143,091,682)	
Current	\$ (39,636,827)	\$ (7,321,815)	\$ (39,912)	\$ -	\$ (46,998,554)	
Noncurrent	\$ (73,804,574)	\$ (22,253,206)	\$ -	\$ (35,348)	\$ (96,093,128)	

15. Employee Costs

Employee costs consists of the following:

Jaguar Land Rover Canada ULC

	Year ended 31 March	
	2020	2019
Salaries, wages and bonus	\$ 4,060,517	\$ 4,542,818
Benefits	909,806	1,012,843
Reorganization costs	(168,745)	230,630
Other	1,887	36,094
Total employee costs	\$ 4,803,465	\$ 5,822,385

16. Other Expenses

Other expenses consist of the following:

	2020	2019
Consulting costs and other purchased services	\$ 3,882,994	\$ 4,981,266
Travel and entertainment costs	405,726	349,580
Facilities costs	836,977	834,439
Information technology costs	97,384	90,676
Other general operating expenses	1,271,235	3,047,650
Total Other expenses	\$ 6,494,316	\$ 8,604,701

17. Employee benefits

The Company sponsors and administers a Defined Contribution Pension Plan (“DCPP”) a Retirement Savings Plan (“RSP”), a Group Registered Retirement Savings Plan (“Group RRSP”) and an Employee Profit Sharing Plan (“EPSP”) for the benefit of its employees.

The DCPP covers all former employees of the Ford Motor Company who transferred as a result of the sale and became members of the DCPP effective January 1, 2009. All full-time and part-time employees hired on or after January 1, 2009 will automatically join the DCPP on their date of hire as a condition of employment. The Company will make contributions to the member’s DCPP account in an amount equal to a percentage of the member’s salary. The Company’s only liability is limited to the contributions currently required under the plan. For the years ended 31 March 2020 and 2019, the Company made a contribution of approximately \$209,000 and \$184,000.

An employee is eligible to join the RSP as of the date of hire. Participation is voluntary. The member may contribute a percentage of base salary and direct the contribution to the Group RRSP or the EPSP or a combination of both. The Company will match a portion of the member’s contribution to the EPSP at a percentage authorized by the Company. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the plans. For the years ended 31 March 2020 and 2019, the Company made a matching contribution of approximately \$138,000 and \$153,000.

The Company maintained a plan covering certain Ford legacy employees that provides additional postretirement benefits to replace pension benefits lost as a result of the acquisition of the Jaguar and Land Rover businesses on June 2, 2008 by a subsidiary of Tata Motors Limited. The Company funds these benefits on a pay-as-you go basis out of Company assets. As of 31 March 2020 and 2019, the Company had accrued approximately \$35,000 for both dates related to future benefit payments.

18. Commitments and contingencies

In the normal course, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Company records a provision for any claims where the Company has a present obligation as a result of a past event where it is probable an outflow of resources will be required to settle the obligation and a reliable estimate can be made, and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a provision in its accounts unless the loss becomes probable. Any claims of a product liability nature are assessed and a provision is recorded, if necessary, by JLR Limited.

Management asserts that none of the claims against the Company are probable or estimable, and it believes that none of the contingencies either individually or in aggregate, would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Guarantees

The Company does not provide any guarantees for related parties or unrelated third parties.

Commitments

In the normal course of business, the Company contracts with third parties to provide goods and/or services to the Company in order to operate day to day.

For commitments related to leases, refer Note 7.

Residual Risk

In the normal course of business, the Company has a vehicle residual risk sharing arrangement with a financial institution that underwrites retail leases. The Company is not a party to these retail leases. Under the current arrangement, residual collateral deposits are made at the inception of the lease based on final expected residual values of the underlying vehicle at lease termination. At certain points in the life of the retail leases, an interim review is performed and if there is excess collateral on deposit, the Company is entitled to receive a refund of previously deposited collateral. Due to the uncertainty in future residual values as they are impacted by many factors (e.g. economic environment, fuel prices, etc.) management is unable to predict the value, if any, of any future refunds.

The Company is responsible for all of the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years.

Taxing Authority Reviews

In the normal course of business, the Company is subject to income taxes in numerous federal, state and local jurisdictions and judgement is required in determining the appropriate provision, if any, for transactions where the ultimate tax determination is uncertain. In such circumstances the Company recognizes liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable.

The Company has income-tax related contingent liabilities where the ultimate tax determination is uncertain. Income tax related contingent liabilities are assessed continually and as a reliable estimate can be made, or if they become probable, a provision is recognized in the financial statements of the period in which the

Jaguar Land Rover Canada ULC

change in estimate or probability occurs. Where the final outcome of such matters differs from the amount recorded, any differences may impact income taxes in the period in which the final determination is made.

19. Capital Management

The Company is capitalized via investment from its parent company, JLR Limited. The Company purchases the majority of products it sells from the parent company and related Group companies. The cash flow from the sale of vehicles and parts is sufficient to pay JLR Limited and all other suppliers. Any remaining cash after paying all suppliers, vendors and operating expenses is retained within the Company. As such, no additional financing is required. From time to time, the Company will remit excess cash to JLR Limited in the form of a dividend. There were no dividends remitted during the years ended 31 March 2020 and 2019.

20. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on Balance Sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2020 and 2019, respectively.

	As at 31 March			
	2020		2019	
	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
Financial Assets				
Cash and cash equivalents	\$ 240,723,543	\$ 240,723,543	\$ 138,784,116	\$ 138,784,116
Trade receivables	41,656,757	41,656,757	72,078,861	72,078,861
Other financial assets (current)	-	-	41,314	41,314
Other financial assets (non-current)	363,220	363,220	275,614	275,614
Total	\$ 282,743,520	\$ 282,743,520	\$ 211,179,905	\$ 211,179,905
Financial Liabilities				
Accounts payable	\$ (50,945,201)	\$ (50,945,201)	\$ (50,524,499)	\$ (50,524,499)
Financial liabilities	(78,151)	(78,151)	(85,255)	(85,255)
Other financial liabilities	-	-	(78,150)	(78,150)
Total	\$ (51,023,352)	\$ (51,023,352)	\$ (50,687,904)	\$ (50,687,904)

The Company does not have any derivative financial instruments.

The short term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.

Jaguar Land Rover Canada ULC

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in a sales transaction as of the respective dates. The estimated fair value amounts as of 31 March 2020 and 2019 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

b) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in interest rates, credit risk and liquidity risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment – by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

a. Foreign currency exchange rate risk

The Company does not have any material exchange risk due to limited transactions in currencies other than Canadian dollars, nor does it have any material balances at the period end which are denominated in any currency other than CAD.

b. Interest rate risk

The Company's interest rate risk is limited to any short term borrowings, which are at market rates.

ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness, as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables and finance receivables. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

Jaguar Land Rover Canada ULC

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was \$282.7 million and \$211.2 million as of 31 March 2020 and 2019, respectively, being the total of the carrying amount of Cash and cash equivalents, Trade receivables, Finance receivables and Other financial assets.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired, there were no indications as of 31 March 2020, that any defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables and finance receivables as of the balance sheet date is given below. The age analysis has been considered from the due date.

	31 March 2020			31 March 2019		
	Gross	Allowance	Total	Gross	Allowance	Total
Trade Receivables						
Period						
Not due	\$ 7,120,732	\$ -	\$ 7,120,732	\$ 72,078,861	\$ -	\$ 72,078,861
Overdue 1-3 months	\$ 15,264	\$ -	\$ 15,264	\$ -	\$ -	\$ -
Overdue 3-6 months	\$ 7,631,141	\$ -	\$ 7,631,141	\$ -	\$ -	\$ -
Overdue more than 6 months	\$ 26,889,619	\$ -	\$ 26,889,619	\$ -	\$ -	\$ -
Total	\$ 41,656,757	\$ -	\$ 41,656,757	\$ 72,078,861	\$ -	\$ 72,078,861

iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that it is available for use as per requirements.

The Company is primarily funded through the sale of vehicles and parts at a profit. Generally, funds generated through that means are sufficient to cover all obligations. Any excess cash is remitted back to the parent company, Jaguar Land Rover Limited.

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2020:

	Carrying amount	Due in 1st year	Due in			Non-cash amount
			2nd year	3rd - 5th year	Due after 5 years	
Accounts payable	\$ (50,945,201)	\$ (50,945,201)	-	-	-	-
Financial liabilities	(78,151)	-	-	-	-	(78,151)
Other financial liabilities	-	-	-	-	-	-
Total	\$ (51,023,352)	\$ (50,945,201)	\$ -	\$ -	\$ -	\$ (78,151)

iv) Derivative financial instruments and risk management

The Company does not have any derivative financial instruments.

21. Collaterals

With the exception of the residual value collateral deposits described in Note 4, the Company does not have any guarantees or assets pledged as collateral.

22. Related party transactions

The Company's related parties principally consist of subsidiaries of its parent company, JLR Limited, TML, and other Tata related companies. The Company routinely enters into transactions with these related parties in the ordinary course of business.

Note 22 – Related party transactions (continued)

The Company purchases the majority of its inventory from subsidiaries of the UK parent company JLR Limited. As a result, the Company will incur payables to those entities. Additionally, the Company has entered into a transfer price arrangement with JLR Limited whereby profitability is fixed as a percentage of revenues. As a result of this arrangement, the Company will transfer profits or losses to these entities to arrive at the appropriate profit target by adjusting cost of revenues and offsetting payables to affiliated companies. At 31 March 2020 and 2019, the Company had approximately \$17.9 million and \$19.3 million, respectively recorded as payables owed to JLR Limited and \$0.1 million and \$0.1 million, respectively recorded as receivables due from JLR Limited.

The Company also receives various services from Jaguar Land Rover North America including, but not limited to legal, accounting, information technology, purchasing, tax services and training. These services are charged to the Company under a service level agreement. During the 12 months ended 31 March 2020 and 2019 the Company was charged \$3.4 million and \$3.8 million, respectively, from Jaguar Land Rover North America and paid these funds in cash.

Additionally, in the normal course of business, the Company transacts with other subsidiaries of JLR Limited. At 31 March 2020, the Company had trade receivables and trade payables with Jaguar Land Rover North America in the amount of zero and \$0.4 million, respectively.

Additionally, the Company engages various related entities whereby these entities provide outsourced information technology support, technology development, and marketing purchasing to the Company. During the 12 months ended 31 March 2020, the Company recognized expense of \$5.4 million related to services received during that period. The Company made cash payments to these entities during the 12 months ended 31 March 2020 of \$5.6 million. Additionally, the Company had an outstanding accounts payable balances to these entities of \$0.2 million at 31 March 2020.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Cumulative compensation of those individuals identified as key management personnel was as follows:

Jaguar Land Rover Canada ULC

	Year ended 31 March	
	2020	2019
Salaries	\$ 1,688,016	\$ 1,592,266
Incentive compensation	540,529	563,561
Other	395,046	388,594
Total key employee compensation	\$ 2,623,591	\$ 2,544,421

The Company did not have any other transactions with key management personnel.

Refer to Note 17 for information on transactions with post-employment benefit plans.

23. Subsequent events

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern.” The Canadian federal government declared COVID-19 as a national emergency and together with provisional government implemented several restrictions, including stay-at-home requirements. The restrictions intended to slow the spread of COVID-19 have adversely affected our business, the business of our retailers, and the business of our ultimate parent in several ways. The COVID-19 pandemic has impacted our revenues, cash flow and increased our residual value losses, which ultimately has adversely affected our financial condition, results of operations, and cash flows and may continue to do so if there is not a substantial economic recovery. Our parent company has suspended production in some of its automobile plants, affecting the supply chain and logistics network which will negatively impacted retailer inventory levels in the near future, vehicle sales, and our results of operations. Although the duration and severity of the COVID-19 pandemic is uncertain, and its ultimate impact on our results of operations is difficult to predict, it could have material adverse effect on our business, financial condition and our future results of operations.

Other than noted above, there were no events occurring after the reporting date through 24 June 2020 requiring an accounting adjustment or to be disclosed that would have a material impact on the Company's results of operations, financial position or cash flows.

24. Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on 24 June 2020.



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

June 24, 2020

The Board of Directors
Jaguar Land Rover Canada ULC
Mississauga, Ontario, Canada

Ladies and Gentlemen:

We have audited the financial statements of Jaguar Land Rover Canada ULC (the Company) as of March 31, 2020 and 2019 and for each of the years then ended, and expect to issue our report thereon under date of June 24, 2020. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the board of directors are presented fairly, in all material respects, in conformity with International Financial Reporting Standards, as issued by the IASB. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (AICPA). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the board of directors of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the board of directors in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Accounting Practices and Alternative Treatments

Significant Accounting Policies are described in Note 2 to the Financial Statements

As described in Note 2p, in order to comply with the requirements of International Financial Reporting Standards, the Company adopted IFRS 16 Leases using the modified retrospective method. The adoption of the new standard did not have material impact to the financial statements.



Board of Directors
Jaguar Land Rover Canada ULC
Page 2 of 4

Unusual Transactions

There have been no unusual transactions that we are aware of that need to be disclosed to you.

Qualitative Aspects of Accounting Practices

We have discussed with management our judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Company's accounting policies and their application, and the understandability and completeness of the Company's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the marketing provisions is based on the number of in-stock inventory and expected marketing incentive payments, the Company's historical experience, and other relevant factors to arrive at an overall assessment of the expected marketing incentive payments. We evaluated management's analysis of the marketing provisions, including possible management bias in developing the estimate, and determined that it was reasonable in relation to the financial statements as a whole.

Management's estimates for other provisions cover vehicle service programs offered to retail buyers such as roadside assistance and service loaner. These estimates are established using historical information on the nature, frequency, average costs of claims, and management's estimates regarding possible future incidences. We evaluated management's analysis of the other provisions, including possible management bias in developing the estimates, and determined that they were reasonable in relation to the financial statements as a whole.

Management's estimate of residual risk provision covers the residual value risk on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. We evaluated management's analysis of the residual risk provision, including possible management bias in developing the estimate, and determined that it was reasonable in relation to the financial statements as a whole.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Company's financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the Company's books and records as of and for the year ended March 31, 2020. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that management believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

The Company should consider whether these uncorrected misstatements were caused by one or more significant deficiencies or material weaknesses in internal controls over financial reporting.



Board of Directors
Jaguar Land Rover Canada ULC
Page 3 of 4

Corrected Misstatements

In connection with our audit of the Company's financial statements, we have not identified any significant financial statement misstatements related to accounts and disclosures that have been corrected in the Company's books and records as of and for the year ended March 31, 2020.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the Company's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended March 31, 2020.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with you and management each year prior to our retention by you as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter; and
3. Minutes certification letter.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationships between our firm and the Company and persons in a financial reporting oversight role at the Company and provide confirmation that we are independent accountants with respect to the Company.

The fees paid or payable to our firm relating to our audit of the 2020 financial statements billed/billable in 2020 are \$70,000.

Confirmation of Audit Independence

We hereby confirm that as of June 24, 2020, we are independent accountants with respect to the Company under relevant professional and regulatory standards.

* * * * *



Board of Directors
Jaguar Land Rover Canada ULC
Page 4 of 4

This letter to the board of directors is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Telephone +1 212 758 9700
Fax +1 212 758 9819
kpmg.com

December 5, 2019

Jaguar Land Rover North America, LLC
100 Jaguar Land Rover Way
Mahwah, NJ 07430

Attention: David Chambers, Chief Financial Officer

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Jaguar Land Rover North America, LLC ("JLRNA") and Jaguar Land Rover Canada, ULC ("JLRC").

Objectives and Limitations of Services

Audit Services

You have requested that we audit JLRNA's and JLRC's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements conforms with International Financial Reporting Standards as issued by the International Accounting Standards Board.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audits, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for our opinions on the financial statements. We also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall financial statement presentation.

Our audits of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Subject to the remainder of this paragraph, we will issue written reports upon completion of our audits of JLRNA's and JLRC's financial statements addressed to the board of directors of JLRNA and JLRC, respectively. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If, during the performance of our audit procedures, such circumstances arise, we will communicate to those charged with governance our reasons for modification or withdrawal.



Internal Control over Financial Reporting

In making our risk assessments as part of planning and performing our audits of the financial statements, we will consider JLRNA's and JLRC's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing opinions on the financial statements but not for the purpose of expressing opinions on the effectiveness of JLRNA's and JLRC's internal control.

The objective of our audits of the financial statements is not to report on JLRNA's and JLRC's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audits of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Registration Statements and Other Offering Documents

Should JLRNA and JLRC wish to include or incorporate by reference these financial statements and our audit reports thereon into a future filing under the Securities Act of 1933, or an exempt offering, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our reports and the terms thereof at that time. We will be required to perform procedures as required by the standards of the Public Company Accounting Oversight Board (United States) or auditing standards generally accepted in the United States of America, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed.

Our Responsibility to Communicate with Those Charged with Governance

While the objective of our audits of the financial statements is not to report on JLRNA's and JLRC's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audits of the financial statements, we will communicate, in writing, material weaknesses or significant deficiencies to the board of directors to the extent they come to our attention.

We will report to the board of directors, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audits and the effect that they, individually or in the aggregate, may have on our opinions in the auditor's reports, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audits.



- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the board of directors and determine that the board of directors has received copies of all material written communications between ourselves and management. We will also determine that the board of directors has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the board of directors any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

Management Responsibilities

The management of JLRNA and JLRC acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that JLRNA and JLRC complies with laws and regulations applicable to its activities, and for informing us of any instances of noncompliance or suspected noncompliance with laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of JLRNA and JLRC also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence and of whom we determine it is necessary to make inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain representation letters from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming opinions on the financial statements.



Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letters that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, JLRNA and JLRC will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any misrepresentations in the representation letters referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Dispute Resolution

Any dispute or claim between the parties shall be submitted first to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forgo litigation over such disputes in any court of competent jurisdiction.

Mediation shall take place at a location to be designated by the parties using Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1, et seq. Party-selected arbitrators shall be selected from the lists of neutrals maintained by either the IICPR or by JAMS, Inc., but the chair of the arbitration panel does not have to be selected from those specific lists. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm, enforce or vacate any final award entered in arbitration, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

All disputes between the parties (whether based in contract, tort, statute, regulation, or otherwise and whether pending in court or in an arbitral forum) shall be governed by and construed in accordance with the substantive and procedural laws of the State of New York, including without limitation, its statutes of limitations, without regard to the conflict of laws provisions of New York or any other state or jurisdiction. In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or



Jaguar Land Rover North America, LLC and Jaguar Land Rover Canada ULC
December 5, 2019
Page 5 of 9

unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as JLRNA's and JLRC's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and JLRNA and JLRC and between KPMG and outside specialists or other entities engaged by either KPMG or JLRNA and JLRC. JLRNA and JLRC acknowledge that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Except as permitted by law or as set forth in this paragraph, neither party shall acquire hereunder any right to use the name nor the logo of the other party or any part thereof, nor shall any such use require the express written consent of the owner party. JLRNA and JLRC agree that KPMG may list JLRNA and JLRC as a client in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "JLRNA/JLRC is an Audit client of KPMG LLP").

Further, for purposes of the services described in this letter only, JLRNA and JLRC hereby grant to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of JLRNA and JLRC solely for presentations or reports to JLRNA and JLRC or for internal KPMG presentations and intranet sites.

JLRNA, JLRC and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter. Unless requested by KPMG to allow it to complete its audits, JLRNA and JLRC will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Administration Act of 1979, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from JLRNA or JLRC, JLRNA or JLRC shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose JLRNA's and JLRC's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to JLRNA and JLRC of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by JLRNA and JLRC, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or JLRNA



Jaguar Land Rover North America, LLC and Jaguar Land Rover Canada ULC
December 5, 2019
Page 6 of 9

and JLRC, shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

Any non-disclosure or confidentiality agreements the parties entered into prior to the date hereof shall not apply to this engagement and shall not be deemed to prevent KPMG from performing services in accordance with this Engagement Letter and applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1. 700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to JLRNA and JLRC that KPMG will treat JLRNA's and JLRC's confidential information received in connection with this audit engagement in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to JLRNA and JLRC. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Firms or such third party service providers. In addition, KPMG Firms may have access to certain of your information in respect to engagement acceptance and other KPMG professional responsibilities such as maintaining independence and performing conflict checks. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all JLRNA's and JLRC's information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, JLRNA and JLRC will not be identified as the source of the information.

It may be necessary or convenient for JLRNA and JLRC to use KPMG-owned or -licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from JLRNA's and JLRC's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audits. JLRNA and JLRC understand and agree that they are solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of JLRNA and JLRC information and Systems) (collectively, "Change Management Processes") before such KPMG Technology is utilized to extract data from the Systems. In the event JLRNA and JLRC fail to use such Change Management Processes or if such Change Management Processes prove to be inadequate, JLRNA and JLRC acknowledge that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants JLRNA and JLRC the right to use



KPMG Technology solely to facilitate JLRNA's and JLRC's necessary or convenient provision of information to KPMG in connection with the audits, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of JLRNA and JLRC having a need to know in order to perform their services to JLRNA and JLRC are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as JLRNA and JLRC has technical, legal and/or other safeguards, measures and controls in place to protect such KPMG Technology and the KPMG confidential information therein from unauthorized disclosure or use. Other than as expressly permitted hereby, JLRNA and JLRC agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which the KPMG Technology is being used, mutatis mutandis. If the KPMG Technology is subject to any third party license terms and conditions before being provided to JLRNA and JLRC, JLRNA and JLRC may be required to accept such terms and conditions before using the KPMG Technology, in which case KPMG will provide such license terms and conditions to JLRNA and JLRC in writing before JLRNA and JLRC elects to use the KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void. JLRNA and JLRC agree to provide prompt notification if JLRNA and JLRC or any of its subsidiaries whose financial statements are being audited by KPMG LLP, currently are, become subject to, or were previously but are no longer subject to, the laws of a foreign jurisdiction that require regulation of any securities issued by JLRNA and JLRC or such subsidiary. Such situations could include but are not limited to the listing or selling of securities on a foreign securities market or exchange or the submission of filings to a foreign securities regulator.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * *

Our engagement herein is for the provision of annual audit services for the financial statements for the period described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of JLRNA's and JLRC's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the management of JLRNA and JLRC.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and JLRNA and



Jaguar Land Rover North America, LLC and Jaguar Land Rover Canada ULC
December 5, 2019
Page 8 of 9

JLRC with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audits of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Howard B. Meltzer
Partner

ACCEPTED

Jaguar Land Rover North America, LLC & Jaguar Land Rover Canada, ULC

David Chambers, Chief Financial Officer

Date



Appendix I

Fees for Services

Based upon our discussions with and representations of management, our total service fees of \$429,000 will cover the followings:

- Interoffice audit report on the Jaguar Land Rover North America, LLC and Jaguar Land Rover Canada, ULC reporting packages for the year ended March 31, 2020.
- Statutory audit of the balance sheet of Jaguar Land Rover North America, LLC as of March 31, 2020, the related statements of income, changes in equity, and cash flows for the year ended March 31, 2020.
- Statutory audit of the balance sheet of Jaguar Land Rover Canada, ULC as of March 31, 2020, the related statements of income, changes in equity, and cash flows for the year ended March 31, 2020.

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be JLRNA's and JLRC's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



June 24, 2020

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Gentlemen:

We are providing this letter in connection with your audits of the balance sheets of Jaguar Land Rover Canada ULC (JLRC or the Company) as of March 31, 2020 and 2019, the related statements of income, changes in equity, and cash flows for each of the years in the two-year period ended March 31, 2020, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of June 24, 2020:

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated December 5, 2019, for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Additionally, we acknowledge that we are responsible for the preparation and fair presentation in the financial statements of the Company's balance sheets and related statements of income, changes in equity, and cash flows in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Jaguar Land Rover Canada ULC
75 Courtney Park Drive West, Unit 3, Mississauga, ON L5W 0E3
jaguar.ca | landrover.ca

2. The accounting policies selected and applied comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in the notes to the financial statements.
3. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. All minutes of the meetings of directors, and committees of directors, as described in our minute's representation letter dated June 24, 2020.
4. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
5. We have disclosed to you, in writing, all known instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing the financial statements.
6. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have disclosed to you all side agreements or other arrangements (either written or oral).
8. All events subsequent to the date of the financial statements and through the date of this letter for which International Financial Reporting Standards requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with International Accounting Standard (IAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*.
10. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

11. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We do not agree that items AM-1 and AM-2 constitute misstatements because 1) we have calculated the year-end residual risk reserve in accordance with the JLR Rules of the Road based on local knowledge of the markets we operate in; and 2) we disagree with the methodology employed on the determination of a shortfall in variable marketing provisions and the means of allocation as the reported amounts in our financial statements represent our calculation performed locally based on local knowledge of the markets we operate in.
12. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements, and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term “fraud” is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
13. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Company’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of any officer or director of the Company, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.
18. Significant assumptions used by us in making accounting estimates are reasonable.
19. We have disclosed to you the identity of our related parties and all the related party relationships and transactions of which we are aware.
20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware in accordance with IAS 24, *Related Party Disclosures*, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Company is contingently liable, including guarantee contracts and indemnification agreements pursuant to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.
 - c. Significant judgments, estimates and sources of estimation uncertainty assumptions that are required to be disclosed in accordance with IAS 1, *Presentation of Financial Statements* or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Significant estimates are estimates at the reporting date that could change materially within the next year. Sources of estimation uncertainty assumptions are those having a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
21. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the financial statements or notes to the financial statements.
22. The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

23. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Company's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
24. We have no loans to executive officers, non-accrued loans, or zero-interest loans.
25. We have no plans or intentions that may materially affect the carrying amount or classification of assets and liabilities.
26. We have considered all financial instruments within the scope of impairment requirements of IFRS 9, other than those for which loss allowance is always measured at an amount equal to lifetime expected credit losses, in assessing whether credit risk on these instruments has increased significantly since their initial recognition. For all instruments where credit risk has increased significantly since initial recognition, loss allowance in the financial statements is measured at an amount equal to lifetime expected credit losses.
27. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are appropriate and that all fair value measurements are determined in accordance with IFRS 13, *Fair Value Measurement*. In circumstances where the fair value of a financial asset or liability at initial recognition is different from the transaction price, we have immediately recognized a gain or loss equal to the difference in the income statement if and only if the fair value measurement is evidenced by a quoted price in an active market for an identical asset or liability, or is based on a valuation technique that uses only data from observable markets. If the fair value measurement at initial recognition does not meet either of these conditions, then the difference is deferred and subsequently recognized as a gain or loss only to the extent it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.
28. We have disclosed the methods and assumptions applied in determining the fair values of each class of financial instrument.
29. We have disclosed to you any condition that may result in losses due to our inability to fulfill our sales commitments.

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

30. We confirm that we have disclosed to you all information in relation to onerous contracts, i.e. those contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received under it, including losses arising from sale and purchase commitments that are onerous contracts under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
31. We have disclosed to you any condition that may result in losses due to excess or obsolete inventory.
32. We have disclosed to you any condition associated with our purchase commitments that may result in losses in the values of our inventories.
33. We have fully disclosed to you all sales terms, including rights of return or price adjustments that would result in an adjustment to the warranty reserve.
34. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.
35. We believe that the tax-planning strategies used in determining the amount of the deferred tax assets recognized are prudent and feasible strategies that would, if necessary, be implemented.
36. The Company has the ability and the intent to recover, in a tax-free manner, assets (or liabilities) with book/tax basis differences for which no deferred taxes have been provided in accordance with the provisions of IAS 12, *Income Taxes*.
37. Deferred tax assets have been recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in accordance with IAS 12, *Income Taxes*.
38. The calculations of current and deferred tax expense (benefit) and the measurement of the related current and deferred tax assets and liabilities have been determined in accordance with IAS 12, *Income Taxes*, and based on appropriate provisions of applicable enacted tax laws and regulations.

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

39. When we have based our position on tax exposure items on an opinion issued by a qualified third-party tax adviser, we have provided you access to the third-party tax advisor's opinion.
40. We have not received any advice or opinion that:
- Contradicts the Company's support for the tax accrual related matters,
 - Contradicts the Company's financial statement amounts and presentations,
 - Has not been provided to you, but may be necessary to understand the Company's tax accrual and related matters.
41. We confirm that we have disclosed to you our assessment of the Company's exposures to risks related to taxation, that we have appropriately accounted for such risks and that we have disclosed information that is adequate to enable users to evaluate the nature and extent of the risks to which the Company is exposed at the end of the reporting period.
42. There are no agreements to purchase assets previously sold.
43. We have disclosed in the financial statements information relevant to assessing the possible impact that application of IFRSs, that have been issued but are not yet effective, will have on the Company's financial statements in the period of initial application in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to the extent that this information is known or reasonably estimable.
44. There are no violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss provision.
45. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the date of the statement of financial position and have been appropriately reduced to their amortized cost that includes any reduction for impairment or uncollectibility.
46. We believe that all material expenditures that have been deferred to future periods will be recoverable.
47. Provision, when material, has been made for:

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

- Losses to be sustained from inability to fulfill any sales commitments.
 - Losses to be sustained as a result of onerous contracts.
 - Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.
48. All sales transactions entered into by the Company are final and there are no side agreements with customers, or other terms in effect, which allow for the return of merchandise, except for defectiveness or other conditions covered by usual and customary warranties.
49. Gross revenue includes only the sales of goods or the rendering of services for which the Company has acted as a principal in the transaction when it has exposure to the significant risks and rewards associated with it. The sale of goods or the rendering of services for which the Company has acted as an agent or broker without assuming the significant risks and rewards associated with it have been reported on a net basis.
50. The warranty accrual is adequately stated to cover the future repair costs of items, which are under warranty as of March 31, 2020. The assumptions used in developing the warranty accrual are management's best estimates based on the information available.
51. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.
52. We have confirmed to you that revenue is recognized when vehicles are allocated to a dealer (i.e. segregated for dispatch at the port).
53. We used the appropriate measurement processes, including related assumptions and models, in determining accounting estimates in the context of the applicable financial reporting framework and the consistency in the application of the processes for marketing provisions recognized and disclosed in the financial statements. The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Company when relevant to the accounting estimates and disclosures. The disclosures related to the accounting estimates are complete and appropriate under the applicable financial reporting framework. No subsequent event has occurred that would require adjustment to the accounting estimates and disclosures included in the financial statements. For those accounting estimates not recognized or disclosed in the financial statements, we used the appropriate basis for determining that the criteria of the applicable financial reporting framework for recognition or disclosure have not been met, including the basis to overcome

Jaguar Land Rover Canada ULC

75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3

jaguar.ca | landrover.ca

a presumption relating to the use of fair value set forth under the Company's applicable financial reporting framework.

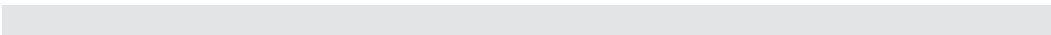
54. We have confirmed to you that the legal liability for cases regarding, but not limited to, product defects/damage, warranties, lemon-law, patent infringement matters, asbestos, and insurance is the responsibility of Jaguar Land Rover Automotive plc.
55. The residual risk reserve is adequately stated to cover future costs related to the Financial Services Agreement with the Bank of Nova Scotia as of March 31, 2020. The assumptions used in developing the residual risk reserve are management's best estimates based on information available.
56. The Company has not received any communications from any of its dealers, nor have become aware of any other information that would have material impact to the estimates used in preparation of the financial information as of March 31, 2020.
57. We have identified all leases where the Company is a lessee or a lessor, including having regard to the definition of a lease in IFRS 16 Leases, and accounted for them in accordance with IFRS 16.
58. On the basis of the process established by us, and having made appropriate enquiries, we are satisfied that the assumptions applied in determining the lease term, lease payments and discount rate are appropriate.

Very truly yours,

Jaguar Land Rover Canada ULC
Joe Eberhardt
Digitally signed by Joe Eberhardt
Date: 2020.06.24
16:49:25 -04'00'
*Joe Eberhardt,
President and CEO, JLRNA, LLC.*

David Chambers
Digitally signed by David Chambers
Date: 2020.06.24
16:40:38 -04'00'
*David Chambers,
Vice President, Finance and CFO, JLRNA, LLC.*

Michael Goldman
Digitally signed by Michael Goldman
Date: 2020.06.24
16:03:30 -04'00'
*Michael Goldman,
Controller/Assistant Treasurer, North America Accounting, JLRNA, LLC.*





KPMG LLP
345 Park Avenue
New York, NY 10154

June 24, 2020

Ladies and Gentleman:

In connection with your audit of Jaguar Land Rover Canada ULC's consolidated financial statements for the period ended March 31, 2020, I, Ramsey Ong, General Counsel and Secretary of Jaguar Land Rover North America, LLC, hereby certify as of June 24, 2020 that to the best of my knowledge and belief:

- 1) There were no meeting resolutions nor written consents of Jaguar Land Rover Canada ULC from April 1, 2019 through the date of this letter:
- 2) The minutes as recorded in the minute books described above are a true and correct record of all business transacted at meetings of Board of Directors, the Finance Committee, and the Audit Committee of the Company from April 1, 2019 through the date of this certificate.

Very truly yours,

Ramsey Ong
General Counsel and Secretary

Jaguar Land Rover Canada ULC
75 Courtneypark Drive West, Unit 3, Mississauga, ON L5W 0E3
jaguar.ca | landrover.ca