SIXT LEASING SE

–

ANNUAL REPORT 2016

THE SIXT LEASING GROUP IN FIGURES

in EUR million	**2016**	2015	Change 2016 on 2015 in %	2014[1]
Revenue	714	665	7.3	575
Thereof operating revenue	430	430	0.0	428
Thereof Leasing business unit	392	397	-1.2	387
Thereof Fleet management business unit	37	33	14.6	40
Thereof sales revenue	284	236	20.5	147
Earnings before interest and taxes (EBIT)	51	52	-1.0	49
Earnings before taxes (EBT)	32	30	4.3	26
Operating return on revenue (in %)[2]	7.3	7.0	+0.3 Points	6.0
Operating return on revenue Leasing business unit (in %)[2]	7.1	6.9	+0.2 Points	6.1
Operating return on revenue Fleet Management business unit (in %)[2]	9.4	8.7	+0.7 Points	5.3
Consolidated profit	25	23	9.3	19
Earnings per share - basic and diluted (in EUR)	1.19	1.20		1.27
Total assets	1,172	1,113	5.3	1,081
Lease assets	1,021	958	6.6	902
Equity	195	178	9.2	12[3]
Equity ratio (in %)	16.6	16.0	+0.6 Points	1.1
Non-current liabilities to related parties	490	699	-29.9	20
Current liabilities to related parties	4	4	-6.4	660
Financial liabilities[4]	354	97	>100	259
Dividend per share (in EUR)	0.48[5]	0.40	20.0	
Total dividend, net	9.9[5]	8.2	20.0	
Contract portfolio (in thou.)	114	103	10.1	97
Thereof Fleet Leasing	48	48	-1.6	50
Thereof Online Retail	27	21	29.9	16
Thereof Fleet Management	39	34	14.3	31
Investments in lease assets[6]	472	424	11.2	420
Number of employees[7]	370	280	32.1	275

1 *Values are taken from the Combined Financial Statements*
2 *Ratio of EBT to operating revenue*
3 *Profit and loss transfer agreement with Sixt SE until 30 April 2015*
4 *Current and non-current financial liabilities, including finance lease liabilities*
5 *Proposal by the management*
6 *Value of vehicles added to the leasing fleet*
7 *Annual average*

CONTENT

GROWTH

↑

SIXT-neuwagen.de

CA. **27,400**
CONTRACTS

CA. **4,020,000 VH***
MARKET SIZE

FIRST MOVER	ONLINE RETAIL SINCE 2012	DISRUPTIVE BUSINESS MODEL

↑

SIXT mobility consulting

CA. **38,700**
CONTRACTS

CA. **444,000 VH***
MARKET SIZE

SCALING OF EXISTING RESOURCES	FLEET MANAGEMENT SINCE 2011	MINIMAL CAPITAL INVESTMENT

↑

SIXT leasing

CA. **47,500**
CONTRACTS

CA. **880,000 VH***
MARKET SIZE

SUSTAINABLE PROFITABILITY	FLEET LEASING SINCE 1967	HIGH CUSTOMER LOYALTY

↑

SOLID BASIS

* MARKET SIZE FOR GERMANY - SOURCES: DATAFORCE 2016, DAT-REPORT 2016, COMPANY INFORMATION - FOR LEASING MARKETS: ANNUAL CAR REGISTRATIONS MULTIPLIED BY AVERAGE HOLDING PERIOD AT SIXT LEASING (IN YEARS) - FOR FLEET MANAGEMENT MARKET: STOCK SIZE

FAVOURABLE PRICES, PREMIUM SERVICE AND PROVED INNOVATION LEADERSHIP

–

ESTABLISHED PLAYER IN FULL-SERVICE LEASING, INDEPENDENT FLEET MANAGER FOR LARGE-SIZED FLEETS, FIRST MOVER IN THE ONLINE SALES OF NEW VEHICLES TO PRIVATE AND COMMERCIAL CUSTOMERS.

In its **Fleet Leasing** division, Sixt Leasing develops tailor-made full-service solutions for corporate customers und continually optimises their fleets' total cost of ownership.

Under the brand name Sixt Mobility Consulting the **Fleet Management** segment offers this expertise as well as service solutions also to customers who purchased or leased their vehicles from third parties.

The **Online Retail** business field with its platforms sixt-neuwagen.de and autohaus24.de allows private and commercial customers to order all models from around 30 car manufacturers online, either through leasing or Vario-financing – individually configured or chosen from over 9,000 instantly available vehicles. The offer is rounded off by additional services such as insurance, claims management, service packages and many more, all of which can also be ordered online.

OUTSTANDING FOUNDATION ATTRACTIVE GROWTH OPPORTUNITIES

Over the last few years the Sixt Leasing Group has recorded strong growth in its contract portfolio, revenue and earnings. For the upcoming years the goal is to build on and expand the attained market position as one of the leading non-captive leasing companies and fleet managers in Germany.

In Fleet Leasing, increasing our profitability has priority over volume growth. We see above average growth potential in particular in the Online Retail business field, the private and commercial customer segment, as we are addressing an almost undeveloped market here. Our declared objective is to build a large customer base as swiftly and sustainably as possible to capture a significant share of the overall market. In Fleet Management, expanding the presence to key European markets is high on the agenda, alongside domestic growth.

The continued expansion and development of our technological capabilities and digital solutions, with which we can offer our customers real added value in the form of innovative services, forms the basis of success for all three business fields. With our successful IPO in May 2015, investors have the opportunity to invest in our sustainable and profitable business model, which offers attractive growth perspectives. We are committed to continually increasing the value of our company.

A \\ TO OUR SHAREHOLDERS

A.1 \\ LETTER TO SHAREHOLDERS

Dear shareholders,

A few weeks ago the advertisement campaign for our 'flat rate for the road' was successfully kicked off. For an unrivalled price beginning from EUR 99.99 per month our customers get a fully-equipped new vehicle with flexible usage from 12 to 30 months. This already includes the costs for registration, delivery, taxes and insurance. The entire ordering process is for the first time fully digital with video identification and eSign replacing the visit to the dealer and post office.

Why are we showcasing this product to you? The 'flat rate for the road' is our answer to our customers' changing requirements. Our customers do not want to buy cars, instead they want mobility - preferably online, flexible and at a predictable, favourable all-inclusive flat rate. At the same time, they can expect a straightforward handling process using mouse clicks, smartphone or tablet.

New vehicle sales is the last big market not yet fully digitalised. As first mover and clear market leader we want to change that for good with our online offers. Fiscal year 2016 has proven that this strategy pays off. Our Online Retail business field was Sixt Leasing's biggest growth driver. Year-on-year its contract portfolio gained around 30%, followed by the Fleet Management business unit with a plus of around 15%. The two business fields more than compensated the less than 2% decrease, which Fleet Leasing encountered. All in all the Group's total number of contracts inside and outside Germany (excluding franchisees and cooperation partners) gained around 10% to 113,600 contracts.

Our financial figures also performed very gratifying and scaled new heights:

\\ Consolidated revenue gained 7.3% to a record level of EUR 713.9 million. As had been expected operating revenue (without the proceeds from vehicle sales) remained stable at EUR 430.0 million and would have climbed 2.9% adjusted by the lower income from fuels.

\\ Proceeds from the sale of returned leasing vehicles and the marketing of customer cars gained 20.5% to EUR 283.9 million.

\\ Despite the significantly higher growth investments, above all in the Online Retail business field, consolidated earnings before taxes (EBT) grew 4.3% to EUR 31.6 million. The operating return on revenue improved by 0.3 percentage points to 7.3% and thus remained clearly above the targeted figure of 6.0%.

\\ All in all, we managed to increase our consolidated profit substantially by 9.3% to EUR 24.6 million.

We want to give you, dear shareholders, a fair share in this success also in the form of a continued dividend. In spite of our high and strategically important growth investments we plan to propose to the Annual General Meeting to pay out a dividend of EUR 0.48 per share for fiscal year 2016. This equals a 20% plus on the previous year. This proposal would translate into a 40% distribution ratio referenced to the Group's consolidated profit and thus be at the upper end of our communicated target range of 30% to 40%, which we are expanding for more flexibility to 30 to 60% going forward.

Particular gratifying in fiscal year 2016 was the progress made in our refinancing arrangements. This included negotiating further bilateral credit lines with a total volume of around EUR 350 million, the successful issue of our first borrower's note loan in the amount of EUR 30 million as well as setting up an asset backed securities (ABS) programme with a volume of EUR 500 million. In addition to these, we also placed our first bond with a volume of EUR 250 million at the start of 2017. This means that within the shortest time we gained a very good reputation on the capital market and passed a number of milestones to put our refinancing on a platform, which is independent of our shareholder Sixt SE. Thanks to these independent financing instruments we managed to reduce the outstanding redeemable loan granted by Sixt SE by another EUR 209 million to EUR 490 million. The subsequent lowering of interest expenses was already noticable in the preceding year and is set to make an even stronger impact in 2017.

Dear shareholders, we do not want to rest on the laurels of these record results but we actually laid the foundation in 2016 for continued dynamic growth. Right now we are working hard on implementing our ambitious plans. For the current fiscal year we estimate to see further increases in revenue and earnings, above all thanks to the booming online sales of new vehicles. In addition, we want to extend our position as provider of mobility in the German market strong on innovations and margins.

Given the excellent growth perspectives and ongoing digitalisation the Online Retail business field will gain clearly in importance also in 2017 with a perspective to develop into the Group's biggest business field. We significantly upgraded the outlook for our online business and expect to hold a contract portfolio of around 36,000 by the end of 2017. This means an additional growth of 4,000 contracts over the original budget and a plus of more than 30% on the preceding year. This additional growth will make itself felt in earnings in the following years. For the Fleet Leasing business field the focus will be on profitability whilst slightly growing its contract portfolio. The Fleet Management business unit is expected to force its expansion into the key European markets outside of Germany. This shall be achieved above all on the basis of existing customer relationships. Consequently 2017 will take another step towards the mid-term target of 50,000 contracts.

For the full fiscal year 2017 we expect earnings before taxes (EBT) to gain in the high single-digit percentage range, as well as operating revenue to see a slight increase. This should also improve profitability still further. On top, we expect the equity ratio once more to exceed the targeted minimum level of 14%. We also intend to maintain our attractive dividend policy.

Dear shareholders, we wish to extend our gratitude above all to you for the trust you placed in us and we would be delighted to have you by our side as we continue on our success track.

Pullach, April 2017

The Managing Board

DOTT. RUDOLF RIZZOLLI	BJÖRN WALDOW

A.2 \\ REPORT OF THE SUPERVISORY BOARD

ERICH SIXT

\\ Chairman of the Supervisory Board of Sixt Leasing SE since 2004
\\ Born in 1944
\\ Since 1969 with Sixt

General
In fiscal year 2016 the Supervisory Board of Sixt Leasing SE carefully and conscientiously attended to the duties incumbent on it according to law and the Articles of Association. The Board dealt in detail with the Company's and the Group's situation, consulted with the Managing Board over key strategic questions and provided it with assistance.

A total of ten Supervisory Board meetings were held in 2016, each of which were attended by all Supervisory Board members. Four meetings were conducted via telephone. The legally stipulated frequency of two meetings per calendar half-year was complied with.

The Managing Board informed the Supervisory Board in written and verbal form regularly, promptly and comprehensively about the situation of the Company and the Group. To this end, the Managing Board prepared a report every quarter with detailed information on the economic and financial position of Sixt Leasing SE and its subsidiaries. The Managing Board explained to the members of the Supervisory Board the documents and reports submitted for the meetings. The Supervisory Board did not have to consult additional company documents.

The Supervisory Board was involved early on in decisions of significant importance for the Company and the Group. The members of the Supervisory Board also regularly exchanged information with the Managing Board outside the meetings, especially the chairmen of the two corporate bodies. The provisions of the German Corporate Governance Code and of the legal stipulations on stock corporations governing the duty of the Managing Board to report to the Supervisory Board were consistently observed.

The Supervisory Board of Sixt Leasing SE has not established any committees. As the Supervisory Board consists of only three members, the formation of committees is not expected to yield any greater working efficiency.

Key issues in 2016
The Supervisory Board regularly addressed and looked into the current business performance, the strategic focus, the risk situation and risk management, internal control systems, the performance of contract portfolios in the individual business units as well as the net assets, the financial position and results of operations of Sixt Leasing SE and the Sixt Leasing Group. The entire Managing Board attended all Supervisory Board meetings to explain all the information and procedures in due detail.

Moreover, in 2016 the following issues were addressed in particular:

\\ The Supervisory Board concerned itself with ***strategic acquisition projects***, which shall safeguard and accelerate the Group's future growth. The Board approved the acquisition of autohaus24 GmbH, which gives Sixt Leasing SE another access to the online vehicle market for private and commercial customers. In addition, it approved the acquisition of the remaining 50% of shares in the previous Swiss joint venture SXB Managed Mobility AG (now: Sixt Mobility Consulting AG).
\\ The Supervisory Board heard detailed reports on the ***measures to win new customers, intensify sales activities and to internationalise*** the Sixt Leasing business operations. These include the broad spread of TV-campaigns to ramp up the brand awareness of 'Sixt Neuwagen' and the expansion of European business activities of the Fleet Management business unit.
\\ Another topic was the ***reorganisation of the Group's financing*** from the funds provided by Sixt SE at the IPO in 2015 to external instruments. The Supervisory Board took approving note of the progress made during the year under review. This included the placing of a borrower's note loan in the amount of EUR 30 million, arranging an asset backed securities (ABS) programme with a volume of EUR 500 million and redeeming EUR 209 million to Sixt SE in the middle of the year. The external financing instruments shall contrib-

ute to lowering interest expenses substantially over the coming years.
- The Supervisory Board agreed to ***changing the Company's legal form*** from a German stock corporation (AG) into a European stock corporation (SE). In this newly established legal form the Company takes due account of the stronger internationalisation of Group activities.
- Focus of the consultations also was on ***measures to improve structures and processes*** within the Group and on strengthening the central functions' independence vis-a-vis Sixt SE, as after the IPO Sixt SE and its subsidiaries still provide specific services for the Sixt Leasing Group.
- The Supervisory Board concerned itself in detail with the ***tender for the audit*** of the annual financial statements of 2017 and approved the process chosen by the Managing Board.

Corporate Governance
Also in fiscal year 2016, the Supervisory Board comprehensively dealt with the implementation of the principles of the German Corporate Governance Code for Sixt Leasing SE. The corporate governance report, which is published in the Annual Report, includes the Managing Board's and Supervisory Board's report on Sixt Leasing SE's corporate governance in accordance with section 3.10 of the Code. The objectives for the composition of the Supervisory Board according to section 5.4.1 of the German Corporate Governance Code as well as the current status of its implementation is included in the corporate governance report.

In December 2016, the Managing and the Supervisory Board published a declaration of conformity according to § 161 Aktiengesetz (AktG). It is permanently available to shareholders on the Company's website *ir.sixt-leasing.com*. With few exceptions, Sixt Leasing SE complies with the recommendations of the Government Commission on the German Corporate Governance Code.

The Supervisory Board had no indications for conflicts of interest of members of the Managing and the Supervisory Board.

Changes to the Managing and Supervisory Board
There were no changes in the composition of the Managing or Supervisory Board in the year under review. As part of the change in the legal status of the Company into Sixt Leasing SE, which was approved by the Annual General Meeting on 1 June 2016 and came into effect on 25 July 2016 via entry into the commercial register, the members of the Supervisory Board were newly elected. The Annual General Meeting thus elected the previous members of the Supervisory Board of Sixt Leasing AG, Mr. Erich Sixt and Prof. Dr. Marcus Englert also as members of the first Supervisory Board of Sixt Leasing SE. In accordance with the Articles of Association of Sixt Leasing SE, Sixt SE nominated the member Mr. Georg Bauer, who had previously been delegated to sit on the Supervisory Board of Sixt Leasing AG, to be also member of the first Supervisory Board of Sixt Leasing SE.

The Supervisory Board members elected by the Annual General Meeting of Sixt Leasing SE were appointed until the end of the Annual General Meeting that will approve the actions of the Supervisory Board for fiscal year 2017. In line with the constellation of the previous Supervisory Board of Sixt Leasing AG, the first Supervisory Board of Sixt Leasing SE elected during its inaugural meeting Mr Erich Sixt as Chairman of the Supervisory Board and Prof. Dr. Englert as Deputy Chairman.

Audit of the 2016 annual financial statements and consolidated financial statements
The Managing Board prepared the annual financial statements of Sixt Leasing SE as per 31 December 2016 in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements and the management report on the Group's and the Company's situation as per 31 December 2016 in accordance with section 315a of the HGB and on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Sixt Leasing SE and the consolidated financial statements as well as the management report on the situation of the Group and the Company, and gave these documents their unqualified audit opinion. The auditor had been commissioned by the Supervisory Board on the basis of the resolution taken by the Annual General Meeting on 1 June 2016.

The Supervisory Board received the documents together with the Managing Board's dependent company report and the auditor's audit reports as well as the Managing Board's proposal on the appropriation of the unappropriated profit in sufficient time for examination. Discussion and examination of these documents was conducted during the Supervisory Board's meeting on 20 April 2017, which was convened to adopt the annual financial statements.

The auditor of the annual financial statements and of the consolidated financial statements attending this meeting provided in-depth information on the material findings of their activities. Following an analysis of the risk situation and risk management, the auditor concluded that there were no material risks in Sixt Leasing SE and the Group companies which were not mentioned in the reports. The audit of the effectiveness of the internal control and risk management system relating to accounting procedures by the auditor did not lead to any objections. Furthermore, the auditor informed the Supervisory Board of services rendered over and above the work on the audit. In the opinion of the auditor there were no circumstances that could justify doubt as to the impartiality or independence of the auditors.

The Supervisory Board approvingly noted the auditor’s findings and had no objections after concluding its own review. The Supervisory Board approved the annual and consolidated financial statements as well as the management report on the Group’s and the Company’s situation as prepared by the Managing Board and audited by the auditors. The annual financial statements of Sixt Leasing SE for 2016 were thus formally adopted in accordance with the provisions of the (German) AktG. The Supervisory Board concurred with the proposal made by the Managing Board for the appropriation of the unappropriated profit of 2016.

In the audit, the auditor included the Managing Board’s Dependent Company Report in accordance with section 312 of the AktG covering the relationship between Sixt Leasing SE and its affiliated companies, and submitted the audit report to the Supervisory Board. The audit by the auditor did not give rise to any objections. The following unqualified audit opinion was issued:

‘On the basis of our review and assessment in accordance with professional standards, we confirm that the actual disclosures made in the report are accurate and the consideration paid by the Company for legal transactions listed in the Report was not inappropriately high.’

The Supervisory Board’s examination of the dependent company report in accordance with section 312 of the AktG covering the relationship between Sixt Leasing SE and its affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the auditor's findings. Following the completion of its own examination, the Supervisory Board had no objections to the Managing Board’s concluding declaration in the dependent company report.

Thanks to the Managing Board and all employees

Following the successful IPO, 2016 was the first full fiscal year for Sixt Leasing SE as stock-listed company. In the reporting year the Company managed to improve key performance indicators such as number of contracts under management, pre-tax earnings and the operating return on revenue and this continue on the positive trend of the previous years. Moreover, through important acquisitions in the Online Retail and Fleet Management business fields, Sixt Leasing SE also laid the groundwork for future growth. The reorganisation of the Group's financing structure to external financing instruments is also fully in line with the plan announced during the IPO.

In view of this positive annual result we wish to extend our heartfelt thanks to the Managing Board, the managing directors of the subsidiaries of Sixt Leasing SE as well as all employees of the Group for their dedicated and committed work. It is our conviction that the Sixt Leasing Group is well and truly fit and able to continue its successful development also in 2017.

Pullach, April 2017

The Supervisory Board

ERICH SIXT	PROF. DR. MARCUS ENGLERT	GEORG BAUER
Chairman	Deputy Chairman	Member

A.3 \\ SIXT LEASING SHARES

Volatile year 2016 for shares

The international stock markets registered a highly volatile year in 2016. The surprising vote in the UK to leave the European Union, the so-called Brexit, saw above all European stock markets record substantial drops in share prices at the end of the first half of the year. Moreover, poor labour market data coming out of the USA, the ongoing disappointing Chinese economic development, a weak performance of the US technology sector, constant outflows from European stock funds as well as the terror attack in Brussels all piled on pressure on the stock exchanges during the first six months. Merely the stable oil price and the lively M&A activities proved to give the stock markets temporary relief.

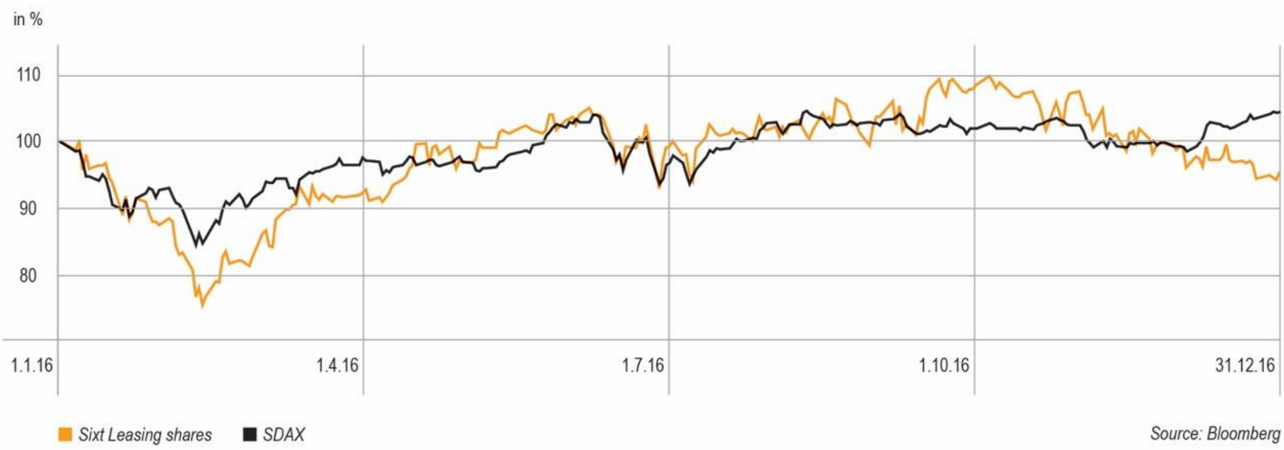
The second half of the year, on the other hand, was characterised by recovery. Reasons for this were abating concerns regarding the negative effects from the Brexit vote as well as improving employment figures in the USA and better business data from China. Towards the end of the year the outcome of the US presidential election boosted the share prices, as did improved economic early indicators for the Euro area, the USA and China. Terror attacks only affected the markets temporarily.

Accordingly, the German stock index (DAX) saw a fluctuating development over the course of the year. Until mid-February it was under intense pressure and fell below 9,000 points, almost 20% down on the level at the start of the year. Following a brief recovery phase it accumulated once more losses in the second quarter as it faced the impending Brexit vote. Thereafter however, the index managed to recoup these losses entirely. By December the DAX had recorded another steep ascent and closed the year at 11,481 points. All-in-all this performance equals a value gain of around 6.9% against the closing price of the previous year (10,743 points), while the SDAX gained 4.6% over the same period.

Sixt Leasing shares complete first full year on the stock exchange

Following its successful IPO on 7 May 2015, the reporting year 2016 was the first full year on the stock exchange for the shares of Sixt Leasing SE. They started the year at EUR 18.55, and followed the market to mid-February by registering a negative downward trend. The annual low at EUR 14.11 was recorded on 11 February 2016. However, over the course of the further year the share price consistently recovered and reached EUR 19.74 in June. Following interim value losses the share price regained its positive direction and reached its annual high at EUR 20.65 on 4 October 2016. Thereafter the share dropped back again and closed the year at EUR 17.90. All-in-all this performance equals a value loss of 4.8% against the closing price of the previous year (EUR 18.80).

Relative performance of Sixt Leasing shares against the SDAX



Stable shareholder structure

Sixt SE, Pullach, is still the largest single shareholder of Sixt Leasing SE, holding an unchanged 41.9% of voting rights in the Company. Based on the voting right notifications submitted to the Company, other large investors are BNY Mellon Service Kapitalanlage-Gesellschaft mbH with 5.4%, MainFirst SICAV with 5.0 %, Allianz Global Investors GmbH with 4.9 %, Henderson Group plc with 3.6 % and Mawer Investment Management Ltd. with 3.0% (all figures as at 15 March 2017).

The voting right notifications received by the Company during the year under review are available from the Company's website ***ir.sixt-leasing.com***.

Sixt Leasing share information	
Share class	No-par value ordinary bearer shares (WKN: A0DPRE, ISIN: DE000A0DPRE6)
Stock exchanges	All price-setting German stock exchanges
Trading segment	Prime Standard
Designated sponsors	Commerzbank AG, Joh. Berenberg, Gossler & Co. KG

Continuous dividend policy

Sixt Leasing SE adheres to the principle of permitting its shareholders to participate in the Company's success by distributing an appropriate dividend. The amount paid out is determined by the development of consolidated earnings as well as future demands placed on equity, above all with a view to the scheduled growth at home and abroad. At the IPO in May 2015, Sixt Leasing communicated to pursue a dividend distribution strategy in a range of 30 to 40% of the Group's net income.

In accordance with the proposal by the Managing Board and Supervisory Board, the Annual General Meeting on 1 June 2016 resolved to pay for fiscal year 2015 a dividend of EUR 0.40 per share. Based on this resolution the total amount distributed was around EUR 8.2 million. The distribution ratio came to around 37% of the consolidated profit and was thus in the upper half of the divided corridor communicated.

For fiscal year 2016 the Managing Board and Supervisory Board plan to propose a dividend of EUR 0.48 to the Annual General Meeting on 29 June 2017. The proposal takes due account of the gratifying business development and the good equity ratio. Based on this proposal the total dividend payment comes to EUR 9.9 million.

The pay-out ratio would be 40% of consolidated profit and therefore lie at the upper end of the communicated target range of 30 to 40%. Based on the share price at the end of 2016, the dividend yield for Sixt Leasing shares comes to 2.7%. Managing and Supervisory Board therewith affirm their claim to pursue a continuous and reliable dividend policy. For more flexibility, the Managing Board decided to extend the target range to 30 to 60% of consolidated profit beginning from fiscal year 2017.

	2016	2015
Earnings per share (EUR) - basic and diluted	1.19	1.20
Dividend per share (EUR)	0.48[1]	0.40
Number of shares (as at 31 December)	20,611,593	20,611,593
Total dividend (EUR million)	9.9	8.2
Pay-out ratio	40%	37%

1 *Proposal by management*

	2016	2015
High (EUR)[2]	20.65	22.15
Low (EUR)[2]	14.11	17.00
Year-end price (EUR)[2]	17.90	18.80
Dividend yield (%)[3]	2.7	2.1
Market capitalisation (EUR million)[3] as at 31 December	368.9	387.5

2 *All prices refer to Xetra closing prices*

3 *Based on Xetra year-end price*

Intensive communication with the capital market
As stock listed company in Deutsche Börse's Prime Standard Sixt Leasing SE has to meet extensive requirements on transparency and publicity. By being in continuous and intensive dialogue with the capital market the Company ensures an open, timely and comprehensive financial communication.

In 2016 Sixt Leasing SE conveyed to analysts, investors and the media a timely and comprehensive overview of business conditions and developments through regular meetings. Interest focused once again on developments in the contract portfolio of the individual business fields of Fleet Leasing, Online Retail and Fleet Management, the progress made in the ongoing transfer of the Group's financing to independent external instruments. Explanation was also given of the measures taken towards internationalisation of the Fleet Management and the investments in the further growth of Sixt Neuwagen.

The strategy and business performance of Sixt Leasing SE were positively received during roadshows and investor conferences. In the reporting year the Managing Board staged roadshows at key financial centres in Germany and in European countries, among others in Frankfurt/Main, London, Zurich and Vienna. In addition to these the Managing Board held meetings with journalists from relevant financial and business media and regularly communicated its assessments on relevant issues to leasing and fleet management publishers.

Renowned finance and research institutes carefully tracked the company's and Sixt Leasing shares' development. To this end, the Managing Board and analysts regularly exchanged information. In the year under review Sixt Leasing was the subject of studies commissioned by Baader Bank, Berenberg Bank, Commerzbank, DZ Bank, Hauck&Aufhäuser and Warburg Research.

Over the course of the year 2016 Sixt Leasing SE shares were recommended as Buy by the major portion of analysts or received a Hold recommendation. As at the end of December 2016 the later studies of the aforementioned financial analysts had Sixt Leasing's shares at an average target price of EUR 22.55 (2015: EUR 23.30).

For the current fiscal year Sixt Leasing has set itself in particular the target of communicating in detail and with full transparency the Company's progress in restructuring its Group financing and its long-term growth strategy. Special attention will be given to outlining the Company's key differentiating features and competitive strengths over its relevant peers and to conveying its particular opportunities afforded to it as 'first mover' on the market for online retail leasing.

A.4 \\ CORPORATE GOVERNANCE REPORT

Supervisory and Managing Board report on corporate governance in accordance with the provisions of section 289a of the Handelsgesetzbuch (HGB – German Commercial Code) and in accordance with section 3.10 of the German Corporate Governance Code (hereinafter referred to as 'Code'). The corporate governance declaration is part of the Management Report on the Group's and the Company's situation. Pursuant to section 317 (2) sentence 3 of the HGB the disclosures made in accordance with section 289a of the HGB are not included in the audit. The declaration can also be found on the website of Sixt Leasing SE at *ir.sixt-leasing.com* under 'Corporate Governance'.

1. CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTION 289a OF THE HGB

Compliance with German Corporate Governance Code and declaration of conformity

For Sixt Leasing SE, good and responsible corporate management and supervision (corporate governance) is an essential means of ensuring and enhancing capital market confidence in the Company. Responsible management that focuses on long-term value creation is therefore of central importance for the Company. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, respect for shareholders' interests and open corporate communication, both externally and internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the Declaration of Conformity of 6 December 2016, the Managing Board and the Supervisory Board of Sixt Leasing SE affirm their commitment to the principles of the German Corporate Governance Code published by the Government Commission on 26 February 2002 and most recently amended on 5 May 2015.

Declaration of conformity in accordance with section 161 of the AktG

The recommendations of the 'Government Commission on the German Corporate Governance Code' in the version of 5 May 2015 (hereinafter referred to as 'Code') announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) have been complied with in the period since the last Declaration of Conformity was issued on 26 November 2015 and will be continued to be complied with subject to the following exceptions:

\\ In the D&O insurance policy of Sixt Leasing SE, no deductible has been agreed for members of the Supervisory Board (section 3.8 (3) of the Code). Sixt Leasing SE believes that a deductible would not improve the motivation or sense of responsibility of the members of the Supervisory Board, especially given that the Supervisory Board members could insure any deductibles themselves.

\\ In accordance with the resolution adopted by the Annual General Meeting on 8 April 2015, the total remuneration is currently not disclosed and broken down by individual Managing Board member. In view of this resolution, an individual disclosure of benefits, compensations and other benefits for each member of the Managing Board using the model tables provided in the Code is not to be published (section 4.2.5 (3) of the Code).

\\ The Supervisory Board decides on a case-by-case basis whether to specify an age limit when appointing Managing Board members (section 5.1.2 (2) sentence 3 of the Code), because the Supervisory Board believes that to specify a general age limit would impose a restriction on selection and would thus not be in the interests of Sixt Leasing SE.

\\ Since, in accordance with the Articles of Association, the Supervisory Board of Sixt Leasing SE consists of three people, no committees are formed (sections 5.3.1 to 5.3.3 of the Code).

\\ An age limit for members of the Supervisory Board as well as a regular limit of length of membership in the Supervisory Board are not provided for (section 5.4.1 (2) sentence 1 of the Code). Given that the Supervisory Board consists of three members, of whom merely two members are elected in accordance with the Articles of Association, any limitation on age and/or length of membership would run counter to the interests of the Company. The Company shall generally also have access to the expertise of Supervisory Board members experienced with the company. Furthermore, an extended membership does not necessarily lead to a conflict of interest or an impairment of independence.

- Proposed candidates for the chair of Supervisory Board are not announced to shareholders (section 5.4.3 sentence 3 of the Code), because legal provisions stipulate that the election of the Supervisory Board chairperson is exclusively the responsibility of the Supervisory Board.

- Sixt Leasing SE will disclose all price-sensitive information to analysts and all shareholders (section 6.1 sentence 2 of the Code). Sixt Leasing SE believes that disclosure to all shareholders of all non-price-sensitive information given to financial analysts and similar parties would not further their interest in information.

- The Consolidated Financial Statements are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law. Sixt Leasing SE believes that compliance with the publication deadlines specified in section 7.1.2 sentence 4 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.

Pullach, 6 December 2016

For the Supervisory Board of Sixt Leasing SE	**For the Managing Board of Sixt Leasing SE**
SIGNED ERICH SIXT	SIGNED DOTT. RUDOLF RIZZOLLI
Chairman	Chairman

Relevant disclosures on corporate governance practices
The practices used for managing Sixt Leasing SE and the Sixt leasing Group fully comply with the statutory provisions.

Strategic and operational management of the Group is performed on the basis of planning policies and regular comprehensive reports to the Managing Board. Reporting covers the risk management system, the internal control system as well as the internal audit system.

The risk management system, the functioning and extent of which is documented in the risk manual, specifies several types of reports to support management with the identification, assessment and control of risks. Among other things, the Managing Board and the Supervisory Board receive a comprehensive risk report each year. In addition, the Managing Board is regularly informed about relevant issues by the Company's functional units. The internal control system consists of measures and controls to ensure compliance with statutory provisions and corporate guidelines. It specifies regular reports by the Company's Business Units, audit reports and regular working meetings relating to different topics. The internal audit system relates to measures such as planned audits and other audits, the results of which are documented in the respective audit and activity reports to the Managing Board.

Compliance within the Sixt Leasing Group
The success of the Sixt Leasing Group is not only driven by its excellent business policy, but also by the harmonisation of business principles with the highest moral and ethical standards, and the trust that customers, suppliers, shareholders and business partners place in us. In order to win and keep this trust it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Sixt Leasing SE and its affiliated companies, which is mandatory for all employees, contains these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company.

To become aware of potential compliance defaults, Sixt offers its employees different reporting channels via the superior, the compliance officer or the ombudsman. The compliance officer maintains regular contact with the Managing Board and assists as well as advises the Board with respect to preventive measures.

Working practices of Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt Leasing SE is governed by the German Aktiengesetz (AktG – German Public Companies Act), the specific European SE regulations and the German SE Implementation Act. One key principle of the Public Companies Act is the dualistic management system (Managing Board and Supervisory Board), which remains essentially unchanged for Sixt Leasing SE. Sixt Leasing SE takes due account of this principle of separate management and supervisory bodies and has different personnel in the Managing and Supervisory Boards of Sixt Leasing SE. Simultaneous membership in both bodies is not permitted.

In accordance with article 7 (1) of the Company's Articles of Association, the Managing Board of Sixt Leasing SE consists of one or more members. In 2016 the Managing Board of Sixt Leasing SE had two members. Dott. Rudolf Rizzolli, CEO of Sixt Leasing SE, is responsible for corporate development, strategy, sales and marketing, operations, procurement, remarketing, IT and human resources. Björn Waldow, CFO of Sixt Leasing SE is responsible for finance, accounting, controlling, treasury, investor relations, risk management, internal audit, contract management, legal and compliance.

In addition, Dott. Rizzolli and Mr. Waldow hold further functions such as managing director positions in other consolidated companies. The members of the Managing Board perform the duties assigned to them under clearly defined portfolio responsibilities in accordance with the executive organisation chart and the rules of procedure.

Because of its size of just two members, the Managing Board has not formed any committees.

In accordance with article 10 (1) of the Articles of Association, the Supervisory Board of Sixt Leasing SE has three members. Two members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. Another Supervisory Board member is appointed by Sixt SE for as long as it remains shareholder of the Company. The Supervisory Board elects a Chairman and a Deputy Chairman from among its members (article 12 (1) of the Articles of Association). As according to the Articles of Association, the Supervisory Board of Sixt Leasing SE consists only of three people, no committees are formed.

The Supervisory Board's main tasks include the appointment of Managing Board members and supervision of the Managing Board. As a general rule, the Supervisory Board adopts its resolutions at meetings. On instruction of the Supervisory Board Chairman, resolutions by the Supervisory Board may also be adopted outside of meetings (or by way of a combined resolution) by casting votes verbally or by telephone, in writing (section 126b BGB - German Civil Code) and/or by using other means of telecommunication or electronic media (article 14 (2) of the Articles of Association). Moreover, a resolution may also be validly adopted by aforementioned means without the instruction of the Chairman of the Supervisory Board if no member objects (article 14 (3) of the Articles of Association). Resolutions of the Supervisory Board require a simple majority of votes cast, unless otherwise mandatorily required by law (article 14 (7) of the Articles of Association). The Supervisory Board's report contains further details on the meetings and activities of the Supervisory Board during fiscal year 2016.

The Managing and Supervisory Board cooperate closely for the benefit of the Sixt Leasing Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on matters that are relevant to the Company and the Group regarding strategic planning, business development, the risk situation and risk management as well as the results of internal revisions. To this end, the Managing Board agrees the Company's strategic orientation with the Supervisory Board and discusses the implementation of strategy at regular intervals. Documents required to make decisions, in particular the annual financial statements of Sixt Leasing SE, the consolidated financial statements, the management report on the Group's and the Company's situation, including the auditors' reports, are forwarded to the members of the Supervisory Board in good time before the respective meeting.

Objectives of Supervisory Board and implementation status

In accordance with section 5.4.1 of the German Corporate Governance Code the Supervisory Board resolved the following concrete objectives regarding its composition:

Competence and diversity

It is the Supervisory Board's overall objective to do justice to its monitoring and advisory function by having a diverse composition. Diversity means above all internationality and different experience perspectives and biographies. The preparation of election nominations and the proposals for appointments shall take due individual consideration to what extent different and mutually complementary professional profiles, track records and life experiences as well as an appropriate representation of both genders will benefit the work of the Supervisory Board. Moreover, the Supervisory Board will support the Managing Board in strengthening diversity within the Company.

In-depth knowledge of work areas relevant for Company
All members of the Supervisory Board shall have in-depth knowledge and experiences in work areas that are important for the Company and they shall meet the other professional and personal requirements from the applicable regulatory stipulations.

Management experience
The Supervisory Board shall have at least two members. These shall be experienced in the management or supervision of a mid-sized to large corporation.

Internationality
At least two members of the Supervisory Board shall have business experience in the main sales markets of Sixt Leasing SE and be able to provide competent assistance in Sixt Leasing SE's continued internationalisation.

Number of independent members/no material conflicts of interests
The Supervisory Board shall have a suitable number of independent members. In the view of the Supervisory Board this is the case, if at least one of the three Supervisory Board members is independent within the meaning of the section 5.4.2 of the Code.

Moreover, no one shall be proposed for election to the Supervisory Board, whose other activities could mean a potentially material and not just sporadic or intermittent conflict of interests.

The Supervisory Board continues to uphold that there shall be no age limit or rule limiting the length of membership in the Supervisory Board.

The current composition of the Supervisory Board is in accordance with aforelisted targets. In view of their different backgrounds and experiences, the members of the Supervisory Board in their entirety represent the necessary diversity to do optimal justice to their supervisory duty. In addition, in Mr. Erich Sixt and Mr. Georg Bauer the Supervisory Board has two members, whose previous professional activities demonstrate specialised industry expertise and experiences in the Company's main sales markets. Moreover, all members of the Supervisory Board have experience in the management or supervision of a mid-sized to large corporation.

2. FURTHER DISCLOSURES ON CORPORATE GOVERNANCE

Employee participation programme (Matching Stock Programme)
Sixt Leasing SE does not have an employee participation programme. Prior to the Company's IPO the Managing Board of Sixt Leasing SE and selected employees of the Sixt Leasing Group were entitled to participate in the Matching Stock Programme (MSP) of Sixt SE.

The Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme (MSP) for a selected group of employees, senior executives and members of the Managing Board of the Sixt Group at the Company and its affiliated companies. The programme enables employee participation in the form of shares while avoiding any dilutive effects for existing shareholders of Sixt SE.

Participants in the MSP must have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP. To participate in the MSP, each participant must make a personal investment by acquiring interest-bearing bonds of Sixt SE.

The bonds acquired as personal investment carry a coupon of 4.5% p.a. and a maturity until 2020. The total volume invested by all participants is limited to EUR 5.0 million. The Managing Board of Sixt SE defines the maximum participation volume for each of the beneficiaries. Where the Managing Board of Sixt SE itself is concerned it does so with the approval of the Supervisory Board.

Every EUR 1,000 of paid-up subscription amount entitles to subscribe to 500 stock options per annual tranche in accordance with the MSP terms and conditions.

On each 1st of December every year from 2012 (first time) to 2016 (last time) one tranche of stock options has been allocated (a total of five tranches), so that each participant is entitled to subscribe up to a total of 2,500 stock options for every

EUR 1,000 of paid-up subscription amount (5 tranches with 500 stock options each).

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options for the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of the respective tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the lock-up period, if the exercise threshold has been reached. If the exercise threshold is not reached, the stock options of this tranche expire without replacement.

The exercise gain for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) reported in the most recent approved consolidated financial statements of Sixt SE. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. In the case of a higher calculated exercise gain, the amount will be reduced proportionately for all participants. An amount net of the taxes and contributions on the exercise gain payable by the participants is used to acquire preference shares of Sixt SE. These shares are subsequently transferred to a blocked custody account in the participant's favour. The participant is free to draw on the shares after another year. The total term of the MSP, including this lock-up period, is nine years, up until 2021.

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to change by 10% or more, the initial price shall be adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action. If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted by deducting the amount of dividend or distribution attributable to one share from the initial price, if required, adjusted by the effects from capitalisation measures.

If the bond acquired by the participant as a personal investment is redeemed early or if the participant's contract of employment is terminated, any stock options already allocated but not yet exercised and the entitlements to unallocated stock options are generally lost.

Disclosures relating to the ownership of shares and financial instruments relating to those shares

In accordance with the German Corporate Governance Code the ownership of Company shares and financial instruments relating to those shares held by members of the Managing and the Supervisory Board must be disclosed in the event of such direct or indirect shareholdings exceeding 1% of the shares issued by the Company.

As at reporting date, 31 December 2016 the members of the Supervisory Board of Sixt Leasing SE together indirectly held 8,644,638 shares of the Company. The members of the Managing Board of Sixt Leasing SE together directly and indirectly held 19,000 shares of the Company.

Directors' dealings

In accordance with article 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation – MAR) directors and executives of Sixt Leasing SE as well as individuals closely related to or connected with them, have to disclose their own transactions with Sixt Leasing SE shares or related financial instruments to Sixt Leasing SE as well as the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority). The disclosure obligation does not apply as long as the aggregated total of the transactions conducted by each executive and their closely related or connected parties is less than EUR 5,000 by the end of the calendar year.

Sixt Leasing SE received five notifications in accordance with section 15a WpHG and article 19 MAR for the 2016 financial year regarding the acquisition or sale of the Company's shares or related financial instruments. These notifications have been published on the Company's website ***ir.sixt-leasing.com*** under 'Corporate Governance' – 'Directors' Dealings'.

Target figures in accordance with the Act stipulating the equal participation of women and men in executive positions

In accordance with the provisions of the Act on equal participation of women and men in executive positions in the private and public sectors the Supervisory Board of Sixt Leasing SE in 2015 defined target figures for the share of female member in the Supervisory and Managing Boards of Sixt Leasing SE and the Managing Board of Sixt Leasing SE defined target figures for the share of women in the first and second executive level below the Managing Board. In view of this first-time definition, the period for implementation until which the respective share of women must be attained, must not be later than 30 June 2017, pursuant to statutory provisions.

As all the members of the Supervisory Board and the Managing Board have been elected and/or appointed for terms extending beyond 30 June 2017, and given that the Company currently does not plan to extend the Supervisory Board or the Managing Board or to effect any personnel changes, the Supervisory Board has determined that the share of women serving in the Supervisory Board and the Managing Board shall be 0% and also resolved that this shall be implemented by 30 June 2017.

In 2015 the Managing Board in turn defined the target figures for the share of women in the first executive level below the Managing Board to be 30% and in the second executive level below the Managing Board to be 35%. These target figures are also to be attained by 30 June 2017. This takes due account of the German consolidated companies of Sixt Leasing SE.

Disclosures relating to the auditor

The Annual General Meeting on 1 June 2016 adopted the proposal of the Supervisory Board to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, (previously Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft) as auditor for fiscal year 2016 for Sixt Leasing SE and the Sixt Leasing Group. Audit companies from the Deloitte & Touche network are auditing the majority of companies included in the consolidated financial statements. Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt Leasing SE since the annual financial statements for 2005. Since the annual financial statements for 2016 the auditor Andreas Lepple has been the auditor responsible for conducting the audit.

MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION

B \\ MANAGEMENT REPORT ON THE GROUP'S AND THE COMPANY'S SITUATION

B.1 \\ GROUP FUNDAMENTALS

1. BUSINESS MODEL OF THE GROUP

1.1 GROUP STRUCTURE AND MANAGEMENT

Sixt Leasing SE, Pullach, is a European Stock Corporation (Societas Europea) and the parent company of the Sixt Leasing Group, which mainly conducts its business under the business names of 'Sixt Leasing', 'Sixt Mobility Consulting', 'Sixt Neuwagen' and 'autohaus24'. The Company has its registered offices in Zugspitzstrasse 1, 82049 Pullach/Germany, and is registered in the Commercial Register of Munich Local Court under docket number HRB 227195. The Company has been established for an indefinite period.

As a financial services company, Sixt Leasing SE is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) and has to comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk).

The Company was founded 1975 in Munich as 'Central Garagen CG GmbH' and has been trading since 2003 under the name 'Sixt Autoland GmbH' with its registered offices in Garching close to Munich. Sixt Group's operative leasing business has been overseen by 'Sixt Leasing GmbH' since 1988 and after its change of legal form into a stock corporation under the name 'Sixt Leasing AG'. In 2004 'Sixt Leasing AG' merged with the previous 'Sixt Autoland GmbH'. In the following 'Sixt Autoland GmbH' changed its legal form to a stock corporation and continued under the name 'Sixt Leasing AG'. By approval of the Annual General Meeting on 1 June 2016 the Company was transformed by way of changing the legal form according to article 2 (4) in conjunction with article 37 SE-Regulation to 'Sixt Leasing SE'. The registration in the commercial register took place on 25 July 2016. Since the IPO on 7 May 2015 the Company's shares are listed on the regulated market (Prime Standard) at the Frankfurt Stock Exchange.

The Managing Board of Sixt Leasing SE manages the Company under its own responsibility. The Supervisory Board of Sixt Leasing SE, which consists of three members, appoints, monitors and advises the Managing Board and is directly involved in decisions of fundamental importance for the Company and the Group.

Sixt Leasing SE acts as an operative leasing company and is parent company of the Sixt Leasing Group. It has directly or indirectly 100% shareholdings in the following subsidiaries, which also operate in the leasing or fleet management businesses:

- Sixt Location Longue Durée SARL, Paris/France
- Sixt Leasing (Schweiz) AG, Urdorf/Switzerland
- Sixt Leasing G.m.b.H., Vösendorf/Austria
- autohaus24 GmbH, Pullach/Germany
- Sixt Mobility Consulting GmbH, Pullach/Germany
- Sixt Mobility Consulting SARL, Paris/ France
- Sixt Mobility Consulting AG, Urdorf/Switzerland (previously SXB Managed Mobility AG)
- Sixt Mobility Consulting Österreich GmbH, Vösendorf/ Austria
- Sixt Mobility Consulting B.V., Hoofddorp/Netherlands
- SXT Leasing Verwaltungs GmbH, Rostock/Germany
- SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock/Germany

In addition, the company Isar Valley S.A., Luxembourg (equity interest of 0%, however, control according to IFRS 10) is fully consolidated.

Between Sixt Leasing SE and Sixt Mobility Consulting GmbH a profit and loss transfer agreement is in place.

As of reporting date 31 December 2016, the Company's share capital amounted to EUR 20,611,593.00 divided up into 20,611,593 ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The shares are fully paid up.

The largest shareholder with 41.9% of the shares and voting rights is Sixt SE, Pullach.

Sixt Leasing SE is fully consolidated in the consolidated financial statements of Sixt SE in accordance with the provisions of IFRS 10. The necessary control is based on the majority in the

Supervisory Board of Sixt Leasing SE in favour of Sixt SE. In addition, control is also based on the existing Financing Agreement between both companies. Under the Financing Agreement Sixt SE granted Sixt Leasing SE an amortisable loan facility (Core Loan) in the amount of EUR 750 million. Moreover, a bullet loan facility (Growth Loan) of EUR 400 million is in place, whereby a maximum amount of EUR 100 million can be utilised from 2015 to 2018 per year. For the years 2015 to 2017 Sixt Leasing SE did not make use of the Growth Loan. Purpose of the agreements is to ensure financing of the operative business of the Sixt Leasing Group after the IPO in 2015, and going forward, to replace this financing step by step with external independent financing until 2018.

In the course of the IPO Sixt Leasing SE and Sixt SE concluded a non-exclusive License Agreement. It grants the use of trademarks licenses for the use of 'Sixt' as part of the commercial names (Firmenbestandteil) of the Company and its subsidiaries and as trademark for products provided by the Sixt Leasing Group. The License Agreement covers the use of certain word marks (Wortmarken) and word and design marks (Wortbildmarken) as well as domain licenses.

Further agreements concluded between Sixt Leasing SE and Sixt SE and its subsidiaries are described in the notes to the consolidated statements under 'related party disclosures'.

1.2 GROUP ACTIVITIES AND SERVICES PORTFOLIO

The Sixt Leasing Group is organised into the two business units (segments) Leasing and Fleet Management.

1.2.1 LEASING BUSINESS UNIT

Through its Leasing business unit the Sixt Leasing Group acts as one of the largest non-bank, vendor-neutral leasing companies in Germany. In addition, the business unit is also represented by its operative subsidiaries in France, Switzerland, Austria and the Netherlands.

The Leasing business unit comprises the two business fields Fleet Leasing (corporate customer leasing) and Online Retail (private and commercial customer leasing).

In its Fleet Leasing business field, the Group offers lease financing and associated services (so-called full-service leasing) to corporate customers with larger vehicle fleets. Target customers for this business field are companies with an adequately sized fleet and vehicles from different manufacturers. Their fleets must have a certain complexity for Sixt Leasing to deploy its competitive strengths regarding independency, consulting and service. Next to the classic finance leasing, the offering includes a variety of services such as multi-brand online configuration, consulting on the vehicle selection, online approval procedure according to individual company guidelines, vehicle procurement, maintenance of the vehicles over the entire contract period, tire changing, damage assistance and management including insurance handling as well as the management of fuel cards, vehicle taxes and radio licence fees.

Based on Sixt Leasing SE's longstanding and extensive expertise in fleet procurement and fleet management, customers can expect the sustainable optimisation of the total cost of ownership of their fleets. The ratio of contracts which combine finance leasing with service components of various scope amounted to approximately 85% of the total contract portfolio of the Fleet Leasing business field at the end of 2016.

Sixt Leasing SE operates its Online Retail business field via the two online platforms *sixt-neuwagen.de*, which was launched in 2012, and *autohaus24.de*, which was acquired in 2016. The websites give private and commercial customers (with up to 20 vehicles) the opportunity to configure the latest vehicle models from about 30 different car manufacturers, to request their individual leasing offer and to order online. Via *autohaus24.de* customers can purchase a car by cash, whereby they are brokered to a local car dealer. All offered vehicles on both platforms are exclusively from German suppliers. Customers thereby benefit from Sixt Leasing's expertise and economies of scale when buying vehicles based on attractive conditions. Over 40% of private and commercial customers who concluded a contract in 2016 made use of additional services such as the damage and breakdown management, the inspection or the insurance package. With the online-based vehicle leasing for private and commercial customers Sixt Leasing addresses an almost undeveloped market in Germany.

1.2.2 FLEET MANAGEMENT BUSINESS UNIT

The Sixt Leasing Group operates its Fleet Management business unit via Sixt Mobility Consulting GmbH, which was founded in 2011, and further subsidiaries of Sixt Leasing SE. So the expertise in managing large-sized customer fleets is also offered to customers, who purchased their vehicles or leased them from other providers. The target group for this service ranges from mid-sized businesses to international corporations.

Sixt Mobility Consulting combines the holistic fleet management with individual brand-independent consulting. It manages large customer fleets with the aim of achieving measurable quality and operating cost optimisation, and thus raising the efficiency of the fleets. To this end, similar as in the Fleet Leasing business field, proprietary developed online-based IT tools like the Multibid Configurator, the FleetOptimizer and the Sixt Global Reporting Tool are used. The Multibid Configurator facilitates companies in freely configurating their fleet vehicles, comparing them with alternative vehicles and conducting tenders for certain vehicles among various leasing companies. Through the application of the FleetOptimizer, saving potentials at the existing customer fleets can be identified and measures can be derived to consistently reduce fleet costs.

With the Sixt Global Reporting Tool, customers have comprehensive transparency over all of the vehicles in operation internationally. It transnationally gives a consistent and continuous overview on relevant aspects like vehicle procurement and replacement, the development of fleet costs, contractual agreements, adherence to security provisions as well as increase or decrease of fuel consumption and CO_2 emissions. Moreover, the Sixt Global Reporting Tool also allows to show concrete potential for optimisation for vehicles that are not yet managed by Sixt Mobility Consulting, resulting in potential new mandates which can be acquired.

1.3 SIGNIFICANT EXTERNAL INFLUENCING FACTORS

As an internationally active leasing group with a stock-listed parent company, the business activities of the Sixt Leasing Group are exposed to the influence of a number of different legal systems, stipulations and requirements. These include road traffic, environmental protection and public order stipulations, as well as tax and insurance laws, financial supervisory authorities and capital and financial market regulations.

Economically, the Group is dependent on general economic conditions, which particularly affect the consumption behaviour of private customers and companies' willingness to invest. In addition, changes in interest rates or in tax frameworks are key external factors that can influence the Sixt Leasing Group's business operations, and thus influence the Group's business development. Likewise, social trends can also affect the demand for mobility services, as for example the increasing willingness of people to pay for the provision of mobility in form of a time-dependent using fee rather than for owning a vehicle.

2. BUSINESS MANAGEMENT

The long-term business success of the Sixt Leasing Group is measured by using pre-defined financial and operative control parameters.

The following financial and operative control parameters are particularly relevant:

- development of the contract portfolio by business field
- consolidated earnings before taxes (EBT)
- consolidated operating return on revenue (EBT/operating revenue)
- equity ratio of the Group (equity/total assets).

The Sixt Leasing Group aims to achieve the following returns and ratios over the long term and therefore on a sustained basis:

- a consolidated operating return on revenue of 6%
- a Group equity ratio of at least 14%.

3. RESEARCH AND DEVELOPMENT

Sixt Leasing develops the majority of its used software in-house. Next to the online-based IT tools for fleet customers, like the Multibid Configurator, the FleetOptimizer and the Sixt Global Reporting Tool, this particularly includes the software LEILA, which supports the internal processes of Sixt Leasing in the Online Retail business field, as well as the software SUNPRO, which alleviates the internal workflow in Fleet Leasing and Fleet Management, from purchasing right through to the remarketing of vehicles.

In 2016 Sixt Leasing developed and capitalised software in the amount of EUR 0.5 million. Together with previously capitalised software, the carrying amount of the internally developed software (excluding advanced payments) amounted to EUR 0.8 million as of 31 December 2016.

B.2 \\ BUSINESS REPORT

Due to rounding it is possible that selected figures in this report cannot be added up to the amount recorded and that the year figures listed do not follow from adding up the individual quarterly figures. For the same reason, the percentage figures listed may not always exactly reflect the absolute numbers to which they refer.

1. ECONOMIC ENVIRONMENT

Sixt Leasing Group with its subsidiaries operates in its domestic market in Germany as well as further European markets such as France, Switzerland, Austria and the Netherlands. The Group's business activities in these markets are affected by a number of different factors, above all investment activities of businesses, the spending propensity of commercial and corporate customers as well as the consumer behaviour of private customers.

In 2016 the economy of the Euro area registered moderate growth. The International Monetary Fund (IMF) recorded 1.6% growth in economic output year-on-year. The low oil price, the slightly expansive monetary policy of the ECB as well as private consumption in a number of countries positively impacted this development. Negative effects from the so-called Brexit, the referendum on the UK's future in the European Union, turned out to be less severe than initially anticipated. Year-on-year the IMF recorded stable growth in France, Italy and Spain.

The German economy saw moderate growth in 2016. Germany's Federal Statistical Office recorded a GDP growth totalling 1.9%. This was positively affected by the consumption of private households, government investments made in the wake of the immigration of refugees from crisis regions, the residential construction sector as well as corporate expenditures for equipment investments such as machines, tools and vehicles.

Sources
International Monetary Fund (IMF), World Economic Outlook, Oct 2016 and Jan 2017;
Statistisches Bundesamt (Federal Statistical Office), Press Release, 12 January 2017.

2. GROUP BUSINESS PERFORMANCE OVERVIEW AND COMPARISON WITH PREVIOUS YEAR'S FORECAST

The Sixt Leasing Group recorded a satisfactory business performance for 2016 in line with company internal expectations. As in the years before proceeds from the sale of returned leasing vehicles contributed positively towards the growth of consolidated revenue, which was up by 7.3% year-on-year to EUR 713.9 million. Operating revenue (excluding the proceeds from vehicle sales) amounted to EUR 430.0 million and thus was on a par with the level of the previous year, considering the included low income from fuel, especially as the oil price was low during the year under review.

Consolidated earnings before taxes (EBT) for 2016 improved 4.3% to EUR 31.6 million. Operating return on revenue (the ratio of EBT to operating revenue) grew in line with strategy by 0.3 percentage points to 7.3% and thus remained above the long-term target of 6.0%.

Earnings were affected by significant investments made into the long-term growth of the Online Retail business field (private and commercial customer leasing). These included especially the TV-campaigns geared to raising the brand awareness of the online platform *sixt-neuwagen.de* as well as the integration of the acquisition made in April 2016 of the new car broker, autohaus24 GmbH, into the Online Retail business field. Positive contributions on net financing costs resulted from the ongoing reorganisation of the Group's financing.

EBT of the Sixt Leasing Group for the year under review developed in line with the outlook communicated in March 2016. At the start of the year the Managing Board had projected the consolidated operating revenue to climb by a low to mid-single-digit percentage point but adapted the guidance in the course of the year.

The Group-wide number of contracts under management as at 31 December 2016 totalled 113,600, a gain of 10.1% compared to the figure recorded at the end of 2015. The development thus was in line with the expectations communicated.

The number of contracts under management in the Fleet Leasing business field contracted slightly by the end of the reporting year to 47,500 contracts (-1.6%). As in the years before Sixt Leasing focused especially on raising profitability of the contract portfolio.

In the Online Retail business field the dynamic development of the previous years continued unabated. By the end of the reporting year the number of contracts expanded by 29.9% to 27,400 contracts.

In the Fleet Management business unit, which is overseen by Sixt Mobility Consulting GmbH and other subsidiaries of Sixt Leasing SE, the contract portfolio climbed by 14.3% to 38,700 contracts. During the year under review the Company strengthened its presence in Switzerland through the complete take-over of today's Sixt Mobility Consulting AG.

In addition to the own contract portfolio, franchise and cooperation partners of Sixt Leasing SE in around 30 different countries managed 59,000 contracts as at the reporting date, 31 December 2016 (31 December 2015: 59,300 contracts; -0.4%).

Contract portfolio[1] in thousands	**2016**	2015	Change in %
Sixt Leasing Group	113.6	103.2	10.1
thereof Fleet Leasing	47.5	48.3	-1.6
thereof Online Retail	27.4	21.1	29.9
thereof Fleet Management	38.7	33.8	14.3
Franchise and cooperation partners	59.0	59.3	-0.4

[1] *Incl. leasing contracts, fleet management contracts, service contracts and order book (contracts, for which the vehicle has not yet been delivered).*

3. CONTRACT PORTFOLIO AND REVENUE PERFORMANCE

3.1 SIXT LEASING GROUP

As of 31 December 2016 the Sixt Leasing Group's total number of contracts inside and outside Germany (excluding franchisees and cooperation partners) significantly gained 10.1% and amounted to 113,600 contracts (31 December 2015: 103,200 contracts). Thus, the growth of the contract portfolio of the preceding years continued.

Consolidated revenue rose 7.3% to EUR 713.9 million (2015: EUR 665.4 million). At EUR 430.0 million, consolidated operating revenue, made up of leasing revenue (finance rate), other revenue from leasing business and fleet management revenue, changed only marginally year-on-year (2015: EUR 429.8 million). On the other hand, sales revenue from the sale of returned leasing vehicles and the marketing of customer vehicles in Fleet Management gained significantly, up by 20.5% to EUR 283.9 million (2015: EUR 235.6 million).

3.2 LEASING SEGMENT

For the Leasing business unit the number of contracts at the end of the reporting year totalled 74,900, 8.0% more than on 31 December 2015 (69,400 contracts). In the Fleet Leasing business field the number of contracts closed out at 47,500, a slight decrease compared to the previous year (31 December 2015: 48,300; -1.6%). The Online Retail business field continued its dynamic development of the preceding years and closed the end of the reporting year with a portfolio of 27,400 contracts, a gain of 29.9% compared to the end of the year 2015 (21,100 contracts).

Total revenue for the Leasing business unit climbed 5.6% to EUR 626.8 million in the reporting year (2015: EUR 593.5 million). The business unit's operating revenue (segment revenue without the proceeds from the sale of returned leasing vehicles) came to EUR 392.5 million and was thus slightly down on the level of the previous year (2015: EUR 397.1 million; -1.2%), considering hereby the lower revenue from services above all due to the price-contingent low fuel income in Fleet Leasing.

Proceeds from the sale of returned leasing vehicles came to EUR 234.3 million, some 19.3% higher than the same figure the year before (EUR 196.4 million). This increase is due to the substantial expansion of the contract portfolio over the preceding years, which at the end of the terms of the leasing contracts leads to correspondingly more vehicle returns and resales that come in with a certain time lag.

3.3 FLEET MANAGEMENT SEGMENT

For the Fleet Management business unit the number of contracts at the end of 2016 climbed to 38,700, some 14.3% more than at 31 December 2015 (33,800 contracts). This gain was driven essentially by the complete take-over of the present Sixt Mobility Consulting AG in Switzerland, whose contracts are now consolidated in the Group's contract portfolio.

In 2016 the Fleet Management business unit recorded total revenue of EUR 87.1 million and thus a substantial gain of 21.1% (2015: EUR 71.9 million). The business unit's operating revenue rose 14.6% to EUR 37.5 million (2015: EUR 32.7 million). Following the complete implementation of another

10,000 vehicles in the first quarter, which had been recruited in 2015 through winning a key account, these extra vehicles generated additional fleet management revenue during the remainder of the reporting year. Revenue from the sale of customer vehicles increased in the year under review by 26.6% to EUR 49.6 million (2015: EUR 39.2 million) The business unit had started in 2013 to offer its customers the additional service of marketing their vehicles and this offer has been increasingly taken on over the years.

4. EARNINGS DEVELOPMENT

Consolidated income statement (condensed) in EUR million	2016	2015	Absolute change	Change in %
Consolidated revenue	713.9	665.4	48.5	7.3
Thereof consolidated operating revenue[1]	430.0	429.8	0.2	0.0
Fleet expenses and cost of lease assets[2]	439.3	408.5	30.8	7.5
Personnel expenses	25.0	20.2	4.8	23.7
Depreciation and amortisation expense[2]	177.5	171.5	6.0	3.5
Net other operating income/expense	-21.0	-13.6	-7.3	53.9
Earnings before interest and taxes (EBIT)	51.1	51.6	-0.5	-1.0
Net finance costs	-19.5	-21.3	1.8	-8.4
Earnings before taxes (EBT)	31.6	30.3	1.3	4.3
Operating return on revenue	7.3	7.0	+ 0.3 points	
Income tax expense	6.9	7.7	-0.8	-10.3
Consolidated profit	24.6	22.5	2.1	9.3
Earnings per share[3] (in EUR) – basic and diluted	1.19	1.20	-0.01	

1 *Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue (without revenue from the sale of returned vehicles)*
2 *The write-downs on lease assets intended for sale are recognised since fiscal year 2016 under the fleet expenses and cost of lease assets. The figures for the previous year were adjusted accordingly.*
3 *In 2016 based on 20.6 million shares, in 2015 based on 18.7 million shares (weighted)*

Fleet expenses and cost of lease assets increased by 7.5% from EUR 408.5 million to EUR 439.3 million. The reason for this increase was, as in the previous year, above all higher sales expenditures for vehicles given the higher number of returned leasing vehicles. This development was offset by lower expenses for fuels.

Personnel expenses rose by 23.7% to EUR 25.0 million (2015: EUR 20.2 million), among other things, due to the acquisition of autohaus24 GmbH and the complete take-over of today's Sixt Mobility Consulting AG in Switzerland.

Depreciation and amortisation climbed 3.5% to EUR 177.5 million (2015: EUR 171.5 million). This increase is essentially due to the higher stock of leasing vehicles compared to the previous year.

The balance from other operating income and expense came to EUR -21.0 million, compared to the EUR -13.6 million last year (+53.9%). The reason for this increase was especially due to higher sales and marketing expenses incurred in connection with the TV advertisement campaign for Sixt Neuwagen and higher costs for personnel services.

Consolidated earnings before interest and taxes (EBIT) totalled EUR 51.1 million, some 1.0 % less than the year before (2015: EUR 51.6 million).

Net finance costs in the year under review improved by 8.4% to EUR 19.5 million (2015: EUR 21.3 million). Crucial for this development were the lower interest expenses following the EUR 209 million mid-year repayment on the Core Loan provided by Sixt SE and the ongoing restructuring of the Group's financing structure.

For fiscal year 2016 the Sixt Leasing Group reported consolidated pre-tax earnings (EBT) of EUR 31.6 million, some 4.3% more than the year before (EUR 30.3 million). The Company managed to raise the Group's profitability still further and in line with strategy. The operating return on revenue (EBT to operating revenue) gained 0.3 percentage points to 7.3% (2015: 7.0%) and thus continued above the long-term target of 6.0%.

Income taxes fell by EUR 0.8 million to EUR 6.9 million (2015: EUR 7.7 million; -10.3%).

The Group's consolidated profit for the reporting year came to EUR 24.6 million after EUR 22.5 million in 2015 (+9.3%).

5. APPROPRIATION OF PROFIT

Sixt Leasing SE prepares its annual financial statements according to the provisions of the German Commercial Code (HGB) and the German accounting regulations for financial institutions and financial service institutions (RechKredV). For fiscal 2016 it reports unappropriated profits of EUR 21.5 million.

Subject to the approval of the Supervisory Board, the Managing Board and Supervisory Board of Sixt Leasing SE are proposing to the Annual General Meeting on 29 June 2017 to distribute these unappropriated profits as follows:

\\ payment of a dividend of EUR 0.48 per share

\\ carry-forward to new account EUR 11.6 million

This dividend proposal, which would result in a total dividend payment of EUR 9.9 million, reflects the Group's good earnings performance in the year under review and also takes due account of the financing of the targeted further expansion. The dividend proposal would result in a pay-out ratio of around 40% of the consolidated profit for fiscal year 2016 and, therefore, lie at the upper end of the communicated target range of 30 to 40%.

6. NET ASSETS

As at the end of 2016 the total assets of the Sixt Leasing Group amounted to EUR 1,172.2 million, some EUR 59.3 million, or 5.3% more than at 31 December 2015 (EUR 1,112.9 million).

Non-current assets, which increased by EUR 71.5 million to EUR 1,033.5 million (2015: EUR 962.0 million; +7.4%), are still dominated by lease assets. Due to the expanded fleet, lease assets increased year-on-year by EUR 63.0 million, or 6.6% to EUR 1,020.8 million (2015: EUR 957.8 million). As a proportion of total assets it rose slightly to 87.1% (2015: 86.1%). Among the other items of the non-current assets, goodwill increased by EUR 1.8 million following the acquisition of companies and intangible assets in the amount of EUR 4.3 million (2015: EUR 2.1 million; +>100%).

Consolidated balance sheet (condensed) Assets in EUR million	2016	2015
Non-current assets		
Intangible assets	4.3	2.1
Lease assets	1,020.8	957.8
Other	8.3	2.1
Current assets		
Inventories	29.9	33.1
Bank balances	3.8	18.7
Other	105.0	99.0
Total assets	**1,172.2**	**1,112.9**

Current assets fell year-on-year by EUR 12.2 million to EUR 138.7 million (2015: EUR 150.9 million; -8.1%). The main reason for this development are the bank balances that had fallen by EUR 14.9 million to EUR 3.8 million as of reporting date (2015: EUR 18.7 million).

The inventories item mainly contains vehicles intended for sale. At EUR 29.9 million per reporting date, they were EUR 3.2 million, or 9.8%, down compared to the previous year (2015: EUR 33.1 million).

Trade receivables as of reporting date came to EUR 62.2 million, some EUR 5.6 million or 9.9% higher than the last year's figure of EUR 56.6 million.

Other current receivables and assets increased by EUR 0.9 million to EUR 38.3 million (2015: EUR 37.4 million; +2.3%).

The income tax receivables declined by EUR 1.1 million year-on-year to EUR 1.9 million (2015: EUR 3.1 million; -36.5%).

6.1 EQUITY

As at 31 December 2016 Sixt Leasing Group's equity amounted to EUR 194.7 million. The year-on-year gain of EUR 16.4 million, or 9.2%, as of reporting date is essentially the result of the Group profit generated minus the cash outflow for the dividend of EUR 8.2 million paid out in the reporting year for fiscal year 2015. As a consequence, the equity ratio climbed from 16.0% to 16.6% in terms of the balance sheet total and remains therefore above the minimum target of 14.0%.

As of reporting date the share capital of Sixt Leasing SE was unchanged at EUR 20.6 million.

Consolidated balance sheet (condensed) Equity and liabilities in EUR million	2016	2015
Equity	194.7	178.3
Non-current liabilities and provisions		
Financial liabilities	150.8	69.0
Liabilities to related parties	490.0	699.0
Other	14.8	13.1
Current liabilities and provisions		
Financial liabilities	203.0	28.3
Liabilities to related parties	3.8	4.0
Other	115.2	121.2
Total equity and liabilities	**1,172.2**	**1,112.9**

6.2 LIABILITIES

The Group reported non-current liabilities and provisions of EUR 655.5 million as of 31 December 2016 (31 December 2015: EUR 781.0 million; -16.1%). Non-current liabilities to related companies decreased already at the end of June 2016 by EUR 209 million, following the scheduled repayment of a part of the Core Loan, which Sixt SE had made available until the end of 2018. Non-current financial liabilities expanded from EUR 69.0 million to EUR 150.8 million (+>100%), among other things, following the issue of a borrower's note loan and the implementation of an asset backed securities (ABS) programme in the second quarter.

Current liabilities and provisions as of 31 December 2016 significantly increased to EUR 322.0 million (2015: EUR 153.5 million; +>100%). This increase is essentially due to the uptake in current financial liabilities. They climbed from EUR 28.3 million to EUR 203.0 million following the reclassification of bank loans due within one year from the non-current financial liabilities and the drawing down of short-term bank loans and the financial liabilities under the ABS programme.

As at reporting date trade payables decreased from EUR 69.0 million by EUR 8.8 million to EUR 60.2 million (-12.8%).

7. FINANCIAL POSITION

7.1 FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The financial management of the Sixt Leasing Group is centralised within the finance department on the basis of internal guidelines and risk policies as well as a monthly Group finance planning. The key tasks overseen include safeguarding liquidity, cost-oriented long-term coverage of financing requirements of the consolidated companies, managing interest rate and credit risks as well as maturity-matching refinancing. Operative liquidity control and cash management are effected centrally by the Group's Finance department for all consolidated companies and in some cases are overseen by taking recourse to the central treasury functions of Sixt SE.

Prior to the Company's IPO in May 2015, Sixt Leasing SE concluded a Financing Agreement with Sixt SE. Under this agreement Sixt Leasing SE is provided with a amortisable loan of EUR 750 million (Core Loan) from Sixt SE until the end of 2018.

The structure of the Financing Agreement includes repayment options and aims to reduce the existing liabilities towards Sixt SE over the term of the loan. The Core Loan is divided up into three partial amounts of up to EUR 260 million (the First Partial Loan Amount), up to EUR 300 million (the Second Partial Loan Amount) and up to EUR 190 million (the Third Partial Loan Amount). Each of the partial loan amounts must be repaid by predefined dates, however, can also be prepaid to avoid a step-up in interest rates.

After the repayment of a first instalment in the amount of EUR 51 million in July 2015 another amount of EUR 209 million was redeemed in June 2016. As at 31 December 2016 the sum outstanding under the Financing Agreement with Sixt SE amounts to EUR 490 million.

In accordance with the Financing Agreement and in addition to the Core Loan, Sixt SE grants Sixt Leasing SE a maturity loan of up to EUR 400 million (Growth Loan), whereby a maximum of EUR 100 million can be utilised per year. The Growth Loan may only be used for refinancing operative business, in particular for the settlement of liabilities due and for the redemption of the outstanding amounts of the Core Loan. For the years 2015 to 2017 Sixt Leasing SE did not make use of the Growth Loan. All and any loan amounts that were not drawn down by the end of these calendar years are no longer available afterwards and/or outside the calendar year in question. All the amounts drawn down under the Growth Loan must be redeemed by 31 December 2018. Subject to predefined conditions, Sixt Leasing SE is entitled to redeem any outstanding amounts of the Growth Loan prematurely. However, outstanding amounts will then not be granted again. As soon as Sixt Leasing SE announces a premature repayment instalment for the Growth Loan or a portion thereof, the respective Growth Loan tranches cannot be drawn down for subsequent calendar years.

Besides the loans provided by Sixt SE, Sixt Leasing SE has negotiated bilateral credit lines with several banks in the amount of around EUR 350 million, set up an asset backed securities (ABS) programme with a total volume of EUR 500 million and placed a borrower's note loan in the amount of EUR 30 million. Moreover, the Company uses sale-and-lease-back transactions (purchase loans) for refinancing.

As at the end of 2016, the Sixt Leasing Group was primarily financed by the following instruments:

- Core Loan with a nominal value of EUR 490 million, maturing up to 2018 and bearing a coupon of 3.00% p.a.[1] and 4.60% p.a. respectively
- current and non-current drawdowns from the ABS programme with variable market interest rates, maturing up to 2021
- current drawdowns from bank loans with variable market interest rates
- borrower's note loan of EUR 30 million, maturing in 2020
- purchase loans of around EUR 10 million with variable market interest rates

[1] *A portion of EUR 20 million of the Core Loan bears a fixed interest rate of 2.2% p.a. until 30 June 2017.*

7.2 LIQUIDITY POSITION

For 2016, the Sixt Leasing Group reports gross cash flows of EUR 194.8 million, which is EUR 7.2 million less than the figure for the preceding year (EUR 202.0 million). Adjusted for changes in net working capital this results in net cash outflows from operating activities of EUR 53.0 million (2015: net cash inflow of EUR 3.3 million). The change is essentially due to higher expenses for investments made in lease assets and higher trade receivables.

Net cash used in investing activities amounted to EUR 1.0 million (2015: cash outflow of EUR 1.8 million), essentially due to the investments made in intangible assets and property, plant and equipment.

Financing activities resulted in cash inflows of EUR 39.1 million (2015: cash inflow of EUR 3.3 million). The payments received from the borrower's note loan, bank loan drawings and the ABS transaction are netted against the repayment of a portion of the Core Loan to Sixt SE and the dividend payment.

After changes relating to exchange rates, total cash flows resulted in a year-on-year decrease in cash and cash equivalents as at 31 December 2016 by EUR 15.0 million (2015: increase of EUR 4.8 million). Cash and cash equivalents correspond to the item 'bank balances' in the balance sheet.

7.3 INVESTMENTS

In 2016 the Sixt Leasing Group added vehicles with a total value of EUR 471.7 million (2015: EUR 424.1 million; +11.2% to the leasing fleet.

8. SEGMENT REPORTS

8.1 LEASING SEGMENT

Industry developments

During the first half of 2016 the European leasing industry recorded a generally positive development. According to the industry association Leaseurope, the volume of new business grew 11.7% year-on-year to EUR 157.0 billion compared to the same period last year (first half of 2015: EUR 140.5 billion). The new business volume in the leasing of movable assets climbed from EUR 134.1 billion to EUR 150.5 billion, a gain of 10.9%

The German leasing market, being the second biggest in Europe after the UK, also developed positively. For 2016 the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), registered an 8.4% increase in leasing investments, up from EUR 52.4 billion to EUR 56.8 billion. Of these some EUR 55.1 billion was attributable to the leasing of moveable assets, which is 7.2%

more than the year before (2015: EUR 51.4 billion). At 75.0% the new business in vehicle leasing with passenger and utility vehicles makes up by far the largest portion in the leasing market (2015: 74.0%).

Sources
Leaseurope, Biannual Survey 2016, 24 October 2016;
Leaseurope, Biannual Survey 2015, 25 November 2015;
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), Leasing market 2016, 24 November 2016.

Developments in the Leasing business unit

The Leasing business unit comprises the business fields of Fleet Leasing (corporate customer leasing) as well as Online Retail (private and commercial leasing customers). In 2016 it recorded a generally positive business performance and thereby continued the development of the previous year.

All in all, the business unit generated total revenue of EUR 626.8 million, after EUR 593.5 million the year before (+5.6%). The segment's operating revenue amounted to EUR 392.5 million and was therefore marginally down on the previous year's figure (EUR 397.1 million; -1.2%). The decline is above all the result of lower fuel revenue due to declining fuel prices in the Fleet Leasing business field. Leasing revenue (finance rate) increased 3.7% to EUR 219.9 million (2015: EUR 212.0 million), a development that was driven essentially by the ongoing dynamic contract portfolio growth in the Online Retail business field. Other revenue from leasing business, on the other hand, declined 6.7% to EUR 172.6 million (2015: EUR 185.0 million) due to lower fuel revenue.

Revenue from the sale of returned vehicles increased in the year under review by 19.3% to EUR 234.3 million (2015: EUR 196.4 million). The continued growth was the result of the significant increase in the contract portfolio over the preceding years, which at the end of the term of the leasing contracts leads to correspondingly more vehicle returns and resales that come in with a certain time lag.

The segment's number of contracts as at 31 December 2016 totalled 74,900, an increase of 8.0% compared to the figure recorded at the same date the year before (31 December 2015: 69,400 contracts). In the Fleet Leasing business field the number of contracts came to 47,500 (31 December 2015: 48,300; -1.6%). As in the year before, the Online Retail business field registered dynamic growth and grew by 29.9% to 27,400 contracts at the end of 2016 (31 December 2015: 21,100 contracts).

Mainly due to the operative growth, an improved quality of earnings in the contract portfolio and the lower spending on interest payments, the business unit's earnings before taxes (EBT) increased 2.1% to EUR 28.0 million in the reporting year (2015: EUR 27.4 million). Offsetting this development were investments in the long-term growth of the Online Retail business field. These include above all extensive marketing measures, such as TV-campaigns, as well as the integration of the new vehicle broker 'autohaus24 GmbH', which was acquired in the year under review. The operating return on revenue (EBT/operating segment revenue) increased in line with strategy by 0.2 percentage points, from 6.9% in 2015 to 7.1% in 2016.

Key figures Leasing business unit			Change
in EUR million	**2016**	2015	in %
Leasing revenue (finance rate)	219.9	212.0	3.7
Other revenue from leasing business	172.6	185.0	-6.7
Sales revenue	234.3	196.4	19.3
Total revenue	626.8	593.5	5.6
Earnings before interest and taxes (EBIT)	47.3	48.4	-2.5
Earnings before taxes (EBT)	28.0	27.4	2.1
Operating return on revenue (%)	7.1	6.9	0.2 points

Fleet Leasing business field

Profitability takes centre stage: As in the years before, in 2016 Sixt Leasing put special emphasis on the profitability of the contract portfolio of its Fleet Leasing business field. In the business with both, the existing as well as the new customers, to achieve margin targets takes precedence over revenue growth.

Subsidiaries in Europe: Sixt Leasing offers fleet leasing in its home market Germany and via its own subsidiaries also in France, Switzerland and Austria. In the Netherlands the Company has a white label agreement with a cooperation partner. Under this arrangement the partner uses the brand name of Sixt.

Strengthening the executive team: In January 2016 Sixt Leasing appointed Mr. Vinzenz Pflanz as Divisional Chief Sales Officer. In this newly created role he will sign responsible for expanding direct sales activities in the Fleet Leasing and Fleet Management business fields and will drive forward the further internationalisation. Mr. Vinzenz Pflanz has some 20 years of experience across the entire value chain of leasing and international fleet management.

High customer satisfaction: Sixt Leasing customers are regularly interviewed on their satisfaction, to which end the Company deploys a special CSI tool (Customer Satisfaction Index). With the help of this tool the users of leasing vehicles as well as the fleet managers can provide detailed feedback on service quality. Sixt Leasing uses these data to continually optimise the service range to match customer wishes and requirements.

In 2016 the CSI tool once more indicated a persistently high degree of customer satisfaction. 88% of those surveyed stated that they intended to recommend Sixt Leasing (2015: 86%) and 94% indicated that they plan to continue using Sixt Leasing's solutions in future (2015: 90%).

Online Retail business field

Broad service range offered to private customers: Through its Online Retail business field Sixt Leasing is offering private and commercial customers the latest vehicle models from around 30 different manufacturers. The offer is provided on the online platforms *sixt-neuwagen.de* and *autohaus24.de*. Customers can access and work their way through a comfortable leasing procedure, from configuring their car of choice complete with the full range of available options, through to ordering the vehicle from the Sixt Neuwagen platform. Sixt Leasing is permanently working to extend the digitalisation of the leasing procedures for its customers.

Alongside the classic finance leasing, Sixt Neuwagen also offers Sixt Vario-financing, which combines the benefits of a classic financing arrangement with those of leasing. With Sixt Vario-financing customers can decide at the end of their leasing contract whether they want to return the car or buy it at a predefined purchasing price (buy option). It is also possible to acquire the vehicle through a follow-up financing arrangement with a financing specialist.

Next to the individual configuration of their car, customers of Sixt Neuwagen can also opt for vehicles that are immediately available from dealerships. At the end of 2016 Sixt Leasing had around 9,000 such vehicles on offer on its online platform (end of 2015: around 5,000 vehicles). Thanks to this offer customers not only benefit from the quick availability of the vehicle, but also from the highly attractive purchasing conditions Sixt Leasing can realise.

In the year under review Sixt Leasing continued to pursue the objective of convincing more and more customers to take out additional services next to the finance leases, in order to raise profitability of the contract portfolio. To achieve this goal, products shall be specifically tailored to private and commercial customers. Their specific advantages will be explained by customer care and on the website. In fiscal year 2016 well over 40% of the newly concluded online retail contracts already contained one service component (2015: over 30%).

Increasing brand recognition: In 2016 Sixt Leasing for the first time launched TV advertisement campaigns for Sixt Neuwagen. In January and February an initial TV spot with the caption 'Sixt Neuwagen braucht keine Werbung – bei den Preisen' (At these prices, Sixt Neuwagen does not need ads) was broadcast during primetime at the big private TV channels. The new vehicle platform particularly advertgood prices as well as a comprehensive brand comparison.

The advertisement met positive feedback and resulted in a substantial uptake of concrete customer requests and unsupported brand awareness of 'Sixt Neuwagen'. In view of this initial success the spot was repeatedly broadcast in August through to October during primetime and over private TV channels.

The market for online retail leasing is in Germany still in an early stage of development. Sixt Neuwagen, however, is active on this market as 'first mover' and pursues the objective of expanding its status still further. In the year under review the business field therefore opted for advertisement campaigns with a wide and extensive reach. TV advertisements were but one component on the broad marketing mix, which also included online marketing and print advertisements.

Acquisition of autohaus24.de: In 2016 Sixt Leasing acquired the online-based new vehicle broker autohaus24 GmbH. Before that the company had been run as joint venture held in equal shares by Sixt Ventures GmbH and Axel Springer Auto Verlag GmbH. The acquisition aims to give Sixt Neuwagen another access to the dynamically growing online vehicle market. autohaus24 is one of the leading internet brokers for new cars in Germany and enjoys high brand recognition as well as strong customer interest. These are strengths that shall be used to give Sixt Neuwagen offers even more presence on the *autohaus24.de* website and to market additional leasing and Vario-financing contracts.

The acquisition of autohaus24 in the year under review was accompanied by extensive integration measures to implement the autohaus24 with the Sixt Neuwagen platform. This integration comprised, among other things, synchronising the customer care activities and merging the IT infrastructures.

8.2 FLEET MANAGEMENT SEGMENT

Industry developments

Sixt Leasing is of the opinion that the basic trends on the market for fleet management did not change in 2016. According to the Company's own insights corporations are increasingly willing to deploy external specialists for the management of their vehicle fleets and thereby benefit from numerous advantages. These include cost and planning safety, taking recourse to bespoke customised solutions, specialised expertise of the fleet service provider, saving corporate human resources and the possibility of using internal capacities increasingly on the company's own core business. In the year under review the potential market for fleet management grew in Germany. Thus, corporate fleets with over 300 cars totalled around 444,000 vehicles (2015: 420,000 vehicles).

Source
Dataforce, Analysis of new vehicle registrations and existing data 2016.

Developments in the Fleet Management business unit

Within the Sixt Leasing Group the Fleet Management business unit is operated by Sixt Mobility Consulting GmbH and other subsidiaries of Sixt Leasing SE. In 2016 business performance in the Fleet Management business unit was as positive as in the previous year. One key factor contributing towards this was the complete take-over of today's Sixt Mobility Consulting AG in Switzerland that strengthened the Company's international presence.

For the year under review total revenue of the business unit increased 21.1% year-on-year and reached EUR 87.1 million (2015: EUR 71.9 million). The segment's operating revenue rose 14.6% to EUR 37.5 million (2015: EUR 32.7 million). Proceeds from marketing customer vehicles increased in 2016 dynamically by over a quarter to EUR 49.6 million (2015: EUR 39.2 million; +26.6%). In fiscal year 2013 the business segment had started to offer the additional service of marketing customer cars and has since expanded these activities step by step and with growing success.

The segment's number of contracts as at 31 December 2016 totalled 38,700, 14.3% up on the figure recorded at the same date the year before (31 December 2015: 33,800 contracts). This growth is essentially due to the complete take-over of the present Sixt Mobility Consulting AG in Switzerland (formerly: SXB Managed Mobility AG).

The business unit's earnings before taxes (EBT) performed positively in the reporting year and gained 25.1% to EUR 3.5 million (2015: EUR 2.8 million). The 2016 operating return on revenue (EBT/operating segment revenue) climbed 0.7 percentage points, up from 8.7% to 9.4%.

Key figures Fleet Management business unit in EUR million	**2016**	2015	Change in %
Fleet management revenue	37.5	32.7	14.6
Sales revenue	49.6	39.2	26.6
Total revenue	87.1	71.9	21.1
Earnings before interest and taxes (EBIT)	3.8	3.1	22.4
Earnings before taxes (EBT)	3.5	2.8	25.1
Operating return on revenue (%)	9.4	8.7	0.7 points

Key account implementation: In the first quarter of 2016 Sixt Mobility Consulting implemented a contract with one of the German blue chip corporations from the DAX index for the management of a fleet of around 13,500 vehicles. The fleet management specialist was already taking care of around 3,500 vehicles of this key account and had received a mandate for another 10,000 vehicles in the second half of 2015. Implementation of the contract started in the fourth quarter of 2015. As of that time the new contracts were added into the portfolio. As part of the implementation the Company also oversaw a comprehensive IT-integration with the client.

Take-over in Switzerland: Sixt Leasing's subsidiary Sixt Leasing (Switzerland) AG acquired in August 2016 the remaining 50% shares in the SXB Managed Mobility AG. The company has its headquarters in Urdorf (near Zurich) in Switzerland. Initially the company had been founded as a joint venture held in equal shares by Sixt Leasing (Switzerland) AG and the Business Fleet Management AG, a 100% subsidiary of Swisscom.

Following the take-over SXB Managed Mobility AG was renamed Sixt Mobility Consulting AG. After the take-over

Swisscom remained a customer of the Company, so that the fleet specialist now manages a fleet of around 3,200 vehicles of the Swiss telecommunications company as part of a multi-year contract. Thanks to the takeover Sixt Leasing is strengthening its market position in the Swiss fleet management.

Increasing customer satisfaction: The fleet managers of Sixt Mobility Consulting's customers were also regularly interviewed. Their feedback is compiled in a Customer Satisfaction Index (CSI). This CSI tool reveals that customer satisfaction was clearly on the up in 2016, as 74% those surveyed stated that they would recommend Sixt Mobility Consulting (2015: 63%) and 87% wanted to continue using the solutions provided by Sixt Mobility Consulting (2015: 73%).

Award-winning fleet management: In the year under review Sixt Mobility Consulting received an award from the independent magazine 'Autoflotte'. It won the category 'Car Fleet Top Performer 2016'. The magazine awarded the prize for the first time not only to car models and brands but also to fleet providers. The rating as an Autoflotte top performer is based on the findings from the market research institute 'puls' from Nuremberg/Germany.

B.3 \\ EVENTS SUBSEQUENT TO REPORTING DATE

After completion of the fiscal year 2016 the Sixt Leasing Group in January 2017 took over around 160 employees from one of Sixt SE's direct subsidiaries. In future these employees are members of staff of SXT Leasing Dienstleistungen GmbH & Co. KG, a direct subsidiary of Sixt Leasing SE.

In addition, on 26 January 2017 Sixt Leasing SE issued a bond of EUR 250 million with a four year term and a coupon of 1.125% p.a., which it placed with institutional investors in Germany and abroad. The bond was listed on 3 February 2017. The Company thereby passed the next important milestone in setting up a financing structure independent of Sixt SE.

B.4 \\ HUMAN RESOURCES REPORT

1. STRATEGIC HUMAN RESOURCES WORK

Sixt Leasing SE attaches great importance to all its employees focusing strongly on providing services with a clear service mentality. This applies to the development of customised and demand-oriented product solutions as well as competent, comprehensive, committed and customer-friendly service. This becomes reality when employees make the wishes and requirements of customers their own and manage to excite them of Sixt over the long term. The employees are therefore a key success factor for the Company.

For this reason Sixt Leasing attaches strategic importance to its human resources work. The holistic approach covers the extensive recruitment process, apprenticeships and further training as well as the employees' professional and personal development. When searching and selecting employees Sixt Leasing puts great stress on making sure the candidates are a match for the company and its culture. By the same token, the company must also suit the future member of staff. This is of special significance when searching for and above all during the interview with the candidate. The same approach applies to those new to the profession as well as trainees. Whenever a new member of staff begins to work for Sixt Leasing a very individually prepared onboarding process gets started. It includes both the professional as well as the personal introduction to the respective work department and the entire company.

During the employment term the company engages in a proactive feedback culture and makes sure superiors and employees meet for regular appraisal interviews that go in both directions. Feedback tools such as the quarterly employee satisfaction surveys (the so-called Employee Excitement Score) as well as supporting 360-degree feedback (manager assessments, which compare employee self-assessments with those of superiors, colleagues and employees) serve both the employees and Sixt Leasing, as indicators and bases for future development and promotion programmes tailored to the respective employee. Further to these, all employees have access to the Sixt-Colleges where they can choose from a variety of seminars for further training, which can then be selected in agreement with the executive superior and attended.

Sixt Leasing thus ensures continuous personnel development geared to the individual requirements and needs of the employees.

Human resources work aims to enable employees to act autonomously and responsibly, seeking to continually improve Sixt Leasing's products and services and not only meet the changing mobility requirements of their customers but also support them actively.

Talent promotion, employee development and leadership training of Sixt Leasing are integrated into the central human resources management of the Sixt SE Group.

Apprenticeships and traineeships
Sixt offers young people qualified and sustainable professional training. The scope of apprenticeships ranges from commercial officers for office management, through to commercial officers in the automotive industry to IT specialists for application development. Personnel development starts as early as the training courses. Together with universities Sixt offers so-called (German) dual degree courses, for example majoring in service sector marketing, international business, accounting & controlling, media management & communication as well as (business) computer science. At the end of 2016 Sixt SE Group

employed 273 apprentices in Germany (end of 2015: 215 apprentices). Sixt Leasing SE did not employ apprentices in 2015. However, the apprentices pass business divisions of Sixt Leasing SE und build up relevant know-how.

In addition, Sixt offers graduates trainee programmes in different divisions and prepares them for prospective professional and leadership functions. The graduate trainee programme of Sixt Leasing SE runs for 18 months. During this time, trainees also have the opportunity to gather working experience in foreign subsidiaries. Apprentices, students engaging in a dual degree course and trainees who perform well get offered a take-over contract into employment with Sixt at the end of their training.

Promotional programmes

Sixt offers its employees many different national and international career paths. Thus, employees can use a variety of on-the-job options for their professional and personal development. Key elements in the executive development are the promotion programmes entitled 'Future Leader', 'Leadership Excellence' and 'Supervisor'. They serve, among other things, to identify colleagues with particular development potential, offer them structured promotion and thus train future top performers and executives. Over 90 employees of the Sixt Group participated in this programme during the year 2016 (2015: over 60 employees).

Sixt Colleges

Sixt runs a number of ‘Sixt Colleges’, which are training centres in Germany and abroad, where employees of all ranks and functional levels receive further training in a wide range of different fields. These face-to-face training courses are supplemented by e-learning content. The Sixt Colleges additionally coordinate training and education seminars in the Sixt Corporate countries, as well as the apprenticeships of vocational trainees.

The seminar programme covered by the Sixt College teaches key competencies such as improving advice and consultation, management skills or professional expertise. In addition, the courses include extensive further training for all employees in, among others, foreign languages, IT as well as soft skills.

2. NUMBER OF EMPLOYEES

The Sixt Leasing Group employed 370 people on average in 2016, corresponding with an increase of approximately 30% to the previous years’ figure (2015: 280). This significant increase is especially the result of the acquisitions of autohaus24 GmbH and the present Sixt Mobility Consulting AG in Switzerland as well as the further expansion of the Online Retail business.

Number of employees per segment (average)	2016	2015
Leasing	329	258
Fleet Management	41	22
Total	**370**	**280**

3. KEY FEATURES OF THE REMUNERATION SYSTEM

3.1 EMPLOYEES OF SIXT LEASING SE

Sixt Leasing SE conducted a self-assessment of its institution as defined by the German Remuneration Ordinance for Institutions (Institutsvergütungsverordnung - InstitutsVergV) and by its own account does not belong to the so-called major institutions, especially as its balance sheet total for the last three fiscal years was significantly less than EUR 15 billion. Moreover, in the view of Sixt Leasing SE, the remuneration structure as well as the nature, scale, complexity, risk content and international scope of its business activities do not merit any other assessment.

The components of the remuneration systems outlined in the following are not different for the various business divisions and are therefore described as a whole. In case of individual discrepancies, these will be explicitly referenced and the specifics of that business division explained. No external consultants were enlisted for the set-up of the remuneration systems.

The Managing Board of Sixt Leasing SE is responsible for the appropriate structure of the employees' remuneration systems. The Managing Board informs the Supervisory Board of Sixt Leasing SE once every year on the actual structure of the remuneration systems, taking due account of the requirements of the InstitutsVergV. Arranging the remuneration system for the Managing Board of Sixt Leasing SE in turn comes under the responsibility of the Supervisory Board of Sixt Leasing SE. The control units (especially internal audit, compliance, human resources and risk management) are integrated into the arrangement and monitoring of the remuneration systems in accordance with the stipulations of the InstitutsVergV.

The remuneration system and strategy of Sixt Leasing SE are based on two components: a basic remuneration befitting market and functional role, and on the other hand a performance-based variable remuneration component (target agreement system). Remuneration, above all the variable remuneration component, is aligned to the business and risk strategies of Sixt Leasing SE.

All employees receive a fixed annual salary to be paid out in 12 equal instalments monthly after each month (basic remuneration). Key parameters determining the remuneration unrelated to performance are the function as well as the scope of assignments and responsibilities held and the associated decision-making powers. Besides their basic remuneration, most employees receive a variable remuneration pro-rated for the year and contingent on the Company's success and/or their personal target attainments. The variable remuneration component depends on the functional role, the hierarchical as well as the personal target attainment level. The ratio between the basic and the variable remuneration component can vary anywhere between around 60:40 through to around 95:5 (in each case assuming a 100% target attainment). The personal targets are deduced over the various functional levels from the overall corporate objectives. Consequently any personal target attainment takes due consideration of the target attainment of the individual employee's organisational unit. Usually in September, employees receive a down-payment on the expected variable salary payment, as far as variable salary payment for the current fiscal year is expected. The final payment will be made with the salary payment after the close of the fiscal year but no later than three months after the end of the fiscal year. The Managing Board receives its variable remuneration after adoption of the annual financial statements.

In addition, the Company grants its employees voluntary benefits in the form of employee vehicle leasing or, depending on the internal classification, the usage of a company car. The Managing Board of Sixt SE, which until the IPO in May 2015 was the 100% parent company and presently is the largest single shareholder with an interest of 41.9%, has resolved that until the IPO previously selected employees should be given the opportunity to participate in an employee equity participation programme (Matching Stock Programme).

The structure of remuneration and of the remuneration systems is appropriate as defined by section 5 of the InstitutsVergV. Above all, the combination of the existing strategies, the business model, the organisational set-up and competence rules with the existing remuneration structure do not provide incentives to take on disproportionately high risks and do not conflict with the monitoring function of the control units. In addition, Sixt Leasing SE is not aware of any member of the Managing Board or other member of staff being significantly dependent on a variable remuneration. Entitlements established in individual contracts to benefits in the event of termination of activities are not created in an amount which remains unchanged despite any negative individual performance contributions. The structure of the remuneration runs not counter to the control function of the control units. Special attention was given to ensure that the structure of the variable remuneration systems for the employees in the control units are not concurrent with the departments controlled and the organisational units monitored by them so that there is no threat of a conflict of interest.

The requirements of section 10 of the InstitutsVergV were also satisfied. Moreover, the emphasis of the remuneration structure regarding the control units' staff is on their fixed remuneration (section 9 (2) of the InstitutsVergV).

3.2 MANAGEMENT AND SUPERVISORY BOARDS OF SIXT LEASING SE

The remuneration paid to members of the Managing Board and Supervisory Board meets the statutory requirements that were valid at the time at which the remuneration was determined and complies largely with the recommendations and suggestions contained in the German Corporate Governance Code.

It is the Supervisory Board's responsibility to determine the remuneration paid to members of the Managing Board of Sixt Leasing SE. The structure of the remuneration system is regularly reviewed to test its appropriateness. The Managing Board's remuneration comprises fixed and variable components, which are reported as a total amount for all Managing Board members.

The fixed component is commensurate with the responsibilities and the individual performance of the Board member concerned. In addition to the fixed basic salary, the members of the Managing Board – like other senior executives of the Sixt Leasing Group – also receive non-cash benefits such as company cars, mobile phones and accident insurance contributions. Furthermore, a D&O insurance policy has been taken out for the members of the Managing Board.

The variable portion of the remuneration is based on consolidated earnings before taxes (EBT) of the Sixt Leasing Group. Variable remuneration only becomes payable to Managing

Board members once a defined minimum EBT has been reached. Furthermore, the variable remuneration becomes payable to individual Managing Board members subject to certain conditions. In one case, payment of the variable remuneration is dependent on the portfolio of leasing contracts (i.e. without fleet management contracts) and its comparison with the previous year. In another case, the default rate on receivables from customers must not exceed a specific threshold value. Contracts of service with Managing Board members impose a cap on the variable portion of the remuneration. The variable remuneration is paid out at defined dates within not more than three years. Until the IPO of the Company in May 2015, a share-based payment component existed for members of the Managing Board by participating in the employee equity participation programme (Matching Stock Programme) of Sixt SE. Details of the programme are outlined in the Corporate governance report.

The remuneration paid to members of the Supervisory Board is governed by the Articles of Association of Sixt Leasing SE. These provide solely for a fixed component and therefore do not specify any variable performance-based components. Each member of the Supervisory Board receive a fixed remuneration of EUR 40,000 in each financial year and the chairman receives EUR 50,000. If a member and/or the Chairman of the Supervisory Board holds office for less than a full financial year, the above remuneration is paid pro rata for the actual time the individual is a member of the Supervisory Board or holds the office of Chairman. The remuneration is payable after the end of each financial year. In addition, the members of the Supervisory Board are reimbursed for their expenses and the value added tax payable on their remuneration and expenses. D&O insurance policies have also been taken out for members of the Supervisory Board.

The Group has no pension obligations towards members of the Managing Board or members of the Supervisory Board. For further details of the remuneration paid to members of executive bodies, please refer to the section entitled ‘Total remuneration of the Supervisory Board and Managing Board of Sixt Leasing SE’ in the notes to the consolidated financial statements.

B.5 \\ DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (4) AND 315 (4) HGB

Composition of subscribed capital, share categories
As at 31 December 2016, the share capital of Sixt Leasing SE amounted to EUR 20,611,593.00 in total and was composed of 20,611,593 ordinary bearer shares. The Company's shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. All the shares have been fully paid up. The shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act (Aktiengesetz – AktG), in particular by sections 12, 53a et seq., 118 et seq. and 186 AktG.

Restrictions on voting rights or the transfer of shares
Each ordinary share entitles its holder to one vote at the Annual General Meeting and determines the shareholder's portion on the Company's profit. Exempted are any treasury shares held by the Company, which do not confer any rights onto the Company. In cases of section 136 AktG the voting right for the concerned shares is excluded by law.

The Company's Articles of Association do not impose any restrictions on voting rights. Equally, they do not impose any restrictions on the transfer of shares. The Managing Board is not aware of any restrictions on voting rights or the transfer of shares arising from agreements between shareholders.

Shareholdings in Sixt Leasing SE
As at 31 December 2016, Sixt SE holds 8,644,638 ordinary voting shares in the share capital of the Company, accounting for 41.9% of the voting rights. The Company has not received any information about, and the Managing Board is not aware of, any further direct or indirect interests in the share capital exceeding 10% of the voting rights as at 31 December 2016.

Shares with special rights
In accordance with article 10 (1) of Sixt Leasing SE's Articles of Association, the Company's Supervisory Board consists of three members. According to legal provisions, two of these members are elected by the Annual General Meeting without being bound by election proposals. The third Supervisory Board member is appointed by Sixt SE for as long as it remains shareholder of the Company. In all other respects, there are no shares conveying special control rights.

Employee participation and their control rights
The Company is not aware of any employees holding shares in the Company's capital where the employees' control rights are not exercised directly.

Appointment and dismissal of Managing Board members, amendments to the Articles of Association
Sixt Leasing SE has a two-tier management and monitoring system, made up of a management body (Managing Board) and a supervisory body (Supervisory Board). The legal stipulations and conditions of the Articles of Association governing the appointment and dismissal of Managing Board members are defined in articles 39 (2) sentence 1, 46 of the SE Regulation, section 16 SEAG, article 9 (1) lit. c) (ii) of the SE Regulation, sections 84, 85 of the AktG (German Public Companies Act) and article 7 of the Articles of Association.

Accordingly, the Managing Board comprises one or more members. The Supervisory Board determines the number of Managing Board members. The Supervisory Board can also appoint a chairman or speaker as well as a deputy chairman or speaker for the Managing Board. The statutory provisions of section 84 and section 85 of the AktG apply for the appointment and dismissal of Managing Board members.

Amendments to Articles of Association are decided by the Annual General Meeting. In accordance with article 16 of the Articles of Association, amendments to the Articles of Association that only concern the formal wording may also be resolved by the Supervisory Board. Mandatory statutory provisions require resolutions to amend the Articles of Association to be adopted by a majority of three-quarters of the share capital represented at the adoption of the resolution (section 59 (1) of the SE Regulation, section 179 (2) sentence 1 AktG).

However, the law also provides for the possibility that the Articles of Association allow for a smaller majority providing that at least half of the subscribed capital is presented. This possibility does not apply though to a change of the Company’s purpose, relocation of the Company’s seat into another member state, or for cases where a higher majority of capital is mandatory under statutory provisions (article 59 (2) of the SE Regulation, section 51 SEAG).

Sixt Leasing SE has made use of the option of specifying different majority requirements by means of a provision in the Articles of Association that is common among listed companies. According to article 20 (2) of the Articles of Association, decisions of the Annual General Meeting can be adopted by a simple majority of votes cast, insofar as this does not conflict with any mandatory statutory provisions or the Articles of Association. According to article 20 (3) of the Articles of Association, amendments to the Articles of Association can be adopted by a simple majority of the submitted valid votes if at least half of the voting share capital is represented and insofar as this does not conflict with any mandatory statutory provisions.

Powers of the Managing Board with regard to the issue and buy-back of shares

Authorised capital

In accordance with article 4 (3) of the Articles of Association, the Managing Board is authorised to increase the share capital on one or more occasions in the period up to 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477.00 (Authorised Capital 2016). Further details, including details of the Managing Board's authorisation to exclude shareholders' subscription rights in specific cases, follow from the aforementioned article of the Articles of Association.

Conditional capital

By resolution of the Annual General Meeting of 1 June 2016, the Company's share capital is conditionally increased by EUR 4,122,318.00 (Conditional Capital 2016). The conditional capital serves the purpose of granting shares to the holders and/or creditors of convertible bonds as well as the holders of option rights from option bonds.

Authorisation to issue convertible and /or option bonds

By resolution of the Annual General Meeting of 1 June 2016 the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or option bonds registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000.00 with a fixed or open-ended term and, in accordance with the more detailed provisions of the convertible and/or option bond terms, grant conversion or option rights to the holders and/or creditors of bonds to acquire a total of up to 4,122,318 new no-par value shares in Sixt Leasing SE with a pro-rata portion in the share capital of up to EUR 4,122,318.00. The bonds are to be issued against cash contributions.

The issue can be effected by a German or foreign company in which Sixt Leasing SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company, in which it has a majority interest, to take on the guarantee for repayment of the bond and the other payment obligations associated with the bond and to grant the bearers and/or creditors of such bonds conversion or option rights for shares in Sixt Leasing SE.

In general, shareholders of Sixt Leasing SE are granted statutory subscription rights. However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude, fully or in part, the subscription rights of the shareholders to the bonds, (i) in order to exclude fractional amounts from subscription rights, (ii) if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations which have been issued beforehand or will be issued by Sixt Leasing SE or a Company in which it has a majority interest, subscription rights to the extent they are entitled to after exercising the conversion or option rights and/or after meeting their conversion exercise obligations, or (iii) against payment of cash contributions, if the issuing price is not significantly below the theoretical market price of the bonds with conversion or option rights and/or conversion exercise obligations, calculated with recognised mathematical valuation methods, and whose pro-rata portion in the share capital does not exceed a total of 10% of the share capital, neither at the time when the authorisation takes effect nor at the time when this authorisation is exercised.

The details of the authorisation resolution, especially the limits of the possibility to exclude shareholder’s subscription rights, follow from the respective authorising resolution and article 4 of the Articles of Association.

Authorisation to acquire treasury shares

By resolution of the Annual General Meeting of 8 April 2015, the Managing Board is authorised, in accordance with section 71 (1) sentence 8 of the AktG, to acquire in the period up to 7 April 2020 treasury shares of the Company in the amount of up to 10% of the Company’s share capital at the time of the authorisation or – in case this is the lower value – at the time of exercising this authorisation. At no point shall the shares acquired under the above authorisation, together with other treasury shares owned and assigned to the Company under sections 71a et seq. of the AktG, represent more than 10% of the share capital.

With the approval of the Supervisory Board, authorisation may be exercised in full or in part, on one or more occasions, by the Company or its dependent or majority-owned companies, as well as third parties acting for the account of the Company or for the account of its dependent or majority-owned companies. The Company can elect to make the acquisition either via the stock exchange, in the form of a public offer made to all shareholders, in the form of a public request to issue sales offers and/or through the use of derivatives. Acquisition for the purpose of trading in treasury shares is hereby ruled out.

The Managing Board is authorised with the consent of the Supervisory Board to (i) sell treasury shares against cash contributions in other forms than via the stock exchange or by a public offer made to all shareholders, insofar as the sales price for each treasury share is not materially lower than the quoted market price of existing listed shares at the time of the sale, whereby the attributable amount in the share capital of the shares sold under this authorisation does not exceed a total of 10% of the share capital, either at the time this authorisation takes affect or at the time it is utilised, (ii) sell treasury shares in other forms than via the stock exchange or by a public offer made to all shareholders, in particular to acquire companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims, (iii) use treasury shares to service conversion and/or option rights and/or obligations from convertible and/or option bonds and/or convertible profit participation rights and/or (iv) offer treasury shares for acquisition, among other things, to members of the Company's Managing Board or members of the executive boards of dependent companies or to employees of the Sixt Leasing Group as part of their remuneration or as part of management or employees participation programmes.

The details of the authorisation follow from the authorising resolution from 8 April 2015.

In 2016 the Company held no treasury shares.

Significant agreements by the Company that are subject to a change of control as a result of a takeover bid

The License Agreement between Sixt Leasing SE (licensee) and Sixt SE (licensor) grants Sixt SE the right to terminate for material reason, among other things if the business direction of the Sixt Leasing Group significantly worsens or in case of a change of control. According to that agreement, a change of control occurs if a third party directly or indirectly acquires 25% of the shares in Sixt Leasing SE or if a competitor of the Sixt Group or a person related with a competitor of Sixt SE, as defined by section 15 of the AktG, acquires more than 10% of the shares in Sixt Leasing SE.

The Financing Agreement between Sixt Leasing SE (borrower) and Sixt SE (lender) grants Sixt SE a right to termination, among other things, if a third party directly or indirectly acquires more than 25% of the shares in Sixt Leasing SE.

Compensation agreements between the Company and members of the Managing Board or employees in the case of a takeover bid

The Company has no agreements with members of the Managing Board or employees that would entitle them to compensation in the case of a takeover bid.

B.6 \\ REPORT ON OUTLOOK

1. ECONOMIC ENVIRONMENT

The world's economic development is set to slightly improve in 2017 against the previous year. The International Monetary Fund (IMF) expects the global economy to grow by 3.4% (previous year: 3.1%), the key factor for which it identifies the expected change of the US business policy. The new US administration under President Trump is said to be planning tax cuts, higher infrastructure expenses and a top-up for the defence budget. At the same time, there is a risk of increasing protectionism with potentially adverse consequences above all for emerging economies such as India or Mexico.

For the Euro area the Institut für Weltwirtschaft (IfW – Kiel Institute for the World Economy) projects economic growth of 1.7% in 2017 and thus a growth on the previous year's level. According IfW, this positive development is a consequence of the higher competitiveness of European products as the Euro weakens against the US Dollar. The IMF expects an economic growth of 1.6% in 2017.

The German economy shall also perform positively according to the IfW. Thus, the institute expects gross domestic production (GDP) to climb 1.7% from the previous year's level, which would also be in line with the economic growth rate of 2016. Key driving factors are identified in private consumption and residential building projects that benefit from the continued favourable financing conditions. Moreover, the experts foresee German exports to increase significantly given the healthy perspectives in key sales markets. For 2017 the International Monetary Fund projects the German economy to grow by 1.5%.

Sources
IMF – International Monetary Fund, World Economic Outlook, October 2016 and update from January 2017;
IfW - Institute for the World Economy, Economic Forecast, press release, 15 December 2016.

2. PROJECTED INDUSTRY DEVELOPMENT

The German leasing industry is cautious in its outlook on the 2017 business development. As reason for its assessment the Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies) cites lower corporate investments. Consequently the Association tied its outlook to the political demand to create suitable conditions for private sector expenditures. According to the BDL the low interest rate policy creates an additional burden for leasing companies. Given the already lengthy duration of this low interest rate level, earnings and costs are not developing in a satisfactory direction. The ifo-institute is confirming the expectations of the Association, noting that the industry's business climate noticeably cooled towards the end of 2016. Thus, the leasing companies' business outlook for 2017 is as pessimistic as it had been in 2012.

The German automotive industry on the other hand is looking ahead more confident as it enters the current year. Accordingly, the German Association of the Automotive Industry (VDA – Verband der Automobilindustrie) expects worldwide new vehicle registrations to climb 2% in 2017 compared to the previous year. The West-European market is projected to retain the level of the previous year with around 13.9 million new registrations.

Sixt Leasing expects fleet management providers to continue registering solid demand. More and more companies are looking for cost and planning safety in the management of their vehicle fleets and are therefore counting on the specialised expertise of service providers such as Sixt Mobility Consulting. This way they stand to benefit from efficient service and repair networks, well-grounded procurement expertise and a professional marketing of used vehicles, allowing them to save their own human resources and focus on their own core business.

Sources
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), press release, 24 November 2016;
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), press release, 20 December 2016;
Verband der Automobilindustrie e.V. (VDA), press release, 2 December 2016.

3. EXPECTED DEVELOPMENT IN FISCAL YEAR 2017

In 2017 and the following years Sixt Leasing SE intends to continue its course of qualitative and earnings-focused growth. For this the Company plans to expand its position as provider of automotive mobility in the German market that is strong on innovations and margins. In the Fleet leasing business field the focus will remain on the profitability of the contract portfolio, which has priority over volume growth. Through its Fleet Management business unit, which is overseen by Sixt Mobility Consulting GmbH and other subsidiaries of Sixt Leasing SE, it wants to propel business in key European markets outside of Germany and thereby drive forward the international expansion. To this end the Company will build on existing customer relationships.

The Online Retail business field (private and commercial customer leasing) with the online platforms *sixt-neuwagen.de* and *autohaus24.de* is projected to be the Group's biggest growth driver in the coming years. Sixt Leasing continues to act as first mover it is addressing an almost undeveloped future market in Germany for online leasing by private and commercial customers. To extend its market position and generate additional reach the Company is permanently reviewing the possibilities of acquisitions and suitable marketing measures.

The remarketing of vehicles is gaining increasing significance. Given the strong expansion of the contract portfolio over the previous years, the number of returned leasing vehicles that come in with a certain time lag is growing. These need to be marketed through the used vehicle markets if there is no buy-back agreement with the manufacturer or dealer. Moreover, in its Fleet Management business unit the Company offers its customers the possibility to market their used vehicles. It has proven to be a service that is increasingly used. Thanks to a multi-stage remarketing process Sixt Leasing can optimise and stabilise the marketing results via the various established marketing and sales channels and partly also generate additional earnings.

3.1 FLEET LEASING BUSINESS FIELD

The Fleet Leasing business field is characterised by stable and reliably planable cash flows. The specific competitive strengths of the business field are, among other things, its full-service leasing expertise, which has been honed over decades of experience, often long-standing and close customer relationships as well as its capacity to develop innovative products and services over the entire leasing process chain with the help of digital technologies.

In its Fleet Leasing business field Sixt Leasing aims to moderately increase its contract portfolio in the small single-digit percentage range in 2017. To this end, the service range will be continually extended with innovative products and services to continually reduce customers' mobility costs in the full-service leasing and make fleet management processes as efficient as possible. Sixt Leasing will continue to expand existing software solutions and will also develop new services.

In Fleet Leasing the Company will continue to focus very much on the profitability in its contract portfolio and new business transactions. Sixt Leasing therefore plans to acquire and serve especially customers with complex requirements to fleet management so that it can exploit the entire performance range of full-service leasing. Nevertheless, given the pessimistic outlook of the industry association BDL, Sixt Leasing expects sharper competition among leasing providers and thus more pressure on prices and margins in 2017. Moreover, Sixt Leasing expects its existing customers to increasingly put their fleets or certain parts of them out for tender.

The Company takes an opportunistic approach to the internationalisation of the business field. In case of suitable opportunities arising, such an international expansion could take the form of company-owned foreign subsidiaries or by collaborating with cooperation partners in the form of white label solutions or by winning over powerful franchise partners.

3.2 ONLINE RETAIL BUSINESS FIELD

The Online Retail business field (private and commercial customer leasing), which operates through the platforms *sixt-neuwagen.de* and *autohaus24.de* is set to significantly increase its importance in 2017 due to the extraordinary growth perspectives and the continuing digitalisation. Perspectively, Online Retail is set to become the largest business field of the Group. Therefore, the Managing Board raised its guidance for 2017 significantly and expects a portfolio of 36,000 contracts by the end of the year, which corresponds with an additional growth of 4,000 contracts compared to the plan so far. This additional growth shall generate earnings primarily in the years subsequent to 2017.

The Online Retail market offers the Company attractive growth potential. Sixt Leasing expects that in future customers of new cars will switch more and more away from stationary vehicle dealers with a regionally limited reach to online channels.

To develop the online retail market Sixt Leasing will utilise a broad marketing mix made up of on- and offline measures, aimed at expanding the brand recognition of Sixt Neuwagen. In 2016 this brand awareness had already climbed significantly due to appropriate marketing activities.

Moreover, Sixt Leasing is continually working on further developing the product and service range provided by the business field to enhance customer convenience. In 2017 this will include the consistent digitalisation of the entire leasing process, starting from the vehicle configuration all the way through to completing the contract via Sixt Neuwagen. This way, the Company meets the needs and requirements of private and commercial customers looking for most convenient and flexible procedures. The strategic thrust aims to further simplify leasing financing, build-up long term customer loyalty and convince clients of the usage of additional service components.

3.3 FLEET MANAGEMENT BUSINESS UNIT

The Fleet Management business unit also aims to further expand its contract portfolio. By the end of 2018 the number shall reach at least 50,000 contracts.

One key strategic goal of Sixt Mobility Consulting is the ongoing international expansion by managing and overseeing internationally operating fleets, especially from larger corporations. A key role will be accorded to the Sixt Global Reporting Tool, which enables the efficient worldwide management of fleets by transparently amalgamating all data relevant of the vehicles under operation and thereby revealing to the customer potentials for cost savings.

4. FINANCIAL OUTLOOK

In the expectation of its Managing Board, the Sixt Leasing Group's earnings performance in 2017 is going to be positively influenced by the successful acquisition of new customers, further measures to raise profitability of the contract portfolio as well as by lowering the average interest costs due to the new refinancing arrangements. Consideration has to be given by such counterprevailing influencing factors as further investments in the development of IT solutions, above all in the Online Retail business field, as well as the expected intensification of competition in Fleet Leasing.

In the current year Sixt Leasing aims to further reduce the Group financing provided by Sixt SE in line with plan and thereby save interest costs. In June 2017 it will have the opportunity to return another tranche of the Core Loan in the amount of EUR 300 million to Sixt SE and to replace it with already existing financing instruments of its own.

For fiscal year 2017, the Managing Board expects to see an increase in earnings before taxes (EBT) in the high single-digit percentage range as well as slight growth in operating revenue, which is expected to further improve profitability. Moreover, the Managing Board anticipates that the equity ratio will again reach a value above the minimum target figure of 14%.

B.7 \\ REPORT ON RISKS AND OPPORTUNITIES

1. INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION

1.1 RISK MANAGEMENT SYSTEM

The risk assessment and control systems established by Sixt Leasing SE as well as the organisation of credit risk management comply with the minimum requirements for risk management of banks and financial services institutions (MaRisk) imposed by BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht).

During the reporting period Sixt Leasing SE took the measures required by MaRisk relating to the adequacy of risk management as well as the measures required to ensure the correctness of the business organisation, taking into account the complexity and scale of the risks assumed by the Company.

Sixt Leasing SE only takes risks if they are calculable and consistent with the principles enshrined in the policy objectives and strategy of the Company or Group.

Based on the risk strategy determined by the management, essential components of the risk management system are the identification, systematic documenting and analysis, assessment and prioritisation of risks, as well as an analysis of the effects and impact of risks on the Company. On this basis measures to avoid, reduce or transfer risks can be initiated.

Taking into account outsourced processes to Sixt GmbH & Co. Autovermietung KG and other Sixt Group companies, Sixt Leasing SE has installed a risk management system for the monitoring of all relevant risks incurred, which is continuously developed further on the basis of the Company's own business needs and in line with the requirements of a stock listed company.

Sixt Leasing SE has established internal policies and controls to comply with MaRisk and is constantly reviewing and developing these. The existing risk management system involving the functions controlling, accounting, risk controlling, credit management, claims management and internal audit is compliant with the requirements of MaRisk.

The following functions are completely or party outsourced as part of outsourcing arrangements to Sixt GmbH & Co. Autovermietung KG as of the end of the reporting period:

- risk management, particularly operative credit management
- internal audit
- treasury
- damage management
- accounts receivable
- claims management
- accounts payable
- IT administration

Sixt Leasing SE has made adequate provisions for contingent and exposure risks and other risks arising from its business activities. Depreciations and value adjustments in the financial statements have been made at an appropriate level.

1.2 RISK ASSESSMENT

In addition to the monitoring of risks in the planning, reporting, controlling and early warning systems which are established, as part of risk control processes, persons in charge within the organisational units document - as part of a risk inventory - all business-relevant and significant risks throughout the Group on a regular basis. To this end the estimates made by the responsible managers and other relevant information are analysed and consolidated. Relevant changes in the risk assessment and new risks are communicated to the management immediately.

Individual risks are categorised into different loss levels and defined into risk types by their probability of occurrence ('low - 30%' up to 'very probable - as of 90%') and the potential loss level in the case of occurrence. The central risk controlling unit of the Sixt Leasing Group then agglomerates these decentrally registered individual risks and clusters them into risk groups. This forms the basis for the risk report, which is integral part of the reporting system to the Managing and Supervisory Board of Sixt Leasing SE.

The controlling and risk controlling departments as well as a dedicated risk advisory comittee act as central bodies of risk management. In particular the risk controlling department monitors the counterparty default and cluster risks. In addition, the controlling department is also responsible for controlling market price risks, risks from investments and operational risks.

The Group-wide internal audit department of Sixt SE Group, which is outsourced to Sixt GmbH & Co. Autovermietung KG, audits the established risk management functions. The Sixt Group's internal audit department reports directly to the Managing Board of Sixt Leasing SE.

1.3 INTERNAL CONTROL- AND RISK MANAGEMENT SYSTEM FOR (GROUP) ACCOUNTING (DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (5) AND 315 (2) NO. 5 OF THE HGB – GERMAN COMMERCIAL CODE)

The internal control and risk management system for the Group's and the Company's accounting contains organisational provisions and technical requirements to manage the risk associated with accounting. Key elements here are the clear and appropriate separation of functions with regard to the Managing Board and leadership responsibilities including management control processes, the central accounting and reporting organisation for all consolidated companies, the technical stipulations contained in guidelines, manuals, process descriptions and Group-wide principles, the recording of business transactions with the so-called 'four eyes principle' (two man rule), the implementation of quality assurance processes and effectiveness checks by the internal audit function and external audit procedures and consulting, systems-based security measures, manual control measures and regular comparisons with planning and controlling processes taking the form of target to actual comparisons and analyses of deviations. To guarantee the safety of data the accounting-related systems have access restrictions and access rules. Employees receive appropriate instruction and training on data protection rules and regulations. In addition, general behavioural provisions for employees relating to financial matters are part of the regulations of Sixt's 'Code of Conduct'.

The Supervisory Board examines the annual financial statements and the consolidated financial statements together with the management report on the Group's and the Company's situation as well as the Dependent company report and discusses these with the Managing Board and the auditors.

2. RISK FACTORS

As a company operating across Europe, Sixt Leasing Group is exposed to a variety of risks which could have a significant impact on the Group's business performance, assets, financial situation and operating results. The relevant risk factors are outlined below in an aggregate form, with the breakdown into risk categories corresponding analogously to the reporting of the central risk management.

2.1 GENERAL MARKET RISKS (ECONOMIC, SOCIAL AND REGULATORY RISKS)

Sixt Leasing Group is primarily engaged in the two business units Leasing and Fleet Management, both of which are focused mainly on Germany. However, as part of the international expansion of Sixt Leasing the Group's business activities in other European countries are becoming increasingly important.

Both segments are dependent to a large degree on general economic conditions in Europe and especially in Germany, because these influence particularly customer readiness to invest and spend, and correspondingly the demand for leasing and fleet management services.

In periods of economic weakness the demand for leasing and fleet management services on the part of companies and private households can decline as a result of austerity measures. In addition, higher default risks (e.g. sector-specific risks and counterparty risks) can be expected during these phases. A weakening of the overall economy can therefore have a negative impact on demand for leasing and fleet management products and on their profitability.

Demand for standard leasing and fleet management services could be adversely affected by the emergence of alternative mobility solutions, which could be driven forward and brought to market maturity especially from start-up enterprises but also from internal business units of established car manufacturers.

The Sixt Leasing Group regularly develops new product ideas and business models in order to respond appropriately to these rapidly changing market conditions and customer requirements, and to maintain the Group's claim for innovation leadership while acquiring additional market share. Launching these new products on the market and ensuring market penetration can generate high initial costs. In spite of the corresponding market analysis and planning, it cannot be guaranteed that the products will, in the form offered, meet with the market acceptance and level of demand which are expected.

This may have a negative impact on the profitability of the Group.

The business of the Sixt Leasing Group is subject to numerous laws and regulations in the various jurisdictions, where the Group is active. There is a risk that Sixt Leasing fails to meet all regulatory requirements or to react timely to changes in the regulatory environment.

2.2 SPECIFIC RISKS IN THE LEASING AND FLEET MANAGEMENT BUSINESS UNITS

In both business units the focus is on activities on business customers. The development of the business units is accordingly dependent on corporate investment behaviour. This investment behaviour can - apart from general cyclical influences - be affected by economic, accounting, regulatory, and fiscal conditions, in particular when it comes to commercial vehicle leasing. Companies need maximum planning security for their investment decisions. Higher taxes on leasing transactions and company cars or the possibility of adverse changes in international accounting regulations relating to contracts of lease can also reduce the attractiveness of solutions based on leased fleets.

In January 2016 the International Accounting Standards Board (IASB) published the new leasing standard IFRS 16. Effective for reporting periods beginning on or after 1 January 2019, lessees must recognise most operating leases with a right-of-use and a leasing liability in their balance sheet. For the lessee this essentially abolishes the distinction between finance leases and operate leases. The consequence of these changes will be that companies can no longer relieve their balance sheets with operate leases to the extent so far possible. Corporations that report their balance sheets according to international standards and which hitherto have had leased vehicles could potentially buy and/or self-finance these vehicles. In principle, however, the economic benefits of leasing should remain unaffected. In particular, the associated service functions can continue to justify the demand for leasing products. Customers in the Fleet Leasing and especially in the strong growing Online Retail business field appreciate the planning security associated with the residual value guaranty by the lessor.

The leasing market in Germany continues to be dominated by companies tied to specific manufacturers or banks. They either enjoy good purchasing conditions and remarketing opportunities due to their close connections with the manufacturers or good refinancing conditions because of their affiliation with a bank. For this reason there is fierce competition on the market for vehicle leasing in terms of price and conditions, which could have a negative impact on margins and thus the revenue and earnings situation of the Sixt Leasing Group.

In the Fleet Leasing business field the Sixt Leasing Group focuses on full-service leasing products which, in addition to pure financial leasing, also provide a variety of additional services in particular for corporate customers. Due to the consistent orientation as a full-service leasing provider the Sixt Leasing Group aspires to reduce its dependency on pure finance leasing, which is under constant price pressure. In addition, the continuous development of new, mostly internet-based products provides an opportunity for the Group to differentiate itself from the competition. Sixt Leasing Groups' Online Retail business field offers attractive leasing solutions to private and commercial customers on its websites *sixt-neuwagen.de* and *autohaus24.de* In the Fleet Management business unit the Company benefits from its many years of experience in the management of vehicle fleets and from its position as a major fleet operator.

Besides the fleet customer business, the Online Retail business with private and commercial customers is becoming increasingly important, and should be expanded in future. The related diversification of the Group's customer portfolio shall contribute to counteract risks which could arise from the economic, accounting, regulatory and fiscal conditions for commercial vehicle leasing in the fleet customer business.

Sixt Leasing procures the vehicles it leases to corporate, commercial and private customers from car manufacturers and dealers. Consequently the Company is dependent on the adequate supply of popular car models, their purchase at competitive conditions as well as an attractive and high-quality product range. The same dependence exists in relation to third-party providers, from whom the Company procures for example tyres, insurance and services such as repairs. To limit these risks, Sixt Leasing negotiates long-term framework contracts and rebate agreements with these suppliers.

Counterparty risk means that during the contractual period lessees fail to meet their payment obligations fully or partly, leading to default losses. This counterparty risk in the customer business generally increases with any deterioration in the economic situation, with an increase in defaults by leasing and fleet management customers as the result. In addition a failure by vehicle suppliers to meet their buy-back commitments towards Sixt Leasing cannot be ruled out.

The established credit management identifies the risks of counterparty default on receipt of the leasing or fleet management agreement. Specific organs of Sixt Leasing SE must approve the conclusion of a new business transaction depending on the amount of the cumulative present value of the leasing agreements or the potential risks with the conclusion of a fleet management contract. In addition, the Managing Board has set up an Advisory Board and entrusted it with the role of a Risk Management Committee. This committee must be integrated into the approval process for larger exposures. The Supervisory Board is to be informed about each credit application that was approved by the Advisory Board.

The counterparty risks are monitored on a regular basis and actively managed. In addition there is a regular review of the creditworthiness in the fleet customer business during the term of the lease.

Also when selecting car suppliers, which provide buy-back commitments to Sixt Leasing Group, the Sixt Leasing Group therefore places great emphasis on their economic stability. As with leasing and fleet management customers, vehicle suppliers are subject to regular strict credit checks.

As a result any negative changes in the relationship to leasing and fleet management customers as well as vehicle suppliers can be identified immediately, and the appropriate countermeasures can be taken promptly if necessary. Commitments with higher levels of risk or potential default risks are monitored very closely by the risk controlling department.

Residual value risks result from the marketing of vehicles at the end of the leasing contract, if at this point in time the selling price which can be achieved is below the calculated residual value. To counteract the risks involved in the disposal of vehicles within the Leasing business unit the residual values of the vehicles included in the calculation of the leasing contract are covered partly by buy-back agreements with dealers or manufacturers depending on market conditions. This applies in particular to a major part of vehicles in the Fleet Leasing business, the residual values of which are covered by buy-back agreements. As of 31 December 2016 on the basis of the lease assets and inventories as well as orders, approx. 43% of vehicles in the Leasing business unit were covered by buy-back agreements.

When it comes to the marketing of used leasing vehicles the Sixt Leasing Group is also dependent on developments on the used-car market, particularly in Germany. The vehicles to be disposed of by the Sixt Leasing Group on the used-vehicle market undergo regular valuation tests, which are based on the Group's own experience and monitoring of the market. The remarketing of these vehicles is executed via a multistage process. Vehicles that are not sold under a buy-back agreement to a manufacturer or dealer at the end of their leasing contract, are offered via an online auction platform to registered dealers. If after the end of an auction period Sixt Leasing reckons from its own sales experiences that a specific vehicle could achieve a price above the highest offer from the auction if it was offered on the used vehicle stations operated jointly with the Sixt SE Group, this vehicle will be transferred to these stations. Operating under the brand name 'Sixt Car-park & buy' at six sites across Germany, sales experts take care the vehicles are sold to end customers.

The Managing Board is closely monitoring the developments surrounding the emissions issue at the Volkswagen Group and other potentially affected manufacturers. For a certain part of the affected vehicles in the portfolio of the Sixt Leasing Group there are no buy-back agreements with dealers or manufacturers in place. The Managing Board is also keeping a close eye on the political discussion regarding new emission stipulations for diesel-powered vehicles. In this context, the residual value risk could increase for the Sixt Leasing Group, whilst the sales proceeds could fall below expectations. So far, no clearly discernible drop in price of the used vehicles has been registered for the affected models. Nonetheless, a price drop cannot be excluded.

2.3 FINANCIAL RISKS

Prior to the initial public offering, debt financing was provided to Sixt Leasing Group by Sixt SE, and therefore it existed a dependency on funding costs, funding conditions and funding opportunities of Sixt SE. Although the Sixt Leasing Group intends to continue making use of the financing available from the Sixt SE for a certain period following the IPO, these arrangements are expected to expire over time latest with the last portion of the loan to be repaid at 31 December 2018 to Sixt SE.

In future, Sixt Leasing Group may no longer benefit from refinancing funds provided by Sixt SE or otherwise secured by Sixt SE. Accordingly refinancing of the Sixt Leasing Group will be dependent increasingly on self-financing through operative cash flows or the ability to borrow external funds on the debt capital markets. With regard to debt financing opportunities, it needs to be considered that the financing behaviour of the financial institutions may change significantly due to the ongoing structural changes which can be observed in the credit industry, for example as a result of higher capital requirements in the credit business or changes in the weighting of risks.

Depending on the development of Sixt Leasing Group’s own credit standing, external financing might therefore not or only under unfavourable conditions be obtained. In this context, it should be noted that the Sixt Leasing Group currently has not assigned any external rating agency with a credit rating. However as common in the leasing industry asset-based financing opportunities (e. g. forfeiting or securitisation of leasing receivables) will be available to Sixt Leasing Group. The Sixt Leasing Group made use of this for the first time in the year under review and set-up an asset backed securities (ABS) programme in mid-2016. The leasing receivables supplied into the ABS programme are refinanced with matching terms through additional swap transactions. Nevertheless, the risk generally remains that an increase in refinancing costs could have a significant impact on the cost basis and that the Group is potentially not able to pass on higher refinancing costs to its customers.

The Sixt Leasing Group faces an interest rate risk which results from contractually fixed interest rates in the leasing arrangements and variable interest rates partly included in refinancing agreements. However, the Sixt Leasing Group seeks a maturities matching refinancing if possible and will occasionally enter into derivatives to hedge against interest rate risks. However, it cannot be guaranteed that such hedging is completely effective or that losses can be completely avoided.

2.4 OPERATIONAL RISKS

Operational risks are losses particularly caused by human behaviour, technological failure, inadequate or faulty processes, or by external events. Regulatory, legal and tax related risks are included in this definition.

The success of the Sixt Leasing Group's business depends on the recognition and reputation of the Sixt brands, trademarks and domain names owned by Sixt SE. These are important preconditions for the growth and success of the Groups’ business and for maintaining the Groups’ competitiveness. For Sixt Leasing Group’s continued use of these brands, trademarks and domains, the Group concluded a non-exclusive License Agreement with Sixt SE in 2015 with an initial term of 25 years.

If Sixt SE were to terminate the agreement for cause or to increase the license fee, or if Sixt Leasing Group were not able to renew such license when the agreement expires after the initial term, this could have a material adverse effect on the Group’s ability to market itself to customers and could result in losing market share and customers. In addition, Sixt Leasing Group might incur significant costs to change the Group’s signage or brand name.

A complex and high-performance IT system is essential for the implementation of the leasing and fleet management business. Hardware and software-related system faults or system failures can have a significant impact on operational processes and, as a worst-case scenario, even lead to their total breakdown. If new, replacement or supplementary software is introduced, the high level of complexity of the IT system can create increased demands in terms of compatibility with existing systems when it comes to ensuring the smooth progress of operations.

Alongside these internal operational risks there is also the risk of targeted external attacks from criminals aiming at Sixt's IT infrastructure and corporate data inventory (Hacking, DDoS attacks, etc.). To address these risks, the Sixt Leasing Group maintains its own IT department and employs additional IT resources and IT infrastructural means of the Sixt Group, whose task is permanent monitoring, maintenance, continuous development and protection of the Group's IT systems.

The personal skills and knowledge of its employees are an important success factor for the Sixt Leasing Group. If there is an increased rate of fluctuation and a corresponding loss of know-how, this could impact on service quality in leasing operations. The Sixt Leasing Group prevents these risks by increased commitment to basic and advanced training, anchoring personnel development in corporate culture and the use of incentive systems.

The business of the Sixt Leasing Group is associated with a variety of different contracts. This is for the most part only possible using standardised agreements, which have to be reflected within the operational management systems. Even minor wording inaccuracies or changes in the legal framework can therefore have a significant impact on the Company's business. The Sixt Leasing Group counteracts the resulting risks by means of contract management with the involvement of legal experts and wide-ranging system controls.

Further regulatory, legal and tax related risks associated with the operation of a financial service institution are mitigated by a compliance structure in accordance with MaRisk and the corresponding control and prevention mechanisms.

3. ASSESSMENT OF THE OVERALL RISK PROFILE BY THE MANAGING BOARD

Sixt Leasing SE has installed a Group-wide internal control and risk management system for the purpose of proactive identification and active management of any developments at an early stage which could lead to significant losses or jeopardise the continued existence of the Company or the Group. As part of the Group's established risk management system all identified risks are regularly documented, reviewed, analysed and evaluated for their probability of occurrence and potential impact. The Managing Board and the Supervisory Board are informed about the results, so that the necessary countermeasures can be taken if the need arises.

In addition, leasing companies are obligated to meet the qualitative requirements for a proper business organisation pursuant to section 25a of the German Banking Act (KWG), which are substantiated by the minimum requirements for risk management of banks and financial services institutions. In this context, leasing companies have to ensure that they are invested at all times with adequate funds to shoulder the risk they have entered into (principle of risk bearing capacity). The corresponding risk bearing capacity statement is therefore key component of the quarterly risk report of Sixt Leasing SE. According to this statement the unexpected loss from those risks deemed to be material is compared with the risk cover amount available. Risk capacity is given, if the material risk can be continually covered by a corresponding risk cover amount. As at reporting date 31 December 2016 Sixt Leasing SE recognises a risk cover amount of around 427% to cover the risks identified according to the intrinsic value perspective.

The overall risk and the risk profile of the Sixt Leasing Group did not change significantly in 2016 compared to last year. At present no risks have been identified which individually or in their entirety could jeopardise the continued existence of the Company.

4. OPPORTUNITIES REPORT

Opportunities are understood to be possibilities arising from events, developments or actions that allow a company to secure and/or outperform the scheduled targets. It is the operative business field's responsibility to identify and utilise opportunities as part of the corporate strategy.

4.1 MARKET OPPORTUNITIES

Opportunities from general economic developments

The Sixt Leasing Group is highly dependent on general economic conditions in Europe and in particular in Germany. Improving economic conditions can result in a higher corporate investment willingness for fleet vehicles and fleet management services and stronger investment propensity from private and commercial customers for new and used vehicles. This in turn could have a positive effect on the demand for offers and services provided by Sixt Leasing.

The Group operates its business primarily in Germany. Over the last few years German gross domestic production grew continually and affected demand for new vehicles. In 2016 new registrations once again increased over the previous year. According to the German Association of the Automotive Industry (VDA - Verband der Automobilindustrie) they climbed 5% to 3.4 million new vehicle registrations.

In its plans for fiscal year 2017, the Sixt Leasing Group takes due account of economic analysts' assessments for the business cycle, as the report on outlook outlines. In the event that the economy should develop better than these projections, it could also result in stronger demand for the products and services offered by the Sixt Leasing Group.

Source
Verband der Automobilindustrie e.V. (VDA), press release, 2 December 2016.

Opportunities from a positive leasing business cycle

After the UK, the German leasing market is the second biggest in Europe and has for years been characterised by a stable upward trend that recently became more pronounced. Accordingly, the German Association of Leasing Companies (Bundesverband Deutscher Leasing-Unternehmen e.V. – BDL) registered for 2016 a 9% increase in new business transactions. The share of movables leasing in total investments has grown continuously from less than 5% in 1970 to 24.0% in 2016. Lately the vehicle leasing market had seen strong growth. In the event that the German leasing market develops better than expected, it could also result in stronger demand for the products and services offered by the Sixt Leasing Group.

Sources
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), press release, 24 November 2016;
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL), Figures & Facts, Leasing in Germany 2015, http://bdl.leasingverband.de/zahlen-fakten/leasing-in-deutschland, accessed on 18 December 2016.

4.2 COMPETITIVE OPPORTUNITIES

Accelerated growth through acquisitions
The Sixt Leasing Group pursues the objective of driving forward its foreign expansion primarily through organic growth. In addition, there is also a possibility of accelerating the Group's growth through acquisitions at favourable conditions of other providers or leasing portfolios. To this end, Sixt Leasing is permanently reviewing relevant market opportunities. When examining potential take-over candidates, the Managing and Supervisory Board apply strict criteria regarding earnings situation, risk profile and enterprise culture as well as compatibility with Sixt Leasing's business model. In 2016 Sixt Leasing took over autohaus24 GmbH from Sixt Ventures GmbH and Axel Springer Auto Verlag GmbH. The website *autohaus24.de* enjoys strong recognition and reach and will therefore also host and canvass leasing and Vario-financing offers with which the Online Retail business field shall generate additional contract completions.

Growth through internationalisation
The Sixt Leasing Group permanently monitors the expansion of its global presence by establishing and expanding its own national leasing and fleet management subsidiaries.

For the Fleet Leasing business field the collaboration with strong franchise and cooperation partners is particularly promising. Another option are so-called white label solutions with further partners, who under the Sixt Leasing brand will attend to Sixt Leasing customers in Europe outside of Germany or who in return will broker their own customers to Sixt Leasing.

In 2016 the Online Retail business field took its first step into foreign territory. Thus, Sixt Leasing (Switzerland) AG kicked off a pilot project to test Sixt Leasing's Online Retail offers and platform in a foreign market where other languages are spoken and a different currency is in use.

Following the 2015 foundation of its French subsidiary and refocusing the Dutch company on fleet management the year under review saw another important step being taken towards internationalising the Fleet Management business unit. Sixt Leasing (Switzerland) AG took over full control of SXB Managed Mobility AG and renamed it Sixt Mobility Consulting AG. Initially the company had been founded as a joint venture held in equal shares with Business Fleet Management AG, a subsidiary of Swisscom. With this take-over the Sixt Leasing Group is gaining direct entrepreneurial access to the Swiss fleet management market.

The Fleet Management business unit pursues the objective of overseeing fleets of its international customers across national boundaries. To this end it deploys the Sixt Global Reporting Tool that enables companies reliable management and optimisation of their fleets worldwide. The tool can transparently synchronise information from different countries and sources, allowing for an efficient analysis. This way, Sixt Mobility Consulting can reveal to its customers potential cost savings in individual countries and recommend optimisation proposals. The Company thus holds an efficient instrument to capture changing needs and requirements in fleet management that can also be of relevance for the acquisition of new customers. Moreover, the spreading usage of the Sixt Global Reporting offers additional growth potentials.

Growth through complementary services
According to Sixt Leasing's own estimates, the trend of taking out complementary services alongside the lease financing of a vehicle gained further traction with customers in 2016. It is an assessment shared by the forecasts of the Bundesverband Deutscher Leasing-Unternehmen e.V (BDL – German Association of Leasing Companies). According to the Association's figures, companies are paying great attention to advantages such as cost and planning safety, the development of individual solutions, specialised expertise offered by the service provider, saving their own human resources and the possibility of focusing more on the company's own core business.

Against such a background Sixt Leasing Group seeks to increase step by step the share of complementary services in the individual fleet business contracts and so raise the profitability of the contract portfolio. This is done because quantity and quality of services constitute a key differentiating feature in the competition. With its decades of know-how and close network of cooperation partners, Sixt Leasing considers itself to be in a good position to benefit from a general upturn in the demand for services.

In the Online Retail business field offering customers such additional service features as tyre and inspection packages or accident and damage management is also gaining traction. Increasing the service ratio here offers above all the opportunity of raising the profitability of the contract portfolio.

Source
Bundesverband Deutscher Leasing-Unternehmen e.V. (BDL – German Association of Leasing Companies), Market study leasing in Germany 2015.

Growth driver marketing campaigns

In its Online Retail business field Sixt Leasing uses marketing campaigns to raise the name and awareness of the Sixt Neuwagen platform and to increase the number of contract conclusions. In January 2016 a first TV-campaign was launched and broadcast at primetime via large private TV-channels and additionally extended via well-known social media channels. The advertisement campaign was broadcast again in August, September and October, all of which resulted in a significant increase in the brand's awareness rating.

Furthermore, Sixt Leasing uses a broad mix of marketing approaches, including online marketing and classified print advertisements. As wide-reaching advertisement campaigns are highly relevant for the growth plans of Sixt Neuwagen, the Group may well keep using these instruments in future. It would open up the possibility of accelerating the growth of Sixt Neuwagen and strengthening the brand's position as first mover in the German online leasing market.

4.3 OPPORTUNITIES FROM DIGITALISATION AND CHANGING CUSTOMER BEHAVIOUR

Increasing significance of the internet as information channel

The vehicle market for private and commercial customers is mainly served by station-tied car dealers with a limited geographic reach. This means, that often they have vehicles from one or a few OEMs, which for customers translates into a market with little transparency, as cars, options and prices are hard to compare on site.

Digitalisation has seen customers' demands for transparency rise, which in turn gives the internet ever more significance as a source of information. According to the DAT-Report 2017, almost three-quarters of Germans buying a new car informed themselves on the internet prior to their 2016 purchase. At the same time, the personal advice and contact on site at the dealer is losing significance. According to a study by the consultancy A.T. Kearney, in 2016 almost every third potential buyer was already conceiving the idea of buying a car without prior visual inspection and test drive. This development plays into the hand of the business model of the Online Retail business field, as Sixt Neuwagen offers its customers the simple and convenient possibility of getting an overview on the internet on leasing offers for vehicles from around 30 different brands, which they then can also contract directly online.

Sources
DAT Group (Deutsche Autotreuhand), DAT-Report 2017;
A.T. Kearney, Car-buyer study Germany, March 2016.

Growing online affinity and increasing customer affinity for digital purchasing

Together with its growing influence as source of information the internet is also gaining significance as sales channel for vehicles. According to the A.T. Kearney study in 2016 already 27% of all potential buyers of new vehicle and 60% of those target groups with an online affinity voiced their willingness to buy a car through the internet. A.T. Kearney opinions that this development is set to take up speed in the coming three years so that by 2020 every third car would be bought in Germany via the internet.

The share of target groups with an online affinity for car purchases was 35% in 2016 for Germany according to the A.T. Kearney study. By 2026 A.T. Kearney reckons to see massive shifts towards these target groups and that the purchase and financing arrangements for vehicles will be made with technological innovations. This trend holds opportunities for the Sixt Leasing Group, as growing target groups with an online affinity will also spell out as more vehicle sales being handled and processed via the internet.

Source
A.T. Kearney, Car-buyer study Germany, March 2016.

First mover advantage in private and commercial customer segment

In Germany the market for online retail leasing is still very much uncharted territory. According to the strategy consultancy

Roland Berger the providers are so far offering more of a market space and are brokering the sale of used and new vehicles. Only recently have car manufacturers attempted to establish themselves on this market through their own online offers. Cross-brand and manufacturer-independent offers for leasing and alternative financing forms such as Sixt Vario-financing are on the other hand still the exception.

Early on Sixt Leasing positioned itself as provider for new vehicles to private and commercial customers on the online market. The Company is in a position to provide its customers with particularly attractive leasing and Vario-financing offers. As first mover, the *sixt-neuwagen.de* platform stands the chance to expand its market position still further and thus benefit extraordinarily from the development of the online vehicle market and further establish itself ahead of potential competitors as the leading address for online retail leasing, both in Germany as well as possibly in other European countries. The *autohaus24.de* platform, which also brokers customers who are interested in purchasing a vehicle by cash to local dealers, could equally benefit from this trend.

Source
Roland Berger, Online Sales of New Cars, January 2016.

Convenience and price as success factors
According to the studies by A.T. Kearney and Roland Berger vehicle buyers are attaching more and more importance to the criterion of convenience, meaning the simplicity and comfort of an offer. Those interested in buying a new car thus want to be able to process the largest part of the purchase procure online, from retrieving the information and comparing prices through to signing the contract. Hence, online sales services and the seamless and flexible processing are becoming ever more important. Another important criterion continues to remain the offer of highly attractive conditions when purchasing a vehicle. For Sixt Leasing this means that the Online Retail business field stands particularly good chances, as both Sixt Neuwagen and autohaus24 offer very favourable conditions in combination with attractive financing means and a broad range of additional services, whilst key parts of the purchasing process are handled online.

Sources
Roland Berger, Online Sales of New Cars, January 2016;
A.T. Kearney, Car-buyer study Germany, March 2016.

4.4 OPPORTUNITIES FROM INNOVATIONS

Individualised online and mobile solutions
In the opinion of Sixt Leasing digitalisation will lead to extended customer services in Fleet Leasing and Fleet Management. On top of the personal assistance, companies are putting increasing importance on aspects such as automation, efficiency and process safety. In this context a trend towards outsourcing fleet management services can be observed, as companies are focusing on their core business and at the same time want to make sure that their fleet is optimally managed.

The Sixt Leasing Group sees itself as one of the industry's innovation leaders and puts great emphasis on the development of modern online and mobile services to optimise leasing processes especially in the form of reporting and apps. These applications, such as the Sixt Global Reporting Tool, allow the Company to meet customer demands for ever more individualised solutions and to leverage optimisation potentials in customer fleets. Thus, Sixt Leasing is invested with key advantages over its competitors. The Group is permanently driving forward its solutions and is working on new digital products to provide optimal customer benefit.

Growth market electric mobility
For years already Sixt Leasing has been assisting and following the developments in electric mobility as it promotes these through cooperating with manufacturers and electric utility suppliers. Sixt Leasing therefore has extensive expertise in the selection and deployment of electric vehicles and is capable of giving interested customers competent and in-depth advice. This way existing fleets can be optimised to improve the overall pollutant emissions for example.

Consequently, the Sixt Leasing Group stands to benefit from such additional opportunities as the technological advances with electric vehicles, manufacturer's initiatives to promote this drive type, for example in setting up a nation-wide charging infrastructure, government subsidies as well as increasing corporate interest in optimising their fleets for ecological considerations. These opportunities will be based on the ability of meeting growing demand with all the available electric vehicles and giving customers competent advice in regards of the latest developments and state-of-the-art.

4.5 OPPORTUNITIES FROM SIXT LEASING GROUP'S INDEPENDENT FINANCING

Significant reduction of interest rate costs

In 2016 Sixt Leasing SE made great strides forward in rearranging the Group's financing. Its financing strategy is geared to become a stand-alone and diversified structure independent of Sixt SE that seeks to minimise the risk of fluctuating interest rate through matching maturities wherever possible and so to create financing security. The continual integration of new external instruments into the financing mix holds the opportunity significantly to cut interest expenses for the Group over the coming years.

To this end the Company negotiated after its IPO in May 2015 bilateral credit lines with banking partners at a volume of around EUR 350 million. In May 2016 it placed its first borrower's note loan with a volume of EUR 30 million and in mid-2016 launched an asset backed securities (ABS) programme with a volume of EUR 500 million. Moreover, Sixt Leasing SE repaid first loan amounts under the Core Loan provided by Sixt SE and thereby reduced the utilised volume of the intercompany loan to EUR 490 million per 31 December 2016.

The mid-year repayment of EUR 209 million from the Core Loan granted by Sixt SE through the newly issued financing instruments has already meant significant savings from interest expenses could be realised in the second half of 2016. This effect will continue accordingly in the following quarters and will underpin the scheduled gradual repayment of the Core Loan until 2018. Continuing to build up its independent financing structure offers the Sixt Leasing Group an opportunity to improve its interest rate expenses significantly, which in turn will have a corresponding positive effect on consolidated earnings. In view of the amount of the balance sheet volume to be financed, lowering interest expenses would turn into an additional earnings driver for the Group over the coming years.

B.8 \\ DEPENDENT COMPANY REPORT

In accordance with section 17 of the AktG, Sixt Leasing SE is a dependent company of Sixt SE, Pullach. According to article 9 (1) lit. c) (ii) of the SE Regulation, section 49 (1) SEAG in conjunction with section 312 of the AktG, a report is therefore prepared containing the following concluding declaration by the Managing Board:

‘According to the facts and circumstances known to the Managing Board at the time legal transactions subject to disclosure requirements were conducted, Sixt Leasing SE received appropriate consideration in each case. Actions subject to disclosure requirements taken or actions omitted did not exist in the period under review.’

B.9 \\ CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTIONS 289A AND 315 (5) HGB

The corporate governance declaration in accordance with sections 289a and 315 (5) of the HGB is contained in the Annual Report 2016 of Sixt Leasing SE as part of the Corporate governance report and is available to the general public online at *ir.sixt-leasing.com* under ‘Corporate Governance’.

B.10 \\ ADDITIONAL INFORMATION FOR SIXT LEASING SE (PURSUANT TO HGB)

Fundamentals and business performance

Sixt Leasing SE has its registered offices in Pullach and is the parent company of the Sixt Leasing Group. It assumes central management tasks and is responsible for the strategic and financial management of the Group. In addition, Sixt Leasing SE is also the operative company for the leasing business within Germany. In this function Sixt Leasing SE is essentially responsible for results of operations, net assets and financial position as well as the opportunities and risks of the Sixt Leasing Group.

The annual financial statements of Sixt Leasing SE are prepared pursuant to (German) commercial law and the legal provisions on stock corporations and serve as the basis for the fiscal year's allocation of the net unappropriated profit to be approved by the Annual General Meeting.

Results of operations, net assets and financial position

In its operative leasing business Sixt Leasing SE generated in 2016 revenue (less leasing expenses) in the amount of EUR 232.5 million (2015: EUR 215.7 million). Alongside these, the balance between interest income and expense led to charge of EUR 17.0 million (2015: charge of EUR 18.2 million). This was offset by general operating expenses in the amount of EUR 40.7 million (2015: EUR 40.3 million) as well as expenditures for depreciation and valuation allowances, above all for lease assets in the amount of EUR 151.0 million (2015: EUR 142.7 million).

2016 earnings from ordinary activities totalled EUR 28.3 million (2015: EUR 20.6 million). The Company recognises an annual surplus of EUR 22.5 million (2015: EUR 9.7 million) plus a profit carried forward from the previous year and after a transfer to other retained earnings a net profit of EUR 21.5 million (2015: EUR 9.6 million). Prior to the IPO in May 2015 a profit and loss transfer agreement was in place between Sixt Leasing SE as dependent company and Sixt SE as controlling company, which was terminated effective as of 30 April 2015. Due to the termination the Company built deferred tax assets in the amount of EUR 12.7 million for the first time, which negatively influenced net profit in fiscal year 2015.

As at reporting date 31 December 2016 Sixt Leasing SE's significant assets consisted of lease assets in the amount of EUR 917.7 million (2015: EUR 834.8 million). Receivables from customers amounted to EUR 28.1 million (2015: EUR 28.3 million) and receivables from banks to EUR 2.2 million (2015: EUR 11.7 million). In addition to these, the Company recognises other assets that are essentially receivables from affiliated companies and shareholdings in the amount of EUR 196.1 million (2015: EUR 196.3 million).

The share capital of Sixt Leasing SE was unchanged and amounted to EUR 20.6 million. All in all, equity is reported at EUR 184.1 million (2015: EUR 169.9 million).

Significant liabilities are the other liabilities in the amount of EUR 709.5 million (2015: EUR 770.4 million). These include in particular the Financing Agreement concluded with Sixt SE. Further to these, the Company has liabilities to banks of EUR 179.3 million (2015: EUR 69.1 million).

Opportunities, risks and outlook

As parent company and the operative leasing company, Sixt Leasing SE essentially determines the opportunities and risks of the Sixt Leasing Group. To this extent, the overall assessment in the risk and opportunities report of the Sixt Leasing Group serves a reference. The economic development of the Sixt Leasing Group is likewise significantly determined by Sixt Leasing SE. In line with expectations regarding the development of the Group, Sixt Leasing expects fiscal year 2017 to see an increase in earnings before taxes for Sixt Leasing SE in the high single-digit percentage range.

Investments
As the operative leasing company, Sixt Leasing SE oversees as part of its normal business activities the investments in lease assets, intangible assets and property and equipment. As part of its financing function within the Sixt Leasing Group, Sixt Leasing SE will provide consolidated companies with loans and funds in the form of equity if so required. Potential company start-ups or acquisitions could require investments to be made by Sixt Leasing SE.

Pullach, 27 March 2017

Sixt Leasing SE

The Managing Board

DOTT. RUDOLF RIZZOLLI	BJÖRN WALDOW

CONSOLIDATED FINANCIAL STATEMENTS

C \\ CONSOLIDATED FINANCIAL STATEMENTS

C.1 \\ CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

of Sixt Leasing SE, Pullach, for the year ended 31 December 2016

Consolidated Income Statement in EUR thou.	Notes		2016		2015
Revenue	/4.1/		713,881		665,378
Other operating income	/4.2/		8,993		10,845
Fleet expenses and cost of lease assets[1]	/4.3/		439,311		408,479
Personnel expenses	/4.4/		25,013		20,224
a) Wages and salaries		21,308		17,574	
b) Social security contributions		3,705		2,650	
Depreciation and amortisation expense[1]	/4.5/		177,516		171,477
a) Depreciation of lease assets[1]		176,942		171,184	
b) Depreciation of equipment		225		137	
c) Amortisation of intangible assets		349		156	
Other operating expenses	/4.6/		29,946		24,462
Earnings before interest and taxes (EBIT)			**51,088**		**51,581**
Net finance costs	/4.7/		-19,513		-21,302
a) Interest income		383		600	
b) Interest expense		-20,359		-22,019	
c) Other net financial income		429		-	
d) Result from at-equity measured investments		34		117	
Earnings before taxes (EBT)			**31,575**		**30,279**
Income tax expense	/4.8/		6,945		7,740
Consolidated profit	**/4.9/**		**24,630**		**22,539**
Of which attributable to shareholders of Sixt Leasing SE			24,630		22,539
Earnings per share – basic and diluted (in Euro)	/4.10/		1.19		1.20

Consolidated statement of comprehensive income in EUR thou.	Notes	2016	2015
Consolidated profit	/4.9/	24,630	22,539
Other comprehensive income (not recognised in the income statement)		-65	601
Thereof components that could be recognised in the income statement in future			
Currency translation gains/losses	/4.22/	84	601
Thereof components that could not be recognised in the income statement in future			
Remeasurement of defined benefit plans	/4.24/	-190	-
Related deferred taxes		40	-
Total comprehensive income		**24,564**	**23,140**
Of which attributable to shareholders of Sixt Leasing SE		24,564	23,140

[1] *To improve the clarity of presentation, write-downs on lease assets intended for sale are reclassified into the position fleet expenses and cost of lease assets for the first time. Prior-year figures were adjusted accordingly. There is no impact on earnings per share.*

C.2 \\ CONSOLIDATED BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2016

Assets in EUR thou.	Notes	31 Dec. 2016	31 Dec. 2015
Non-current assets			
Goodwill	/4.11/	1,760	-
Intangible assets	/4.12/	4,348	2,133
Equipment	/4.13/	419	371
Lease assets	/4.14/	1,020,800	957,779
At-equity measured investments		-	161
Financial assets		67	42
Other receivables and assets	/4.15/	3,322	1,429
Deferred tax assets	/4.8/	2,787	81
Total non-current assets		**1,033,503**	**961,996**
Current assets			
Inventories	/4.16/	29,898	33,141
Trade receivables	/4.17/	62,238	56,607
Receivables from related parties		2,565	1,989
Other receivables and assets	/4.18/	38,270	37,395
Income tax receivables		1,942	3,057
Bank balances	/4.19/	3,778	18,712
Total current assets		**138,690**	**150,900**
Total assets		**1,172,193**	**1,112,896**

Equity and liabilities in EUR thou.	Notes	31 Dec. 2016	31 Dec. 2015
Equity			
Subscribed capital	/4.20/	20,612	20,612
Capital reserves	/4.21/	135,045	135,045
Other reserves	/4.22/	39,012	22,692
Minority interests	/4.23/	31	-
Total equity		**194,699**	**178,348**
Non-current liabilities and provisions			
Provisions for pensions	/4.24/	515	-
Financial liabilities	/4.25/	150,764	68,970
Liabilities to related parties	/4.26/	490,000	699,000
Other liabilities		122	38
Deferred tax liabilities	/4.8/	14,130	13,036
Total non-current liabilities and provisions		**655,530**	**781,044**
Current liabilities and provisions			
Other provisions	/4.27/	4,401	4,772
Income tax liabilities		274	986
Financial liabilities	/4.28/	202,963	28,308
Trade payables	/4.29/	60,177	69,008
Liabilities to related parties		3,783	4,043
Other liabilities	/4.30/	50,366	46,386
Total current liabilities and provisions		**321,963**	**153,504**
Total equity and liabilities		**1,172,193**	**1,112,896**

C.3 \\ CONSOLIDATED CASH FLOW STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2016

Consolidated cash flow statement in EUR thou.	Notes	2016	2015
Operating activities			
Consolidated profit	/4.9/	24,630	22,539
Income taxes recognised in income statement	/4.8/	6,173	6,152
Income taxes paid		-5,770	-7,394
Financial income recognised in income statement[1]	/4.7/	19,626	21,419
Interest received		111	38
Interest paid[2]		-19,763	-15,467
Dividends received		120	-
Depreciation and amortisation expense	/4.5/	177,516	171,477
Income from disposal of fixed assets		-10,227	-7,173
Other (non-)cash expenses and income		2,418	10,404
Gross Cash flow		**194,833**	**201,994**
Proceeds from disposal of lease assets		234,335	196,170
Payments for investments in lease assets		-471,711	-424,053
Change in inventories	/4.16/	3,243	-13,161
Change in trade receivables	/4.17/	-5,631	1,198
Change in trade payables	/4.29/	-8,831	-7,564
Change in other net assets		760	48,733
Net cash flows used in/from operating activities		**-53,002**	**3,317**
Investing activities			
Proceeds from disposal of intangible assets and equipment		1	-
Payments for investments in intangible assets and equipment	/4.12/ to /4.13/	-2,559	-1,737
Payments for investments in financial assets		-26	-54
Change in the scope of consolidation		1,551	-
Payments for investments in short-term financial assets		-	-79,973
Proceeds from disposal of short-term financial assets		-	80,000
Net cash flows used in investing activities		**-1,033**	**-1,763**
Financing activities			
Increase in subscribed capital		-	5,587
Payments received into capital reserves		-	136,145
Payments made due to the issue of new shares, set off from capital reserves[3]		-	-5,364
Dividends paid		-8,245	-
Compensation according to profit and loss transfer agreement		-	5,355
Payments received from taken out borrower's note loans and bank loans		261,540	-
Payments made for redemption of borrower's note loans and bank loans		-55,110	-16,665
Payments received from short-term financial liabilities/Payments made for short-term financial liabilities[4]		49,888	-93,287
Proceeds from long-term financing through related parties		-	679,000
Payments made for redemption of financing from related parties		-209,000	-51,000
Change in short-term financing from related parties		-	-656,496
Net cash flows from financing activities		**39,073**	**3,273**
Net change in cash and cash equivalents		**-14,962**	**4,827**
Effect of exchange rate changes on cash and cash equivalents		-3	47
Change in the scope of consolidation		31	-
Cash and cash equivalents at 1 Jan.		**18,712**	**13,839**
Cash and cash equivalents at 31 Dec.	/4.19/	**3,778**	**18,712**

1 *Excluding income from investments*
2 *Including interest paid for loans from related parties*
3 *Tax effects included in the increase of capital reserves are presented in the cash flow from operating activities*
4 *Short-term borrowings with a maturity period of up to three months and quick turnover*

C.4 \\ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Sixt Leasing SE, Pullach, as at 31 December 2016

Consolidated statement of changes in equity in EUR thou.	Subscribed capital	Capital reserves	Other reserves			Equity attributable to shareholders of Sixt Leasing SE	Minority interests	Total equity
			Retained earnings	Currency translation reserve	Other equity			
1 Jan. 2016	**20,612**	**135,045**	**750**	**1,878**	**20,064**	**178,348**	**-**	**178,348**
Consolidated profit	-	-	-	-	24,630	24,630	-	24,630
Other comprehensive income	-	-	-	84	-149	-65	-	-65
Dividends paid	-	-	-	-	-8,245	-8,245	-	-8,245
Change in the scope of consolidation	-	-	-	-	-	-	31	31
Other changes	-	-	376	-	-376	-	-	-
31 Dec. 2016	**20,612**	**135,045**	**1,126**	**1,962**	**35,924**	**194,668**	**31**	**194,699**
1 Jan. 2015	**15,025**	**2,923**	**561**	**1,277**	**-7,534**	**12,253**	**-**	**12,253**
Consolidated profit	-	-	-	-	22,539	22,539	-	22,539
Other comprehensive income	-	-	-	601	-	601	-	601
Compensation according to profit and loss transfer agreement	-	-	-	-	5,355	5,355	-	5,355
Capital contribution by Sixt SE	-	30,000				30,000	-	30,000
Issue of new shares (IPO)	5,587	106,145	-	-	-	111,732	-	111,732
Expenses recognised in equity from the issue of new shares	-	-5,364	-	-	-	-5,364	-	-5,364
Tax effects recognised in equity from the issue of new shares	-	1,341	-	-	-	1,341	-	1,341
Other changes	-	-	188	-	-296	-108	-	-108
31 Dec. 2015	**20,612**	**135,045**	**750**	**1,878**	**20,064**	**178,348**	**-**	**178,348**

See also Notes \4.20\ to \4.23

C.5 \\ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Sixt Leasing SE, Pullach, for the year ended 31 December 2016

1. GENERAL DISCLOSURES

1.1 INFORMATION ABOUT THE COMPANY

Sixt Leasing SE, domiciled in Zugspitzstrasse 1, 82049 Pullach, Germany, is registered in section B of the commercial register at the Munich Local Court (Amtsgericht), under the docket number 227195. The company was founded 1975 in Munich as ‘Central Garagen CG GmbH’ and has been trading since 2003 under the name ‘Sixt Autoland GmbH’ with its registered offices in Garching close to Munich. Sixt Group's operative leasing business has been overseen by the ‘Sixt Leasing GmbH’ since 1988 and after its change of legal form into a stock corporation by the name ‘Sixt Leasing AG’. In 2004 ‘Sixt Leasing AG’ merged with the previous ‘Sixt Autoland GmbH’. In the following ‘Sixt Autoland GmbH’ changed its legal form to a stock corporation and continued under the name ‘Sixt Leasing AG’. By approval of the Annual General Meeting on 1 June 2016 ‘Sixt Leasing AG’ was transformed by way of changing the legal form according to article 2 (4) in conjunction with article 37 SE-Regulation to ‘Sixt Leasing SE’. On 25 July 2016 the Company was registered in the commercial register at the Munich Local Court. The Company floated on the stock market in May 2015. The Company has been established for an indefinite period.

In accordance with its Articles of Association, the purpose of the company is: (a) the conduct of leasing operations with regard to motor vehicles and motor vehicle accessories as lessor with a regular contractual term of at least eleven months; (b) the management of motor vehicle fleets and motor vehicle accessories (fleet management); (c) the brokerage of sales and leasing contracts with regard to motor vehicles; and (d) in connection with operations pursuant to (a), (b) or (c), any of the following: (i) the brokerage of insurances, (ii) the trading of goods and the provision and brokerage of goods and services related to motor vehicles except for renting of motor vehicles as well as the brokerage of rent agreements in respect of motor vehicles unless included in (v) below, (iii) the trading of fuel and lubricants for motor vehicles, (iv) the utilisation and trading of motor vehicles, motor vehicle repair parts and motor vehicle accessories and (v) the brokerage of short-term renting agreements in respect of motor vehicles as replacement vehicles for vehicles in repair shops or damaged vehicles or for leased vehicles which have not been delivered after the lease term commenced (Leasingvorabfahrzeuge).

The Company can also establish branches and business premises in Germany and in other countries; establish, acquire or participate in other companies in Germany and in other countries; and manage such companies. The restrictions regarding the Company’s business activities also apply to the business activities of subsidiaries and associated companies.

The Company may furthermore pursue its operations fully or partially through subsidiaries or associated companies. The Company is especially entitled to transfer or assign partially or fully its operations to subsidiaries or associated companies. The Company can limit its business activities to one or specific purpose of the aforementioned objects, and also to the activity of a holding company and/or the administration of other own assets.

At the reporting date, the Company’s subscribed capital amounted to EUR 20,611,593.00. It is divided into 20,611,593 ordinary bearer shares. All shares are no-par value bearer shares. All shares have been fully paid up.

The largest shareholder is Sixt SE, Pullach, which holds 41.9% of the ordinary shares and voting rights of the subscribed capital as at reporting date. Sixt SE, Pullach, is the parent company of Sixt Leasing SE, Pullach. Parent company of Sixt SE, Pullach, is Erich Sixt Vermögensverwaltung GmbH, Pullach.

1.2 GENERAL DISCLOSURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Sixt Leasing SE as at 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the applicable commercial law regulations according to section 315a (1) of the HGB (German Commercial Code).

The consolidated financial statements were prepared on the basis of the historical acquisition and production costs. Excluded are certain financial instruments that were measured at fair value as of reporting date. The appropriate explanations are given in the sections entitled ‘Reporting and valuation methods’ and ‘Additional disclosures on financial instruments’.

The consolidated income statement is prepared using the total cost (nature of expense) method.

The Group currency of Sixt Leasing SE is the Euro (EUR). Unless specified otherwise the amounts listed in the consolidated financial statements are given in 'EUR thousand'. Due to rounding it is possible that individual figures in these consolidated financial statements do not add up exactly to the totals shown. For the same reason, the percentage figures presented may not always exactly reflect the absolute figures to which they relate to.

The annual financial statements of Sixt Leasing SE, the consolidated financial statements and the management report on the Group's and the Company's situation are published in the Federal Gazette (Bundesanzeiger).

The Company applied the following new and/or amended standards for the first time in the current fiscal year:

Amendments to IAS 1 - Disclosure initiative

Amendments to IAS 1 as part of the disclosure initiative provide guidelines for the application of the principle of materiality as well as clarification on the disclosure of net assets and the consolidated income statement. This had no material impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

Amendments to IAS 16 clarify that methods of depreciation for property and equipment based on revenue are not appropriate. Amendments to IAS 38 introduce the rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This had no impact on the consolidated financial statements. The Sixt Leasing Group in principle applies straight-line depreciation of property and equipment and straight-line amortisation of intangible assets.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations

Amendments to IFRS 11 contain accounting principles for acquisitions of interests in joint operations in which the activity constitutes a business activity, as defined in IFRS 3. This had no material impact on the consolidated financial statements.

Amendments to IAS 19 - Employee benefits

Amendments to IAS 19 are to be applied on accounting for contributions from employees or third parties to defined benefit pension plans. Accounting depends on whether or not the contributions are dependent on the number of years of service. This had no material impact on the consolidated financial statements.

The annual improvement project to the IFRS – Cycle 2010 to 2012 as well as Cycle 2012 to 2014 – resulted in changes to numerous standards. These relate to IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 8, IFRS 13, IAS 16, IAS 19, IAS 24, IAS 34 and IAS 38. The application of these changes do not have a significant influence on reporting and valuation in the consolidated financial statements.

Further new and/or amended standards/interpretations are not relevant for the consolidated financial statements of Sixt Leasing SE.

The following new and/or amended standards/interpretations have been ratified by the IASB but are not yet mandatory. The Company has not applied these regulations prematurely:

Standard/ Interpretation		Adoption by European Union	Applicable as at
IFRS 9	Financial instruments	22 Nov. 2016	1 Jan. 2018
IFRS 14	Regulatory deferral accounts	No	1 Jan. 2016
IFRS 15	Revenue from contracts with customers	22 Sep. 2016	1 Jan. 2018
IFRS 16	Leases	No	1 Jan. 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	No	Deferred indefinitely
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	No	1 Jan. 2017
Amendments to IAS 7	Disclosure initiative	No	1 Jan. 2017
Clarification to IFRS 15	Revenue from contracts with customers	No	1 Jan. 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	No	1 Jan. 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts	No	1 Jan. 2018
Amendments to IAS 40	Transfers of investment property	No	1 Jan. 2018
IFRIC Interpretation 22	Foreign currency transactions and advance consideration	No	1 Jan. 2018
	Annual improvement project 2014-2016		1 Jan. 2017/1 Jan. 2018

In July 2014 the IASB published the final version of IFRS 9 Financial instruments. The new standard is mandatory for application for fiscal years beginning on or after 1 January 2018. The new standard includes stipulations for classifying and measuring financial assets and financial liabilities and for the first time introduces an impairment model for financial assets. Currently Sixt Leasing is examining how the application may affect the consolidated financial statements. According to current knowledge the amendments on classification and measuring financial instruments are not expected to have any material effects.

In May 2014 the IASB published the new standard IFRS 15 Revenue from contracts with customers. The rules are to be applied for the first time for fiscal years beginning on or after 1 January 2018. The standard contains a five-step model for revenue recognition to be applied to all revenues generated from contracts with customers. Application of the standard specifies the amount, timing and/or period during which such revenue has to be recognised. In addition, the standard also includes more extensive details for the notes. Currently Sixt Leasing is examining how application of IFRS 15 will affect the consolidated financial statements. However, the application of IFRS 15 is, according to current knowledge, not expected to have any material effects as regards time and amount of revenue recognition.

In January 2016 the IASB published the new IFRS 16 Leases. Subject to its adoption by the European Commission the new standard is mandatory for application for fiscal years beginning on or after 1 January 2019. For lessees the new standard basically means that all leases must be recognised in their balance sheet as leasing liability with a corresponding right-of-use in the underlying asset. Lessees with short-term leases of up to one year or with lease assets of low value are granted exemption from this balance sheet recognition. For lessors the rules have remained more or less unchanged compared with the previous IAS 17 leasing standard. Sixt Leasing Group is examining how the application of the new standard may affect the consolidated financial statements.

No material changes are expected from the application of other published new and/or amended standards and interpretations. Sixt Leasing Group currently does not expect to apply any of the new and/or amended standards prematurely.

2. CONSOLIDATION

2.1 CONSOLIDATED COMPANIES

The scope of consolidated companies derives from the application of IFRS 10 (Consolidated financial statements) and IFRS 11 (Joint arrangements).

Sixt Leasing SE acts as an operative leasing company and as parent company of the Sixt Leasing Group. Sixt Leasing SE holds 100% shareholdings in the following subsidiaries that are consolidated in the consolidated financial statements:

- autohaus24 GmbH, Pullach/Germany
- Sixt Mobility Consulting GmbH, Pullach/Germany
- SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock/Germany
- Sixt Leasing (Schweiz) AG, Urdorf/Switzerland
- Sixt Mobility Consulting AG, Urdorf/Switzerland (formerly SXB Managed Mobility AG)
- Sixt Location Longue Durée SARL, Paris/France
- Sixt Leasing G.m.b.H., Vösendorf/Austria
- Sixt Mobility Consulting B.V., Hoofddorp/Netherlands

Additionally, Isar Valley S.A., Luxembourg, in which the Sixt Leasing Group holds an equity interest of 0%, is fully consolidated because of control according to IFRS 10.

The Sixt Leasing Group furthermore holds interests in the following companies, which due to their low operating activities have not been consolidated because of their insignificance in the aggregate for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of Sixt Leasing Group. The combined revenue of these companies amounts to less than 1% of consolidated revenue.

List of shareholdings pursuant to section 313 (2) no. 4 of the HGB (German Commercial Code):

Name	Domicile	Equity	Equity interest	Annual result
Sixt Mobility Consulting Österreich GmbH	Vösendorf	28,983 EUR	100.0%	19,180 EUR
Sixt Mobility Consulting SARL	Paris	-98,402 EUR	100.0%	-105,402 EUR
SXT Leasing Verwaltungs GmbH	Rostock	24,945 EUR	100.0%	-55 EUR

In the fiscal year 2016, the domestic subsidiary Sixt Mobility Consulting GmbH, Pullach, makes use of the simplification provisions with regard to publication provided for in section 264 (3) of the HGB. In accordance with section 264b of the HGB, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, is exempt from the duty to prepare and publish annual financial statements under the provisions applicable to corporations.

2.2 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the consolidated companies compared to the end of 2015 occured:

In April 2016 Sixt Leasing SE acquired 100% of the shares of autohaus24 GmbH, Pullach, including the receivables towards autohaus24 GmbH, from Sixt Ventures GmbH and Axel Springer Auto Verlag GmbH for a consideration of EUR 5.4 million. autohaus24 GmbH is attributed to the Leasing segment and fully consolidated in the Sixt Leasing Group. Due to the initial consolidation the Group's assets and liabilities increased by EUR 5,746 thousand. As a result of the transaction, a goodwill in the amount of EUR 1,599 thousand is recorded.

In addition to this, SXT Leasing Dienstleistungen GmbH & Co. KG, Rostock, that was founded in the financial year by Sixt Leasing Group has also been newly consolidated.

Sixt Mobility Consulting AG, Urdorf, which so far was recognised in accordance with the at-equity method, has been fully consolidated after Sixt Leasing acquired the remaining 50% of interest from the previous partner Business Fleet Management AG in August 2016. Due to the full consolidation the Group's assets increased by EUR 3,943 thousand including a goodwill of EUR 157 thousand. The Group's liabilities increased by the same amount.

Furthermore, Isar Valley S.A., Luxembourg, in which the Sixt Leasing Group holds an equity interest of 0%, is fully consolidated. Isar Valley S.A. was founded in the course of the Asset Backed Securities financing transaction and serves as structured financing entity. The entity is consolidated according to

IFRS 10, as Sixt Leasing Group has exposure to variable returns and the ability to influence these returns through the ABS financing transaction.

2.3 CONSOLIDATION METHODS

The single-entity financial statements included in the consolidated financial statements are uniformly prepared in accordance with the IFRS accounting policies applicable to the Sixt Leasing Group as at the balance sheet date, in this case 31 December 2016. Where necessary, the single-entity financial statements of the consolidated companies are adjusted to bring them into line with the accounting policies used within the Group.

Subsidiaries are those companies in which the Group has existing rights that give it the ability to direct their main activities. The main activities are the activities that have a material impact on the profitability of the company. Control thus exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. Generally, the possibility of control is based on a direct or indirect majority of the voting rights by Sixt Leasing SE. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility exists any more.

Business combinations are performed in accordance with IFRS 3, which requires business combinations to be accounted for using the acquisition method. Assets and liabilities acquired must generally be recognised at fair value. Any excess of the cost of the business combination over the Group's share of the net fair values of the acquiree's assets, liabilities and contingent liabilities is recognised as goodwill and tested for impairment on a regular basis, and at least once a year.

The assets and liabilities from a business combination which are recognised at their fair value's are depreciated or amortised over their applicable useful lives. If they have an indefinite useful life, any need to recognise impairment losses is determined using the same method as for goodwill.

Joint ventures are recognised in accordance with the at-equity method pursuant to the regulations in IFRS 11 as well as IAS 28.

Intra-Group transactions are eliminated in the course of consolidation. Significant receivables, liabilities and provisions between consolidated companies are offset against each other, and intercompany profits and losses are eliminated. Intra-Group income is offset against the corresponding expenses.

The results of subsidiaries consolidated for the first time during the year are included in the consolidated income statement from the date of their initial consolidation.

2.4 FOREIGN CURRENCY TRANSLATION

The financial statements of consolidated foreign subsidiaries are translated using the functional currency concept. The subsidiaries' functional currency is in each case the local currency, as the subsidiaries operate independently in their respective markets. Assets and liabilities are translated at the closing rate, equity at historic prices. Income statement items are translated at the average rates for the year. The resulting difference as against the closing rate is recognised in the other comprehensive income and accumulated in equity as currency translation differences.

Goodwill arising out of the acquisition of a foreign business operation and any fair value adjustments to the identifiable assets and liabilities will be treated as assets and liabilities of the foreign operation and translated at the closing rate. The resulting differences from translation are recognised in the currency translation reserve.

The exchange rates (= EUR 1) applied for currency translation purposes are shown in the table below:

Exchange rates	Closing rate		Average rate	
	31 Dec. 2016	31 Dec. 2015	**2016**	2015
Swiss Francs	1.07230	1.08205	1.09036	1.06409

3. REPORTING AND VALUATION METHODS

3.1 INCOME STATEMENT

Revenue

Towards its customers the Sixt Leasing Group acts essentially as lessor for leasing transactions classified as operating leases. At the start of the leasing relationship Sixt Leasing Group checks all necessary criteria under IAS 17 to classify the leasing relationship accordingly. Leasing revenues are recognised ratably over the term of the respective leasing relation. Revenue is measured at the fair value of the consideration received or receivable. It is the amount of receivable's for goods and services provided in the course of ordinary operating activities. Revenue amounts generated at the start of the lease as special lease payment, are deferred and recognised in profit and loss over the period of the leasing contract's term.

Revenue from services is recognised as soon as the service is rendered and the amount of the revenue can be determined reliably.

If during the term of the lease lump sum payments for services are agreed with the lessee the income is recognised only to the amount of expenses incurred plus a calculatory margin. Proceeds from services and their corresponding expenses are recorded on a gross basis within revenue and fleet expenses and cost of lease assets.

Discounts, bonuses and VAT or other taxes relating to the goods or services provided are deducted from the revenue.

Although most leases are classified as operating leases, the Group also concludes leasing agreements that are classified as finance leases as substantially all risks and rewards incidental to the ownership are transferred to the lessee. Amounts due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases and are subsequently measured applying the effective interest method. Finance lease income is split up into an interest portion and redemption payments on the receivable. Only the interest portion is recognised through profit and loss. The finance income is allocated over the term of the lease on a systematic and rational basis. Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Vehicle sales are recognised when the vehicle is delivered and ownership is transferred, the amount of the revenue and the costs still to be incurred can be determined reliably and an incoming benefit to the buyer is probable.

Net finance costs

Interest income and expense presented in net finance costs is recognised on an accrual basis taking into account the outstanding loan amount and the applicable rate of interest. The effective interest method is applied for this.

Income and expense arising from profit and loss transfer agreements are recognised at the end of the financial year, dividend income is recognised on the date from which the shareholder is entitled to receive payment thereof.

Income tax expense

Income tax expense is the aggregate of current tax expense and deferred taxes.

Current tax expense is calculated on the basis of the taxable income for the year. Taxable profit differs from the profit reported in the Group's income statement because it excludes items of income or expense that are taxable or deductible only in later years or that are never taxable or deductible.

Deferred taxes are the tax charges and tax reliefs expected to result from differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base.

In accordance with the balance sheet liability method as defined by IAS 12 (Income taxes), deferred taxes are recognised for all temporary taxable differences arising from the deviations in the valuation of assets and liabilities as against the corresponding tax base. Deferred tax assets can only be recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates and taxation laws that are expected to apply to the period when the temporary differences reverse or the tax loss carryforwards are used. Until changes to tax laws are ratified, deferred taxes are measured at current tax rates.

Deferred taxes are recognised in the Group's income statement, exept where they relate to items not recognised in the income statement. In this case the deferred taxes are also recognised in other comprehensicve income or directly in equity. Deferred tax assets and liabilities are offset only where 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 when the Group intends to settle its current tax assets and liabilities on a net basis.

3.2 ASSETS

Goodwill

Any goodwill resulting from a business combination is recognised at cost less any necessary impairment and is carried separately in the consolidated balance sheet. For the purpose of testing impairment, goodwill is allocated to those cash-generating units (or groups) of the Group, of which it is expected that they benefit from the synergies of the business combination.

Those cash-generating units, to which a portion of goodwill is allocated, must be tested for impairment at least annually. If the recoverable amount of a cash-generating unit is smaller than the carrying amount of the unit, the impairment costs must be allocated first to the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher value from the value in use and the fair value less costs for selling the asset.

Any impairment of goodwill is recognised directly in the income statement. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

The annual impairment test is based on management's planning. The planning assumptions used to determine value in use are adapted annually to reflect current market conditions and the Company's results of operations. The model used for the impairment test is based on the discounted cash flow method, with a multi-year plan and a growth factor of 1% taken as the basis in deriving a sustainable figure. The discount rates (before taxes and growth discount) used are currently between 5.9% and 6.2% (2015: -). The assumptions used for the model are based on external observations. In the opinion of Sixt Leasing, there are no reasonably conceivable change in the underlying assumptions, on which the determination of the recoverable amount is based, would result in the accumulated carrying amount of the cash-generating unit exceeding its recoverable amount.

Intangible assets

Intangible assets include purchased and internally developed software, as well as any advance payments in respect of intangible assets.

Purchased intangible assets are capitalised at acquisition cost less accumulated depreciation and impairment, while internally generated intangible assets are only capitalised at production cost if the criteria set out in IAS 38 have been met. If the capitalisation criteria have not been met, the expenses are recognised in the income statement in the year in which they are incurred. Intangible assets are amortised on a straight-line basis over a useful life of three to seven years. In accordance with IAS 36, intangible assets whose useful lives cannot be determined or are generally indefinite are tested for impairment on an annual basis and, where necessary, written down to their fair value.

Property and equipment

Property and equipment are carried at cost less straight-line depreciation and recognised impairment. Depreciation is taken so that the acquisition costs of assets are depreciated on a straight-line basis over their expected useful lives. The expected useful lives, residual values and depreciation methods are re-evaluated at the end of each reporting period and all necessary changes in estimates are applied prospectively.

Depreciation is based on the following useful lives, which apply uniformly throughout the Group:

Useful lives	
Operating and office equipement	3 to 11 years

Property and equipment are derecognised either when they are disposed of or when no further economic benefit is to be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of property or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Lease assets
The Sixt Leasing Group acts both as lessor and as lessee. In accordance with IAS 17, lease assets are assigned to the lessor (operating leases) or the lessee (finance leases).

Leasing transactions are classified as finance leases, if under the lease agreement all opportunities and risks associated with ownership are essentially transferred to the lessee. All other leasing relations are classified as operating leases.

Assets leased out by the Sixt Leasing Group as lessor under operating leases are carried in the balance sheet at cost less straight-line depreciation to their calculated residual values. The residual values are based on the buy-back value per vehicle type contractually agreed with the suppliers. If no buy-back values have been agreed, the residual value is based on the expected fair value. Estimating the residual values necessitates assumptions regarding the age and mileage of the vehicle at the time of its disposal as well as the expected conditions on the used vehicle market. This results in a market price risk exposure, which is evaluated by the Group periodically by estimating residual values and adjusting depreciation rates. Any adjustments to depreciation are made prospectively. Impairment losses are recognised in individual cases, if the carrying amount, which is based on the originally calculated residual value, exceeds the carrying amount expected prospectively at disposal.

Lease assets that the Sixt Leasing Group has leased out as finance leases are capitalised at the present value of the contractually agreed payments as assets under finance lease receivables. Lease payments are apportioned between interest payments and repayment of the leasing receivable, to achieve a constant periodic rate of interest on the receivable. Only the interest portion is recognised through profit and loss.

In accordance with IAS 17, assets leased by the Sixt Leasing Group as lessee under finance leases are recorded in the balance sheet at inception of the lease at the lower of the present value of the minimum lease payments and their fair value. The assets are depreciated to their contractual residual values on a straight-line basis over the respective lease terms. Impairment losses are recognised in the event that an indication of impairment is given. The corresponding liabilities to the lessor are recognised as liabilities arising from future lease payments under financial liabilities. Leasing payments to the lessor are divided up into an interest rate portion and a redemption portion. Only the interest rate portion is recognised in the income statement.

The Group reviews the carrying amounts of property and equipment and intangible assets as well as the lease assets at each balance sheet date to determine if there are any indications for an impairment of these assets. If any such indications can be detected, the recoverable amount of the asset is estimated to determine the extent of a possible impairment expense.

Inventories
The item inventories consists to the major part of vehicles of the leasing fleet. These are measured at amortised cost, including incidental costs, and are regularly compared with the net realisable value. If this is lower, an impairment loss is recognised.

Financial assets, other receivables and assets
Equity interests are generally measured at fair value in accordance with IAS 39. In so far as they cannot be reliably determined, they are measured at amortised cost.

Financial assets are composed of receivables, purchased equity and debt instruments, cash and cash equivalents, and derivatives with their fair values, which are recognised and measured in accordance with IAS 39. Financial assets are recognised when the Group has a contractual right to receive cash or another financial asset from another entity. Purchases and sales of financial assets are generally recognised at the settlement date. Financial assets are initially recognised at fair value plus transaction costs if applicable. Transaction costs incurred for the purchase of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Subsequent measurement is based on the allocation of the financial assets according to the IAS 39 categories reported.

Financial assets at fair value through profit or loss comprise financial assets held for trading (FAHfT). Receivables from derivatives that are recognised under the other financial assets are also assigned to this measurement category. Changes in the fair value of financial assets in this category are recognised in profit or loss. The gain or loss resulting from the measurement of derivative financial instruments is immediately recognised in profit or loss, unless the derivative is designated and effective as hedging instrument as part of a hedging relationship (hedge accounting). In this case, the timing of the recognition in the income statement of the measurement results depends on the type of hedging relationship.

Loans and receivables (LaR) are non-derivative financial assets that are not quoted in an active market. They are measured at amortised cost using the effective interest method. Trade receivables and cash and cash equivalents are assigned to this measurement category. Interest income from items in this category is calculated using the effective interest method unless the receivables are short-term and effect of interest accumulation is immaterial.

Held-to-maturity investments (FAHtM) are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the entity has the positive intention and ability to hold to maturity. These instruments are measured at amortised cost. Held-to-maturity financial investments are reported as other financial assets. At present the Group does not have any held-to-maturity financial assets.

Available-for-sale financial assets (AfS) comprise those non-derivative financial assets that are not assigned to one of the other categories. These are, in particular, equity instruments and debt instruments not held to maturity that are reported as other financial assets. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Changes in fair value are only recognised in profit or loss when the instrument is disposed of. An impairment loss is recognised in profit or loss in the event of a prolonged or significant decline in fair value below amortised cost. In cases where a quoted market value can be determined for equity and debt instruments, it is recognised at the fair value. If there is no quoted market price and fair value cannot be reliably estimated, such financial instruments are recognised at cost less impairment losses.

Except for the financial assets recognised at fair value through profit or loss, financial assets are reviewed at each reporting date for potential impairment indicators. Objective indications that financial assets are considered impaired are for example default by a debtor, indications that a debtor will enter bankruptcy or his creditworthiness worsens or any other observable data indicating that there is a measurable decrease in the expected future cash flows.

The Sixt Leasing Group considers such indicators of impairment for financial assets carried at amortised cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Impairment is measured on a collective basis for financial assets that are not individually significant. Collective assessment is carried out by grouping together assets with similar risk characteristics, such as customer group, customer creditworthiness, transaction type and age of the receivable, for calculating an incurred but not separately reported impairment provision reflecting the historical loss experience of the portfolio.

In addition to management expectations, when assessing collective impairment, the Sixt Leasing Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

In the case of financial assets measured at amortised cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the net present value of expected future cash flows determined on the basis of the original effective interest rate on the asset.

An impairment leads to a direct reduction in the carrying amount of the affected financial assets, with the exception of trade receivables and receivables from insurances recognised in the other assets, whose carrying amount is reduced by an impairment account. Changes in the carrying amount of the impairment account are recognised in the income statement. When the Sixt Leasing Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If in a subsequent fiscal year the impairment loss of a financial asset measured at amortised cost decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through the income statement. The appreciation in value may not, however, exceed the amount of amortised costs without impairment.

The Group derecognises a financial asset if the contractual rights to cash flows from the financial asset expire or the financial asset and practically all the opportunities and risks associated with the financial asset are transferred to a third party.

3.3 EQUITY AND LIABILITIES

Equity

Equity includes other comprehensive income resulting from exchange rate differences of consolidated entities, for which the functional currency differs from the currency of the Group and actuarial gains or losses from the remeasurement of defined benefit pension plans.

Share-based payments

The Sixt Leasing Group grants its employees an equity participation programme for settlement with equity instruments (Matching Stock Programme – MSP). Under the MSP, Sixt Leasing Group is obliged towards its employees to settle the share-based payments with equity instruments of Sixt SE once the underlying vesting and market conditions are met. Consequently, the MSP is classified as cash-settled share-based payment transaction in the consolidated financial statements of Sixt Leasing Group.

For cash-settled share-based payment transactions a liability is recognised and when incurred measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement.

Provisions for pensions

Provisions for pensions are measured using the projected unit credit method. The measurement is based on actuarial valuations relying on financial and demographic assumptions. The assumptions are reviewed for appropriateness at each balance sheet date.

The amount recognised as provisions for pensions in the consolidated balance sheet is the current net liability of the defined benefit plans of the Group.

Service costs are recognised in personnel expenses within the consolidated income statement, while net interest income is recognised as part of the finance costs. Remeasurement of the defined benefit obligation, net of tax are recognised in other equity. These amounts recognised in other equity are not recognised in the income statement in future.

Provisions

Adequate provisions are recognised for potential obligations to third parties if these are attributable to a past event, if utilisation is more likely than not and a reliable estimate can be made of the probable amount of the obligation. Such liabilities are only carried as provisions if their amount is uncertain and payment to settle the obligation is probable. The measurements are made with the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties inherent in the obligation. Where a provision is measured on the basis of the estimated cash flows for meeting the obligation, these cash flows are discounted if the impact on interest is significant.

Financial liabilities

Financial liabilities are measured on initial recognition at their fair value and subsequently - with the exception of derivative financial instruments, which are measured at fair value - according to the effective interest method at amortised costs less directly attributable transaction costs, where applicable.

3.4 ESTIMATION UNCERTAINTIES AND DISCRETIONARY DECISIONS

In preparing the consolidated financial statements, it is often necessary to make estimates and assumptions that affect both the items reported in the consolidated balance sheet and the consolidated income statement, as well as in the disclosures contained in the notes to the consolidated financial statements. The amounts actually realised may differ from the reported amounts. Changes are recognised in the income statement on the date at which a improved knowledge is gained.

The estimates and assumptions made are outlined in the disclosures on the individual items. The areas in which amounts are most significantly affected are the following: Property and equipment is measured on the basis of the estimated useful lives of the assets. Lease assets are measured on the basis of the estimated useful lives of the vehicles, lease assets intended for sale are measured on the estimation of the expected net realisable value. Valuation allowances are charged on receivables based on an assessment of the identifiable risks. The need for provisions is determined using the best estimate of the most probable settlement amount of the present obligation at the balance sheet date.

4. EXPLANATIONS AND DISCLOSURES ON INDIVIDUAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 INCOME STATEMENT

\4.1\ *Revenue* is broken down as follows:

Revenue	Germany		Abroad		Total		Change
in EUR thou.	**2016**	2015	**2016**	2015	**2016**	2015	in %
Leasing Business Unit							
Leasing revenue (finance rate)	188,312	177,215	31,540	34,824	219,852	212,039	3.7
Other revenue from leasing business	152,106	157,149	20,536	27,890	172,642	185,039	-6.7
Sales revenue	203,224	172,909	31,111	23,533	234,335	196,442	19.3
Total	**543,642**	**507,273**	**83,187**	**86,247**	**626,829**	**593,521**	**5.6**
Fleet Management Business Unit							
Fleet management revenue	32,907	32,696	4,571	-	37,479	32,696	14.6
Sales revenue	49,574	39,161	-	-	49,574	39,161	26.6
Total	**82,481**	**71,857**	**4,571**	**-**	**87,052**	**71,857**	**21.1**
Group total	**626,122**	**579,131**	**87,759**	**86,247**	**713,881**	**665,378**	**7.3**

The Sixt Leasing Group is divided into the two segments, Leasing and Fleet Management. These business units form the basis of segment reporting. The main activities are broken down as follows:

Business segments	
Leasing	Vehicle leasing including additional services for companies as well as for private individuals and sale of lease assets
Fleet Management	Fleet management services and sale of used customer vehicles

Leasing revenue (finance rate), other revenue from leasing business and fleet management revenue without sales revenue are together described as 'operating revenue'.

In the Leasing business unit, operating revenue comprises income from contractually agreed lease instalments, as well as revenue relating to service components such as repairs, fuel, tires, etc., revenue from the settlement of accident claims and franchise fees.

The leasing segment sells a significant proportion of vehicles directly and therefore reports all proceeds from the sale of used vehicles under sales revenue.

In the Fleet Management business unit fleet management revenue comprises revenue relating to service components, contractual service fees and revenue from settlement of accident claims. Additionally, the Fleet Management segment reports revenue from the sale of used vehicles bought from customers.

Revenues of the Sixt Leasing Group include compensation payments from third parties totalling EUR 6,652 thousand (2015: EUR 6,027 thousand).

\4.2\ *Other operating income* in the amount of EUR 8,993 thousand (2015: EUR 10,845 thousand) includes income of EUR 2,763 thousand (2015: EUR 5,770 thousand) from currency translation. The corresponding expenses from currency translation are included in miscellaneous expenses within other operating expenses. The item also includes income of EUR 119 thousand (2015: EUR 84 thousand) from payments of previously derecognised receivables, income of EUR 1,758 thousand (2015: EUR 666 thousand) from forwarding costs to third parties, income of EUR 428 thousand (2015: EUR 314 thousand) from reversal of provisions and income of

EUR 1,469 thousand (2015: EUR - thousand) from capitalised cost.

\4.3\ *Fleet expenses and cost of lease assets* are broken down as follows:

Fleet expenses and cost of lease assets in EUR thou.	**2016**	2015	Change in %
Selling expenses	272,422	226,161	20.5
Expenses from write-downs on lease assets intended for sale	6,314	7,074	-10.7
Fuel	63,558	73,420	-13.4
Repair, maintenance and reconditioning	61,375	64,282	-4.5
Insurance	10,297	11,175	-7.9
External rent expenses	5,242	5,906	-11.2
Vehicle licenses	3,254	3,434	-5.2
Transportation	4,052	3,788	7.0
Taxes and dues	3,010	3,553	-15.3
Radio license fees	1,644	1,756	-6.4
Vehicle return expenses	2,215	1,717	29.0
Other expenses	5,928	6,212	-4.6
Group total	**439,311**	**408,479**	**7.5**

\4.4\ *Personnel expenses* increased from EUR 20,224 thousand the year before to EUR 25,013 thousand in the year under review – mainly due to the increased number of employees following the company acquisitions and the recruitment of additional employees for the business field Online Retail. Social security contributions mainly include the employer contributions to statutory insurance schemes and the expenses for the defined contribution as well as defined benefit pension plans. Expenses for defined contribution pension plans in the amount of EUR 1,433 thousand (2015: EUR 1,153 thousand) primarily result from the statutory German pension insurance. Expenses for defined benefit plans are included in the amount of EUR 399 thousand (2015: EUR - thousand).

Personnel expenses in EUR thou.	**2016**	2015	Change in %
Wages and salaries	21,308	17,574	21.3
Social security contributions	3,705	2,650	39.8
Group total	**25,013**	**20,224**	**23.7**

Average number of employees during the year:

Employees in the Group	**2016**	2015
Female employees	164	133
Male employees	206	147
Group total	**370**	**280**

The Leasing business unit employed 329 (2015: 258) members of staff and the Fleet Management business unit 41 (2015: 22) members of staff.

\4.5\ ***Expenses for depreciation and amortisation*** in the financial year are explained in more details below:

Depreciation and amortisation			Change
in EUR thou.	**2016**	2015	in %
Lease assets	176,942	171,184	3.4
Equipment	225	137	64.2
Intangible assets	349	156	>100
Group total	**177,516**	**171,477**	**3.5**

Depreciation of lease assets increased slightly over the prior year's level to EUR 176,942 thousand (2015: EUR 171,184 thousand). Since fiscal year 2016 write-downs on lease assets intended for sale are included within the position fleet expenses and cost of lease assets. For the purpose of comparison prior-year figures were adjusted accordingly.

\4.6\ The following table contains a breakdown of ***other operating expenses***:

Other operating expenses			Change
in EUR thou.	**2016**	2015	in %
Commissions	296	258	15.0
Rental expenses for business premises	1,487	1,365	8.9
Other selling and marketing expenses	5,812	2,276	>100
Expenses from write-downs of receivables	1,786	2,022	-11.7
Audit, legal, advisory costs, and investor relations expenses	2,160	1,974	9.5
Other personnel services	10,201	8,676	17.6
IT expenses	2,565	2,533	1.3
Miscellaneous expenses	5,638	5,358	5.2
Group total	**29,946**	**24,462**	**22.4**

Miscellaneous expenses include expenses for foreign currency translation of EUR 2,434 thousand (2015: EUR 3,087 thousand), the corresponding gains from currency translation are recognised under other operating income.

The consolidated financial statements of Sixt Leasing SE recognise as operating expense in the amount of EUR 178 thousand (2015: EUR 376 thousand) the fees for the auditors of the consolidated financial statements. The fees break down into audit costs (EUR 87 thousand, 2015: EUR 182 thousand), other assurance services (EUR 62 thousand, 2015: EUR 186 thousand) and tax consultancy services (EUR 29 thousand, 2015: EUR 8 thousand) that were provided for the parent or subsidiary companies.

\4.7\ ***Net finance costs*** have improved year-on-year from EUR -21,302 thousand to EUR -19,513 thousand, mainly due to the ongoing restructuring of the Group financing. The following table contains a breakdown of the net finance cost.

Net finance costs		
in EUR thou.	**2016**	2015
Other interest and similar income	373	330
Other interest and similar income from related parties	10	270
Interest and similar expenses	-2,242	-2,612
Interest and similar expenses for related parties	-18,117	-19,408
Result from at-equity measured investments	34	117
Other net financial income	429	-
Group total	**-19,513**	**-21,302**

\4.8\ ***Income tax expense*** comprises the following:

Income tax expense			Change
in EUR thou.	**2016**	2015	in %
Current income tax for the reporting period	6,173	6,152	0.4
Deferred taxes	772	1,589	-51.4
Group total	**6,945**	**7,740**	**-10.3**

The income tax expense for the financial year 2016 of EUR 6,945 thousand (2015: EUR 7,740 thousand) includes tax income from previous years in the amount of EUR 1,764 thousand (2015: tax expense of EUR 26 thousand).

The following tax reconciliation explains the relationship between the expected and effective tax expense reported. The expected tax expense results from the application of an income tax rate of 25.5% (2015: 24.9%) to consolidated profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2015: 15%), a solidarity surcharge of 5.5% (2015: 5.5%) as well as trade tax at 9.6% (2015: 9.1%).

Reconciliation of taxes		
in EUR thou.	**2016**	2015
Consolidated profit before taxes in accordance with IFRS	31,575	30,279
Expected income tax expense	8,036	7,549
Effect of different tax rates outside Germany	156	237
Changes in permanent differences	153	-1,442
Changes in impairments	51	206
Non-deductible operating expenses	66	1,343
Tax-exempt income	-24	-360
Income taxes from other periods	-1,764	26
Other effects	271	181
Reported tax expense	**6,945**	**7,740**

As at 31 December 2016, deferred tax without impact on the income statement amounted to EUR 40 thousand (2015: EUR - thousand).

The following overview outlines the sources of the deferred tax assets and liabilities:

Deferred taxes		Deferred tax assets		Deferred tax liabilities
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Lease assets	555	433	13,979	12,245
Receivables	73	57	419	169
Other assets	1,829	49	973	372
Other liabilities	355	652	1,627	1,437
Tax loss carryforwards	2,845	77	-	-
	5,656	**1,268**	**16,998**	**14,223**
Offsetting	2,868	1,187	2,868	1,187
Group total	**2,787**	**81**	**14,130**	**13,036**

Deferred tax assets and deferred tax liabilities are offset, if the Group has a legally enforceable right to set off the current income tax asset against current income tax liabilities and they relate to income taxes levied by the same tax authority.

On the unused tax losses carried-forward of EUR 13,191 thousand (2015: EUR 2,379 thousand) no deferred tax assets were recognised in respect of EUR 2,335 thousand (2015: 2,073 thousand).The loss carry-forwards for which deferred tax assets were recognised are expected to be used during the five-year planning period. The losses may be carried forward indefinitely.

For deductible temporary differences in the amount of EUR 544 thousand (2015: EUR 698 thousand), deferred taxes were not recognised.

Temporary differences in relation to shares in subsidiaries of the Group for which no deferred tax liabilities were recognised in the reporting periods presented, amount to a total of EUR 773 thousand (2015: EUR 768 thousand).

\4.9\ The ***consolidated profit*** amounts to EUR 24,630 thousand (2015: EUR 22,539 thousand). As in the previous year minority interests are not to be considered.

In the previous year a dividend of EUR 0.40 per ordinary share was paid. This corresponds to a total distribution to shareholders in the amount of EUR 8,245 thousand, recognised in the financial year.

The dividend proposal for the financial year 2016 is a dividend of EUR 0.48 per ordinary share. This corresponds to an estimated total distribution of EUR 9,894 thousand for the year under review. The proposed dividend is dependent upon a corresponding resolution being passed by the Annual General Meeting and was not recognised as a liability in the consolidated financial statements.

\4.10\ ***Earnings per share*** are as follows:

Earnings per share

		2016	2015
Consolidated profit	in EUR thou.	24,630	22,539
Profit attributable to shareholders of Sixt Leasing SE	in EUR thou.	24,630	22,539
Weighted average number of shares		20,611,593	18,749,395
Earnings per share – basic and diluted	in EUR	1.19	1.20

The basic earnings per share is determined by dividing the parent's share of earnings after taxes to the weighted average number of shares during the current financial year. Diluted earnings per share is calculated on the basis of conversion of all dilutive instruments into ordinary shares.

There were no financial instruments outstanding over the financial year that could cause dilutive effects. Therefore the diluted earnings per share correspond in the amount to the basic earnings per share.

4.2 BALANCE SHEET

Assets

\4.11\ to \4.14\ The changes in the Group's *non-current assets* (without financial assets) are shown below:

Consolidated statement of changes in non-current assets	Acquisition and production costs						
in EUR thou.	1 Jan. 2016	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2016
Goodwill	**-**	**4**	**1,756**	**-**	**-**	**-**	**1,760**
Purchased software	909	-	25	2,536	-	-	3,471
Internally developed software	521	-	-	-	-	497	1,018
Advance payments on software	1,417	-	2,309	-	-	-497	3,229
Intangible assets	**2,847**	**-**	**2,334**	**2,536**	**-**	**-**	**7,718**
Operating and office equipment	1,124	2	225	128	2	-	1,478
Equipment	**1,124**	**2**	**225**	**128**	**2**	**-**	**1,478**
Lease assets	**1,143,990**	**657**	**471,711**	**-**	**409,909**	**-**	**1,206,448**
Total	**1,147,962**	**662**	**476,026**	**2,664**	**409,911**	**-**	**1,217,403**

Consolidated statement of changes in non-current assets	Acquisition and production costs						
in EUR thou.	1 Jan. 2015	Foreign exchange differences	Additions	Changes in the scope of consolidation	Disposals	Transfers	31 Dec. 2015
Purchased software	627	-	18	-	-	264	909
Internally developed software	322	-	200	-	-	-	521
Advance payments on software	384	-	1,297	-	-	-264	1,417
Intangible assets	**1,332**	**-**	**1,515**	**-**	**-**	**-**	**2,847**
Operating and office equipment	973	8	221	-	78	-	1,124
Equipment	**973**	**8**	**221**	**-**	**78**	**-**	**1,124**
Lease assets	**1,071,164**	**11,082**	**424,053**	**-**	**362,308**	**-**	**1,143,990**
Total	**1,073,469**	**11,090**	**425,789**	**-**	**362,386**	**-**	**1,147,962**

	Depreciation/Amortisation						Carrying amounts	
	1 Jan. 2016	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	**31 Dec. 2016**	**31 Dec. 2016**	31 Dec. 2015
	-	**-**	**-**	**-**	**-**	**-**	**1,760**	**-**
	580	-	228	2,307	-	3,114	356	329
	135	-	121	-	-	256	763	387
	-	-	-	-	-	-	3,229	1,417
	714	**-**	**349**	**2,307**	**-**	**3,370**	**4,348**	**2,133**
	753	1	225	80	1	1,058	419	371
	753	**1**	**225**	**80**	**1**	**1,058**	**419**	**371**
	186,211	**233**	**176,942**	**-**	**177,738**	**185,648**	**1,020,800**	**957,779**
	187,678	**234**	**177,516**	**2,386**	**177,738**	**190,077**	**1,027,327**	**960,284**

	Depreciation/Amortisation						Carrying amounts	
	1 Jan. 2015	Foreign exchange differences	Depreciation/ Amortisation in the financial year	Changes in the scope of consolidation	Disposals	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
	532	-	48	-	-	580	329	95
	27	-	108	-	-	135	387	295
	-	-	-	-	-	-	1,417	384
	559	**-**	**156**	**-**	**-**	**714**	**2,133**	**774**
	661	5	137	-	51	753	371	311
	661	**5**	**137**	**-**	**51**	**753**	**371**	**311**
	168,798	**3,310**	**171,184**	**-**	**157,081**	**186,211**	**957,779**	**902,366**
	170,018	**3,315**	**171,477**	**-**	**157,132**	**187,678**	**960,284**	**903,451**

\4.11\ ***Goodwill*** amounting to EUR 1,760 thousand (2015: EUR - thousand) results from the acquisition of autohaus24 GmbH, Pullach, and Sixt Mobility Consulting AG, Urdorf, in 2016.

\4.12\ ***Intangible assets*** include internally developed software amounting to EUR 763 thousand (2015: EUR 387 thousand) and purchased software amounting to EUR 356 thousand (2015: EUR 329 thousand). It also includes advance payments in respect of internally developed software amounting to EUR 3,229 thousand (2015: EUR 1,417 thousand).

\4.13\ The item ***equipment*** includes operating and office equipment (mainly IT systems, fixtures and fittings and office equipment) in the amount of EUR 419 thousand (2015: EUR 371 thousand).

\4.14\ ***Lease assets*** increased to EUR 1,020.8 million (2015: EUR 957.8 million). The Sixt Leasing Group as lessor primarily leases out vehicles of various brands, mainly under full-service lease agreements. Of the future minimum lease payments under operating leases totalling EUR 379 million (2015: EUR 363 million) payments of EUR 183 million (2015: EUR 179 million) are due within one year, payments of EUR 195 million (2015: EUR 184 million) are due in one to five years and payments of EUR 0.1 million (2015: EUR 0.1 million) are due in more than five years. The amounts stated contain only the lease instalments without service components. The fixed-term agreements usually contain agreements on the vehicles' mileage. The resulting contingent lease payments recognised as income in the current financial year amounted to EUR 0.8 million (2015: EUR 1.2 million). In addition to these, the Group estimated calculated residual values covered by buy-back agreements in the amount of EUR 274 million (2015: EUR 324 million) and further calculated residual values not covered by third parties in the amount of EUR 476 million (2015: EUR 383 million).

Lease assets of EUR 158.9 million (2015: EUR 69.0 million) are pledged as collateral to banks.

Certain lease vehicles are refinanced under finance lease agreements having the same maturities as the lease vehicles. These agreements are structured in a way that the refinanced vehicles in the amount of EUR 8.4 million remain attributable to the Group (2015: EUR 25.6 million). The agreements have a residual term of up to two years and provide for full amortisation. The obligations under the leases are presented under financial liabilities.

\4.15\ ***Non-current other receivables and assets*** mainly include the non-current portion of the finance lease receivables resulting from lease agreements with customers that are classified as finance leases. The details of the agreements are as follows:

Non-current finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Due in one to five years	3,233	1,557	2,940	1,392
Unrealised finance income	293	164	-	-

The interest rate implicit in the leases is fixed at the inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. As in the previous year, proportionate cumulative valuation allowances on current and non-current finance lease receivables amount to EUR 0.1 million in total.

\4.16\ ***Inventories*** consist mainly of lease assets intended for sale in the amount of EUR 29,898 thousand (2015: EUR 33,141 thousand).

\4.17\ ***Trade receivables*** result almost exclusively from services invoiced in the course of leasing and fleet management business and from vehicle deliveries. Valuation allowances were recognised for identifiable risks.

\4.18\ ***Current other receivables and assets*** falling due within one year can be broken down as follows:

Current other receivables and assets		
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015
Financial other receivables and assets		
Finance lease receivables	1,554	1,448
Miscellaneous assets	10,106	10,746
Non-financial other receivables and assets		
Other recoverable taxes	4,619	997
Insurance claims	5,475	3,785
Deferred income	5,797	5,002
Claims for vehicle deliveries	10,718	15,416
Group total	**38,270**	**37,395**

Finance lease receivables correspond to the current portion (due within one year) of receivables relating to lease agreements with customers that are classified as finance leases. The interest rate implicit in the leases is fixed at inception of the lease for the entire term. The agreements partly contain put options on the part of the Group as lessor. Further details are shown below:

Current finance lease receivables	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Due within one year	1,789	1,638	1,554	1,448
Unrealised finance income	235	190	-	-

\4.19\ ***Bank balances*** of EUR 3,778 thousand (2015: EUR 18,712 thousand) include short-term deposits at banks with terms of up to one month. The item corresponds to the cash and cash equivalents item in the consolidated cash flow statement.

\4.20\ Subscribed capital of Sixt Leasing SE

Share capital	No-par value shares	Nominal value in EUR	No-par value shares	Nominal value in EUR
		31 Dec. 2016		31.12.2015
Ordinary shares	20,611,593	20,611,593	20,611,593	20,611,593
Total	**20,611,593**	**20,611,593**	**20,611,593**	**20,611,593**

The subscribed capital is composed of ordinary bearer shares. The shares are no-par value shares with a notional interest in the share capital of EUR 1.00 per share. The share capital is fully paid up.

Equity and liabilities

The Sixt Leasing Group's ***equity*** increased year-on-year to a total of EUR 194,699 thousand (2015: EUR 178,348 thousand). Therein, the subscribed capital of Sixt Leasing SE amounted unchanged to EUR 20,612 thousand.

Authorised capital

The Managing Board is authorised to increase the share capital on one or more occasions in the period up to and including 31 May 2021, with the consent of the Supervisory Board, by up to a maximum of EUR 6,183,477 by issuing new no-par value bearer shares against cash and/or non-cash contributions

(Authorised Capital 2016). The Managing Board is authorised, with the consent of the Supervisory Board, to stipulate the further details of the pre-emptive rights and the terms and conditions of the share issue. The new share dividend rights can also be arranged otherwise than stipulated in section 60 (2) AktG. In particular, the new shares can also carry dividend rights from the beginning of the financial year preceding their issue, if the Annual General Meeting has not adopted a resolution on the appropriation of the profit for the financial year in question at the time the new shares are issued.

In general, shareholders are granted statutory subscription rights to the new shares. The subscription right can also be arranged in full or in part as indirect subscription right in accordance with section 186 (5) sentence 1 AktG.

However, the Managing Board is authorised, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders, in full or in part, in accordance with the following provisions:

a) The Managing Board is authorised, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription right of shareholders and also to exclude the subscription right of shareholders if necessary, in order to grant holders and/or creditors of conversion or option rights and/or holders and/or creditors of bonds with conversion exercise obligations or convertible profit participation certificates which have been or will be issued by the company or a domestic or foreign enterprise, in which the company directly or indirectly has a majority of voting rights and capital interest, a subscription right to the extent they would be entitled to after exercising the conversion or option rights and/or after meeting the conversion or option obligations.
b) In the event of a capital increase against cash contributions, the Managing Board is furthermore authorised, with the consent of the Supervisory Board, to exclude the subscription right of shareholders in accordance with section 186 (3) sentence 4 AktG, if the issue price of the new shares is not materially lower than the quoted stock exchange price of existing listed shares and the shares issued on the basis of this authorisation to exclude the subscription right do not exceed a total of 10% of the share capital, either at the effective date or at the date of the utilisation of the authorisation. This 10% limitation also applies to own shares issued or sold during the term of this authorisation pursuant to another authorisation or pursuant to section 186 (3) sentence 4 AktG under exclusion of the subscription right; furthermore it applies to shares that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from conversion or option bonds or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation in corresponding application of section 186 (3) sentence 4 AktG and under exclusion of the subscription right.
c) The Managing Board is finally authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right in case of capital increases against non-cash contributions in kind, in particular for the purpose of acquiring companies, parts of companies, or investments in companies, as part of business combinations and/or to acquire other assets including rights and claims.

On the basis of the Authorised Capital 2016, the Managing Board is also authorised, with the consent of the Supervisory Board, to issue new shares against non-cash contributions in kind for the purpose of (directly or indirectly) acquiring loan repayment and/or interest claims against the company arising from shareholder loans that have been or will be granted to the company by Sixt SE (Munich Local Court; HRB 206738) (in each case 'Shareholder Loan Claims'). In this case shareholders are generally granted the statutory subscription right to the new shares. The subscription right is to be granted in such form, that the new shares are offered to the shareholders for subscription against cash payment of the subscription price, while Sixt SE (or a third party who acquired the Shareholder Loan Claims) shall be entitled to pay all or part of the subscription price for the new subscribed shares, either against cash payment or through a contribution in kind of the Shareholder Loan Claims. This shall not affect the authorisation to a partial exclusion of subscription rights in accordance with lit. a). Details hereof are to be determined by the Managing Board with the consent of the Supervisory Board. The non-cash contribution in kind may also be effected in full or in part by transferring to the company all ownership interests in a German or foreign special purpose company, all of the assets of which are substantially the Shareholder Loan Claims. To the extent that the subscription price is paid as a non-cash contribution in kind pursuant to the aforelisted provisions, the value of the contribution in kind must be at least equal to the subscription price. The value of the contribution in kind must be assessed by a valuation report by an audit firm fulfilling the legal requirements of section 205 (5) in combination with section 33 (4) no. 2 and (5) of the AktG.

Taken together, the notional amount in the share capital attributable to the new shares, for which the subscription right of the shareholders is excluded on account of the authorisation of the Authorised Capital 2016, may not exceed 20% of the share capital either at the time when the authorisation takes effect nor at the time of its exercise.

This limitation also applies to new and existing shares, that are issued or sold during the term of this authorisation pursuant to another authorisation under exclusion of the subscription rights; furthermore it applies to new shares that are issued and/or are to be issued so as to serve conversion or option rights and/or to meet conversion or option obligations from conversion or option bonds or conversion profit participation certificates, to the extent that the bonds or certificates are issued during the term of this authorisation pursuant to another authorisation under exclusion of the subscription right.

Conditional capital

By resolution of the Annual General Meeting of 1 June 2016 the Managing Board is authorised, on one or more occasions in the period up to and including 31 May 2021 and with the consent of the Supervisory Board, to issue convertible and/or bonds with warrants registered in the name of the holder and/or bearer of up to a maximum of EUR 200,000,000 with a fixed or open-ended term and grant conversion or option rights to the holders and/or creditors of convertible bonds to acquire a total of up to 4,122,318 new ordinary bearer shares in Sixt Leasing SE. The bonds can be issued against cash and/or non-cash contributions. The issue can be effected by a German or foreign company in which Sixt Leasing SE is directly or indirectly invested with a majority of votes and capital. In this case, the Managing Board is authorised on behalf of the issuing company, in which it has a majority interest, to take on the guarantee for repayment of the convertible and/or bond with warrants and the other payment obligations associated with the convertible and/or bond with warrants and to grant the bearers and/or creditors of such convertible and/or bond with warrants conversion or option rights for shares in Sixt Leasing SE.

By resolution of the Annual General Meeting of 1 June 2016, the company's share capital is conditionally increased by up to EUR 4,122,318 (Conditional Capital 2016). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and holders of option rights from bonds with warrants, which were issued up to and including 31 May 2021 on the basis of the resolution passed by the Annual General Meeting of 1 June 2016 (Authorisation 2016), by the company or a German or foreign subsidiary in which the company directly or indirectly holds a majority of voting rights and capital. The conditional capital increase is only to be effected insofar as the conversion or option rights from the afore-listed bonds are actually exercised or the conversion obligations from such bonds are fulfilled and no other form of settlement is being used. The new shares will be issued at the option and/or conversion price to be determined in accordance with the Authorisation 2016. The new shares are entitled to take part in the company's profit as of the beginning of the fiscal year in which the conversion and/or option rights were exercised or in which the conversion obligations were fulfilled. The Managing Board is authorised to determine further details for implementing the conditional capital increase.

Treasury shares

By resolution of the Annual General Meeting of 8 April 2015 the Managing Board, with the consent of the Supervisory Board, was authorised to purchase the Company's own shares through 7 April 2020, up to a total of 10% of the Company's share capital at the time of the adoption or, if the respective amount is lower, of the utilisation of this authorisation. This authorisation has not yet been exercised as of the reporting date.

\4.21\ Capital reserves

Capital reserves		
in EUR thou.	**2016**	2015
Balance as at 1 Jan.	135,045	2,923
Capital contribution by Sixt SE	-	30,000
Issue of new shares (IPO)	-	106,145
Expenses recognised in equity from the issue of new shares	-	-5,364
Tax effects recognised in equity from the issue of new shares	-	1,341
Balance as at 31 Dec.	**135,045**	**135,045**

\4.22\ Retained earnings

Retained earnings		
in EUR thou.	**2016**	2015
Balance as at 1 Jan.	750	561
Other changes	376	188
Balance as at 31 Dec.	**1,126**	**750**

\4.22\ Currency translation reserve

Currency translation reserve		
in EUR thou.	**2016**	2015
Balance as at 1 Jan.	1,878	1,277
Differences arising from the translation of the financial statements of foreign subsidiaries	84	601
Balance as at 31 Dec.	**1,962**	**1,878**

\4.22\ Other equity

Other equity		
in EUR thou.	**2016**	2015
Balance as at 1 Jan.	20,064	-7,534
Consolidated profit	24,630	22,539
Dividends paid	-8,245	-
Compensation according to profit and loss transfer agreement	-	5,355
Other comprehensive income	-149	-
Other changes	-376	-296
Balance as at 31 Dec.	**35,924**	**20,064**

Other equity mainly includes the consolidated unappropriated profit and the revaluation reserve from the initial transition to IFRS accounting.

Sixt Leasing SE, as transferor, and Sixt SE, as transferee, have been parties to a profit and loss transfer agreement that has been terminated with effective date of 30 April 2015. The loss occurred up to the termination of the profit and loss transfer agreement, which resulted from deferred tax liabilities due to the termination of the German tax group, has been settled and was shown as compensation according to the profit and loss transfer agreement.

\4.23\ ***Minority interests*** relate to the subscribed capital of Isar Valley S.A., Luxembourg, in which Sixt Leasing Group has a capital interest of 0%.

Non-current liabilities and provisions

\4.24\ ***Provisions for pensions*** amount to EUR 515 thousand (2015: EUR - thousand).

Pension schemes in the Sixt Leasing Group contain mainly defined contribution pension plans under statutory pension insurance. In Switzerland each employer is required by law to provide post-employment benefits schemes against the economic risks of retirement, death and invalidity to entitled employees. Therefore Sixt Leasing offers its Swiss employees funded defined benefit plans, which are managed by an external pension fund. The pension fund is responsible for the investment policy and asset management, as well as for all changes in the plan conditions and the determination of contributions to finance the benefits. In case of underfunding the pension fund can raise additional contributions from employers and employees.

The valuation of the provisions for pensions rely on actuarial reports. The reports use the following actuarial assumptions:

Actuarial assumptions	
in %	**2016**
Discount rate	0.6
Assumed salary increase	0.5
Assumed pension increase	-
Mortality table	BVG 2015 GT

The following table shows the development of the defined benefit pension plan:

Development of defined benefit pension plans in EUR thou.	Defined benefit obligations (DBO)	Fair value of plan assets	Net balance of defined benefit obligations 2016
Balance as at 1 Jan.	-	-	-
Additions for previous years	1,362	1,069	293
Current service costs	106	-	106
Net interest costs of defined benefit obligations	12	10	2
Expenses recognised in the consolidated income statement	**1,480**	**1,079**	**401**
Return on plan assets	-	3	-3
Actuarial gains/losses			
Experience gains/losses	161	-	161
Changes in demographic assumptions	44	-	44
Changes in financial assumptions	-12	-	-12
Remeasurement for defined benefit obligations recognised in other comprehensive income	**193**	**3**	**190**
Employer contributions	-	84	-84
Plan participants' contributions	84	84	-
Benefits paid	263	263	-
Foreign currency translation effects	34	26	9
Other reconciling items	**382**	**458**	**-76**
Balance as at 31 Dec.	**2,054**	**1,540**	**515**

The weighted average duration of the defined benefit obligation was around 20 years (2015: -). Employer contributions expected to be paid for defined benefit obligations in fiscal year 2017 amount to EUR 83 thousand.

The pension scheme is provided through an external pension fund, which manages the plan assets. As at balance sheet date, the plan assets are attributable to other assets without quoted market prices.

Sensitivity analysis

The sensitivity analysis assumes in each case a parallel shift of half a percentage point. This would result in the changes of values of the reported defined benefit obligations presented in the following table:

Sensitivity analysis of defined benefit obligations	Changes in the defined benefit obligations	
in EUR thou.	+ 0.5 percentage points	-0.5 percentage points
Discount rate	-96	133
Assumed salary increase	18	-24
Assumed pension increase	89	-80

The decrease/increase of the life expectancy in the assumptions by one year respectively would result in a change of the defined benefit obligations by EUR -24 thousand/EUR 27 thousand.

\4.25\ ***Non-current financial liabilities*** comprise liabilities from issued borrower's note loans, bank loans as well as liabilities from an asset backed securities programme and finance leases liabilities falling due in more than one year.

Non-current financial liabilities	Residual term of 1 to 5 years		Residual term of more than 5 years	
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Borrower's note loans	29,801	-	-	-
Liabilities to banks	120,276	60,000	-	-
Finance lease liabilities	687	8,970	-	-
Group total	**150,764**	**68,970**	**-**	**-**

In fiscal year 2016 non-current borrower's note loans were issued in two tranches with a total nominal value of EUR 30 million. The interest is variable for one tranche and fixed for the other tranche. The liabilities are unsecured and have a maturity of four years.

Liabilities to banks, reported as of 31 December 2016, result from an asset backed securities programme, which the Sixt Leasing Group has set up to refinance leasing contracts. The programme comprises a financing volume of EUR 500 million. Under the programme variable interest rate liabilities are taken out, which are redeemable based on the amortisation schedule of the lease contract portfolio. The loans are recognised initially at fair value, less directly attributable transaction costs. Subsequent measurement is carried out at amortised cost using the effective interest method. To mitigate interest rate risks the company concluded interest rate swap agreements over the amortisation period of the related lease contract portfolio.

The liabilities to banks in the amount of EUR 60 million, outstanding as of 31 December 2015, have been reclassified into current liabilities to banks according to their maturity.

The following table shows non-current finance lease liabilities entered into to refinance lease assets:

Non-current finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Due in one to five years	716	9,224	687	8,970
Unrealised finance portions	29	254	-	-

The interest rate underlying the contracts is fixed at inception of the contract for the entire term. The agreements contain fixed final instalments and provide for full amortisation. The Group's obligations under finance leases are secured by way of the financing partner's right of retention in respect of the leased assets. The minimum lease payments are offset by corresponding payments from customers under subleases.

\4.26\ The ***non-current liabilities to related parties*** result from the Core Loan provided by Sixt SE under the Financing Agreement. The Core Loan provides for fixed interest rates for the entire term and is to be repaid in partial payments until 2018. Assets have been pledged as collateral for the Core Loan.

Current liabilities and provisions

\4.27\ Obligations included in ***current provisions*** are expected to be settled within one year. They mainly consist of personnel provisions.

Current other provisions			
in EUR thou.	Personnel	Miscellaneous	Total
Balance as at 1 Jan.	4,722	50	4,772
Additions	3,341	-	3,341
Changes in the scope of consolidation	370	-	370
Reversals	-396	-32	-428
Utilised	-3,636	-18	-3,655
Foreign exchange differences	0	-	0
Balance as at 31 Dec.	**4,401**	**-**	**4,401**

\4.28\ ***Current financial liabilities*** include in particular liabilities to banks falling due within one year and finance lease liabilities. They can be broken down as follows:

Current financial liabilities		
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015
Liabilities to banks	193,551	9,000
Finance lease liabilities	8,816	19,042
Other liabilities	596	267
Group total	**202,963**	**28,308**

In addition to the bank loans reclassified from non-current financial liabilities, liabilities to banks also include short-term borrowings at variable interest rates taken out by utilising the credit lines available to the Group, as well as the current portion of liabilities from the asset backed securities programme. The liabilities to banks have been secured by transferring ownership of assets. Other liabilities consist mainly of accrued interest.

The details of the current finance lease liabilities entered into to refinance lease assets are outlined below:

Current finance lease liabilities	Gross investment		Present value of outstanding minimum lease payments	
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Due within one year	8,896	19,251	8,816	19,042
Unrealised finance portions	80	210	-	-

The interest rate underlying the contracts is fixed at inception of the contract for the entire term. The agreements contain fixed final instalments and provide for full amortisation. The Group's obligations under finance leases are secured by way of the financing partner's right of retention in respect of the leased assets. The minimum lease payments are covered by corresponding payments from customers under subleases.

\4.29\ ***Trade payables*** comprise current liabilities arising from deliveries to the Group, mainly from the purchase of vehicles for the lease fleet, and other purchases in the course of operating activities.

\4.30\ ***Current other liabilities*** falling due within one year are broken down as follows:

Current other liabilities in EUR thou.	**31 Dec. 2016**	31 Dec. 2015
Financial other liabilities		
Payroll liabilities	114	96
Miscellaneous liabilities	11,910	9,863
Non-financial other liabilities		
Deferred income	37,562	34,697
Tax liabilities	780	1,731
Group total	**50,366**	**46,386**

Miscellaneous liabilities include among others customer-security deposits in the amount of EUR 5,859 thousand (2015: EUR 4,678 thousand).

Deferred income relates mostly to the deferral of income from advance payments by lessees, which are reversed using the straight-line method over the agreed term of the lease.

4.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each single category of financial instrument. The fair value of financial assets and liabilities that are not regularly measured at fair value, but for which the fair value is to be specified, are assigned in the following table to the measurement levels of the fair value hierarchy according to IAS 39.

Financial instruments in EUR thou.	IAS 39 measurement category	Measurement basis for fair value	Carrying amount 31 Dec. 2016	 31 Dec. 2015	Fair value 31 Dec. 2016	 31 Dec. 2015
Non-current assets						
Financial assets	AfS	Amortised cost	67	42	67	42
Finance lease receivables	IAS 17		2,940	1,392	3,034	1,419
Interest rate derivatives	FAHfT	Level 2	295	-	295	-
Other receivables	LaR		87	37		
Total			**3,389**	**1,471**	**3,396**	**1,461**
Current assets						
Finance lease receivables	IAS 17		1,554	1,448	1,618	1,509
Currency derivatives	FAHfT	Level 2	34	49	34	49
Trade receivables	LaR		62,238	56,607		
Other receivables	LaR		10,072	10,697		
Total			**73,898**	**68,801**	**1,652**	**1,558**
Non-current liabilities						
Borrower's note loans	FLAC	Level 2	29,801	-	29,686	-
Liabilities to banks	FLAC	Level 2	120,276	60,000	117,700	60,508
Finance lease liabilities	IAS 17		687	8,970	708	9,150
Liabilities to related parties	FLAC	Level 2	490,000	699,000	513,816	735,793
Other liabilities	FLAC		122	38		
Total			**640,886**	**768,008**	**661,910**	**805,451**
Current liabilities						
Liabilities to banks	FLAC	Level 2	193,551	9,000	194,186	
Finance lease liabilities	IAS 17		8,816	19,042	8,870	19,607
Liabilities to related parties	FLAC	Level 2	3,783	4,043		
Currency derivatives	FAHfT	Level 2	469	79	469	79
Other financial liabilities	FLAC		596	267		
Trade payables	FLAC		60,177	69,008		
Financial other liabilities	FLAC		11,554	9,880		
Total			**278,946**	**111,317**	**203,526**	**19,686**
Of which aggregated by IAS 39 measurement category						
Available for Sale	AfS		67	42	67	42
Loans and Receivables	LaR		72,397	67,341	72,397	67,341
Financial Liabilities Measured at Amortised Cost	FLAC		909,860	851,235	931,621	888,536
Financial Assets Held for Trade	FAHfT		-141	-30	-141	-30

The financial instruments in above table are classified into three levels depending on the measurement basis. Level 1 measurements are based on prices quoted in active markets. Level 2 measurements are based on parameters other than quoted prices that are observable either directly as prices or are indirectly derived from prices. Level 3 measurements are based on models that use parameters that are not based on observable market data, but rather on assumptions.

Due to factors that change in the course of time, the reported fair values can only be regarded as indicative of the values actually realisable on the market. The fair values of the financial instruments were calculated on the basis of market data available at the balance sheet date and the methods and assumptions described below.

For all current financial instruments it was assumed that the carrying amount (amortised cost) is a reasonable approximation of fair value unless not specified otherwise in the table.

The fair values of the finance lease receivables reported as assets and the borrower's note loans, finance lease liabilities, liabilities to banks and non-current liabilities to related parties reported as liabilities were calculated as the present values of the future expected cash flows. Standard market interest rates of between 0.2% p.a. and 1.9% p.a. (2015: between 0.5% p.a. and 0.9% p.a.) based on the respective maturities were used for discounting.

Finance lease receivables and liabilities are measured in accordance with IAS 17.

As in the previous year, there were no net gains or losses in the financial year from the available-for-sale financial assets (AfS measurement category). The change in the reported carrying amounts and fair values of financial assets resulted from additions to equity investments. At present there is no intention to dispose these equity investments.

Net gains in the LaR measurement category (measured at amortised cost) amount to EUR 119 thousand in the fiscal year (2015: EUR 84 thousand) and relate to income from payments on previously derecognised receivables.

As in the previous year, there were no net gains or losses in the financial year on financial liabilities measured at amortised cost (FLAC measurement category) that were not measured at fair value through profit or loss.

Total interest income from financial assets not measured at fair value through profit or loss amount to EUR 383 thousand (2015: EUR 600 thousand). This includes interest income from finance lease in the amount of EUR 243 thousand (2015: EUR 258 thousand). Total interest expense on financial liabilities not measured at fair value through profit or loss amounts to EUR 20,359 thousand in the financial year (2015: EUR 22,019 thousand).

The interest rate and currency derivatives are subsequently measured at fair value (level 2 measurement). As at balance sheet date, assets from interest rate derivatives amounted to EUR 295 thousand (2015: EUR - thousand). As in the previous year, there were no liabilities from interest rate derivatives. The assets from interest rate derivatives had no hedging relationship. All in all, a volume of EUR 165 million (2015: EUR - million) is hedged against interest rate derivatives carrying fixed interest rates between -0.5% and -0.3% and remaining terms of up to five years. These interest rate derivatives were in no hedging relation according to IAS 39. The variable interest rate is based on the 1-monthly Euribor.

Financial risk management and hedging

The Sixt Leasing Group is exposed to the following financial risks, which are addressed through the risk management system that has been implemented.

Due to an outsourcing agreement between Sixt Leasing SE and Sixt SE respectively Sixt SE's subsidiaries, besides other functions, treasury, risk management and operating credit management are outsourced fully or in parts to Sixt SE respectively its subsidiaries.

Sixt SE has implemented an internal control and risk management system throughout the Group designed to identify at an early stage all developments that can lead to significant losses or endanger the existence of the Company or of the Group. Efficient tools ensure that risks are decentrally and centrally identified, evaluated and managed swiftly. The internal audit monitors the efficiency of the risk management system. Sixt's risk management system covers all activities for the systematic handling of potential risks in the different Sixt SE Group Companies, starting with risk identification and documentation, analysis and assessment through to the management and monitoring of material risks. It is defined by a formal process that firmly integrates all relevant Sixt divisions and segments. The risk management system installed with Sixt thereby registers the relevant individual risks.

Moreover, risk management is handled in accordance with the principle of segregation of duties and monitoring. Financial risks are thereby identified, evaluated and secured in collaboration with the operating units. Management has prepared a written risk management manual and has defined guidelines for certain areas such as interest rate risks, counterparty default risks, residual value risks and liquidity risks.

Interest rate risk
Interest rate risk arises from the Group's operating activities. Changes in prevailing interest rates impact the profitability of the Group's leasing business, as the interest rates underlying the lease instalments are set for the term of the lease at the beginning of the lease agreement. In its dealings with corporate customers, the Group generally tries to counter such interest rate risk by including interest escalation clauses in individual framework agreements that apply to all new leasing contracts concluded under such framework agreements. In addition, this interest rate risk is partly mitigated by refinancing assets with matching maturities.

The Sixt Leasing Group is also exposed to risk arising from variable interest rate liabilities. The Group is exposed to the interest rate risk resulting from lease contracts being based on fixed interest rates and external financing partly being based on floating interest rates. Differences between fixed interest rates under lease contracts and floating interest rates paid for borrowed funds create a risk of wider spreads between financial revenues and financial costs which, if negative, may lead to losses on the Group's lease contracts.

While the Group may from time to time enter into some derivative contracts to hedge some of its interest rate exposure, there can be no guarantee that such hedge will be effective or that losses will be completely avoided.

Increased costs of borrowings may have a material impact on the Group's cost base, which the Group may not be able to pass on to the same degree to the Group's customers.

It needs to be considered that the financing behaviour of financial institutions may change significantly due to ongoing structural changes in the credit industry, for example higher capital requirements or changes in the weighting of risks. Depending on the development of Sixt Leasing Group's own creditworthiness, external financing might become more costly. This is particularly important as the Sixt Leasing Group also enters into variable interest rate liabilities.

Market price risk
To guard against the risks of reselling returned vehicles, the Sixt Leasing Group covers the residual values, which are calculated according to market conditions, to some extent through buy-back agreements with dealers or manufactures. This applies to a major part of vehicles in the fleet leasing business with corporate customers, where the residual values are covered by such agreements. In the event that used leasing vehicles are to be sold in the open market Sixt Leasing Group is dependent on the developments on the used car market, particularly in Germany. These market prices for used vehicles are closely monitored and analysed on a regular basis for impairment testing.

Counterparty default risk
To reduce counterparty default risk, Sixt Leasing Group assesses the creditworthiness of each new customer by means of internal guidelines. Furthermore creditworthiness of customers is regularly monitored during the lease period. This precautionary measure helps to avoid and/or mitigate future risks arising from the customer relationship.

The risk that contractual partners may not be able to meet their repurchase commitments cannot be excluded. When selecting vehicle dealers, Sixt Leasing Group therefore pays great attention to their economic stability. Sixt Leasing Group conducts regular and strict creditworthiness reviews of vehicle suppliers. Should contractual partners not be able to meet their repurchase commitments, Sixt Leasing Group would be forced to sell the vehicles directly in the used car market.

The risk metering and control systems as well as the organisation of the credit risk management of Sixt Leasing SE comply with the minimum requirements for risk management of banks and financial institutions (MaRisk) as defined by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority).

In the event of a concrete default risk, a valuation allowance is recognised or the receivable in question is derecognised.

Analysis of trade receivables

The trade receivables are classified in the following table:

Trade receivables		
in EUR thou.	**31 Dec. 2016**	31 Dec. 2015
Receivables not impaired		
Not past due	46,657	42,176
Less than 30 days	12,528	12,140
30-90 days	-	55
91-360 days	-	-
More than 360 days	-	-
Total receivables	**59,184**	**54,371**
Impaired receivables		
Gross receivables	5,981	4,681
Impairments	2,927	2,445
Net receivables	**3,054**	**2,236**
Group total	**62,238**	**56,607**

Trade receivables predominantly comprise receivables from Leasing and Fleet Management end-customers of the Sixt Leasing Group and receivables from suppliers relating to the sale of used vehicles as part of their buy-back commitments, or commercial and private buyers as part of the sale on the open market.

As at the reporting date, there were no indications of potential default in the case of the trade receivables and the other receivables reported as 'other receivables and assets' that are not individually impaired.

The maximum default amount is the reported carrying amount of the net receivable less collected collaterals (e.g. customer-security deposits). No credit derivatives or similar hedging instruments were used to cover credit risk in the period under review.

Impairments are based on parameters such as customer group, customer credit quality, transaction type and, where appropriate age of the receivable. To this end the method of a collective valuation allowance is used as follows. For individual combinations of the mentioned parameters different rates in determining allowances are applied according to the management's expectations. Due to the use of the method of a collective valuation allowance the statement of change in the allowance account is solely displayed as net amount. In the event of concrete indications of default, for example the insolvency of the debtor, the relevant receivables are fully derecognised regardless of collective valuation allowances, which may have been made.

In the fiscal year the allowance account for trade receivables developed as follows:

Change in the allowance account for trade receivables	Balance as at	Change	**Balance as at**
in EUR thou.	1 Jan. 2016		**31 Dec. 2016**
Impairments	2,445	482	2,927

Change in the allowance account for trade receivables	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2015		31 Dec. 2015
Impairments	3,418	-973	2,445

Analysis of other receivables from insurances in the other assets

The gross receivables amounted to EUR 8,182 thousand (2015: EUR 6,184 thousand), the allowances to EUR 2,707 thousand (2015: EUR 2,399 thousand), so that the resulting net receivables came to EUR 5,475 thousand (2015: EUR 3,785 thousand). The maximum default amount is the reported carrying amount of the net receivable.

Change in the allowance account for other assets	Balance as at	Change	**Balance as at**
in EUR thou.	1 Jan. 2016		**31 Dec. 2016**
Impairments	2,399	308	2,707

Change in the allowance account for other assets	Balance as at	Change	Balance as at
in EUR thou.	1 Jan. 2015		31 Dec. 2015
Impairments	1,697	702	2,399

In the fiscal year under review the expenses from write-down of trade receivables and write-down of receivables from insurances amounted to EUR 1,786 thousand (2015: EUR 2,022 thousand).

Liquidity risk

Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet the Group's financial obligations as they fall due. The Group's approach to managing liquidity is to ensure by liquidity planning that the Group always has sufficient liquidity to meet its obligations when due, under both normal and stressed conditions. The Sixt Leasing Group manages its liquidity in close coordination with Sixt SE. Liquidity risk is managed via financial planning performed in accordance with internal guidelines.

Analysis of the repayment amounts of financial liabilities and liabilities to related parties

The following table includes the repayment amounts (including assumed future interest payable) at their respective maturities:

Repayment amounts by maturity in EUR thou.	Borrower's note loans	Liabilities to banks	Finance lease liabilities	Liabilities to related parties	Total
2017	301	194,126	8,896	20,803	224,126
2018	301	45,050	716	504,120	550,187
2019	306	44,715	-	-	45,021
2020	30,274	29,079	-	-	59,353
2021	-	2,423	-	-	2,423
2022 and later	-	-	-	-	-
31 Dec. 2016	**31,182**	**315,393**	**9,612**	**524,923**	**881,110**

Repayment amounts by maturity in EUR thou.	Borrower's note loans	Liabilities to banks	Finance lease liabilities	Liabilities to related parties	Total
2016	-	9,519	19,251	26,525	55,295
2017	-	60,260	8,508	230,827	299,594
2018	-	-	716	504,120	504,836
2019 and later	-	-	-	-	-
31 Dec. 2015	**-**	**69,779**	**28,475**	**761,472**	**859,726**

The financial liabilities and liabilities to related parties maturing in 2017 will largely be repaid from lending of funds on the capital market, by the usage of asset backed security transactions as well as the utilisation of bank credit lines.

Exchange rate and country risk

Exchange rate risk is of only minor significance in the Sixt Leasing Group, as the vast majority of receivables and liabilities are due in the local currency of the country in which the respective Group company is based. There are almost no country risks at present.

Sensitivity analysis

The sensitivity analysis assumes a parallel shift in the yield curves of +100/-100 basis points for variable-rate financial liabilities. Taking into account the existing interest rate derivatives but not taking into account possible economic compensation from new business this would result in changes in equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant and does not include any tax effects.

Interest rate sensitivity	Effect on profit and loss Change in the yield curves		Effect on equity Change in the yield curves	
in EUR thou.	+100 basis points	-100 basis points	+100 basis points	-100 basis points
31 Dec. 2016	-956	956	-956	956
31 Dec. 2015	-690	690	-690	690

The sensitivity analysis for the reported interest rate derivatives assumes a parallel shift in the yield curves of +100/-100 basis points. This would result in a change in the reported fair values (other non-current assets) of EUR 2,715 thousand/EUR -3,148 thousand.

The sensitivity for the reported currency derivatives assumes a change in the EUR exchange rate of +10/-10 percentage points. The reported values as at 31 December 2016 (other current assets/other current liabilities) would then change by EUR 4,306 thousand/EUR -5,428 thousand (2015: EUR 5,467 thousand/ EUR -6,683 thousand).

All in all, given aforelisted changes to valuations from interest rate and currency exchange risks, this would result in a change in equity and profit and loss in the amounts shown in the following table:

Sensitivity of interest and exchange rate risks in EUR thou.	Effect on profit and loss Change in exchange rates and yield curves		Effect on equity Change in exchange rates and yield curves	
31 Dec. 2016	6,065	-7,620	6,065	-7,620
31 Dec. 2015	4,777	-5,993	4,777	-5,993

Capital management

The Sixt Leasing Group manages the Group's capital with the goal of creating a financial profile that supports the Group's growth targets, while providing the necessary financial flexibility and diversification. The key objective is a Group equity ratio (equity/total assets) of at least 14%. Thereby it is ensured that all Group companies can operate on the basis of the going concern assumption.

The basis of the Group's financial profile is the equity provided by the parent's investors. As at the balance sheet date, the Group's equity ratio was 16.6% (2015: 16.0%). Other key elements of the Group's financial profile are the financing provided by Sixt SE reported in non-current liabilities as well as the financial instruments reported in non-current and current financial liabilities (borrower's note loans, bank loans as well as liabilities from the asset backed securities programme and finance lease liabilities). The proportion of total assets accounted for by these non-current and current liabilities amounted to 72.0% at the balance sheet date (2015: 71.6%).

5. OTHER DISCLOSURES

5.1 SEGMENT REPORTING

By Business Unit		Leasing		Fleet Management		Reconciliation		Group
in EUR million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
External revenue	626.8	593.5	87.1	71.9	-	-	713.9	665.4
Internal revenue	0.0	0.0	0.8	0.0	-0.8	-0.0	-	-
Total revenue	626.9	593.5	87.9	71.9	-0.8	-0.0	713.9	665.4
Fleet expenses and cost of lease assets[1]	360.2	342.5	80.0	66.0	-0.8	-0.1	439.3	408.5
Depreciation and amortisation expense	177.5	171.5	0.0	0.0	-	-	177.5	171.5
EBIT[2]	47.3	48.4	3.8	3.1	-	-	51.1	51.6
Interest income	0.8	0.9	0.0	0.0	-0.4	-0.3	0.4	0.6
Interest expense	-20.3	-21.9	-0.4	-0.4	0.4	0.3	-20.4	-22.0
Other net financial income	0.4	-	0.1	-	-	-	0.4	-
Result from at-equity measured investments	-	-	0.0	0.1	-	-	0.0	0.1
EBT[3]	28.0	27.4	3.5	2.8	-	-	31.6	30.3
Investments	474.5	425.8	0.0	0.0	-	-	474.5	425.8
Assets	1,153.6	1,101.4	21.6	31.9	-7.7	-23.5	1,167.5	1,109.8
Liabilities	950.0	913.1	20.7	30.9	-7.6	-23.5	963.1	920.5
Employees[4]	329	258	41	22	-	-	370	280

By region		Germany		International		Reconciliation		Group
in EUR million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Total revenue	626.1	580.0	87.9	86.3	-0.1	-1.0	713.9	665.4
Investments	434.7	375.5	39.8	50.3	-	-	474.5	425.8
Assets	1,159.0	1,083.1	303.7	139.8	-295.2	-113.2	1,167.5	1,109.8

1 *In the leasing segment write-downs on lease assets intended for sale are included in the amount of EUR 6.3 million (2015: EUR 7.1 million).*
2 *Corresponds to earnings before interest and taxes (EBIT)*
3 *Corresponds to earnings before taxes (EBT)*
4 *Annual average*

The Sixt Leasing Group is active in the business areas Leasing and Fleet Management. Resources are allocated and the Group's performance is assessed by the Managing Board on the basis of these segments (management approach). The key parameter for the assessment of the performance by the Managing Board are the earnings before taxes (EBT) of the segments.

The geographic information analyses the Group's revenue, the Group's investments and the Group's assets by Group Company's country of domicile.

Segment reporting is based on the accounting and valuation principles in the consolidated financial statements. Receivables, liabilities, income and expenses between the segments are eliminated in the reconciliation to the Group figures. Group assets and liabilities do not recognise any tax positions.

5.2 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

At the end of the fiscal year there were contingencies from guarantees or similar obligations in the amount of EUR 10.0 million (2015: EUR - million).

Other financial obligations

In addition to provisions and liabilities, the Group has other financial obligations that result mainly from obligations under rental agreements on buildings.

Other financial obligations		
in EUR million	**31 Dec. 2016**	31 Dec. 2015
Due within one year	0.9	1.0
Due in one to five years	1.7	2.7
Due in more than five years	0.4	0.8
Group total	**3.0**	**4.5**

Purchase commitments resulting from concluded agreements at the respective balance sheet date concerning vehicle deliveries for the lease fleet in the coming year amount to around EUR 181.4 million (2015: EUR 139.7 million).

5.3 SHARE-BASED PAYMENTS

In the year under review, the Sixt SE Group had implemented an employee equity participation programme (Matching Stock Programme – MSP 2012), which had also been open for the participation of employees of Sixt Leasing Group. From the perspective of Sixt Leasing Group the programme classifies as cash-settled share-based payment programme.

On each 1st of December every year from 2012 (first time) to 2016 (last time) one tranche of stock options has been allocated (a total of five tranches). The personnel expenses for the programme was measured at each measurement date by means of a Monte Carlo simulation model based on the random walk of the price performance of Sixt preference shares with a log-normal distribution of the relative price changes. Assuming that the price of the option granted can be calculated as the discounted future expected value (with regard to the risk-neutral probability), the price development of the underlying (Sixt preference share) is simulated a large number of times and the expected value is determined by calculating the arithmetic mean of the results of the individual simulations.

In 2016, the Sixt Leasing Group recognised personnel expenses of EUR 111 thousand (2015: EUR 73 thousand) in connection with share-based payments and presented this amount under personnel provisions (31 Dec. 2016: EUR 177 thousand; 2015: EUR 330 thousand).

5.4 RELATED PARTY DISCLOSURE

Related party transactions include transactions between Sixt Leasing Group and Sixt SE and its direct and indirect subsidiaries, Sixt SE Group's associated companies and joint ventures.

The parent company of Sixt Leasing SE is Sixt SE. DriveNow GmbH & Co. KG is a direct 50% joint venture of Sixt SE. Sixt Mobility Consulting Österreich GmbH and Sixt Mobility Consulting SARL are indirect, non-consolidated subsidiaries of Sixt Leasing SE. All other related parties are subsidiaries of Sixt SE and therefore sister companies to Sixt Leasing SE.

The following provides an overview of significant transactions and account balances arising from such relationships.

Related parties	Services rendered		Services used		Receivables from related parties		Liabilities to related parties	
in EUR million	**2016**	2015	**2016**	2015	**31 Dec. 2016**	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
Sixt GmbH & Co. Autovermietung KG	9.2	9.8	7.9	8.9	2.2	1.6	1.5	1.6
e-Sixt GmbH & Co. KG	0.1	[1]	[1]	[1]	[1]	[1]	-	[1]
Sixt European Holding GmbH & Co. KG	-	-	0.4	0.2	-	-	[1]	[1]
Sixt SE	1.0	1.6	19.0	20.1	[1]	-	491.2	700.3
SXT Reservierungs- und Vertriebs- GmbH	0.2	0.2	0.1	0.1	-	[1]	[1]	-
Sixt B.V., Hoofddorp	[1]	-	[1]	1.0	[1]	[1]	[1]	[1]
autohaus24 GmbH	0.1	[1]	[1]	0.2	-	[1]	-	[1]
Sixt Car Sales GmbH	[1]	0.1	0.5	0.6	-	[1]	[1]	0.1
Sixt S.A.S., Avrigny	[1]	[1]	0.4	0.4	[1]	[1]	[1]	0.1
Sixt rent-a-car AG, Basel	-	[1]	0.1	0.1	[1]	[1]	[1]	[1]
Sixt G.m.b.H., Vösendorf	-	-	0.1	0.1	-	-	[1]	[1]
DriveNow GmbH & Co. KG	0.8	1.2	-	-	[1]	0.1	-	-
Sixt Leasing N.V., Sint-Stevens-Woluwe	-	-	-	-	0.2	-	-	-
Sixt Mobility Consulting SARL, Paris	-	-	-	-	0.1	-	-	-
Sixt Mobility Consulting AG, Urdorf	0.4	0.4	2.2	1.6	-	0.2	-	0.1
Sixt Mobility Consulting Österreich GmbH, Vösendorf	[1]	[1]	[1]	-	0.1	0.1	-	-
SXT Dienstleistungen GmbH & Co. KG	0.3	0.2	6.9	5.5	[1]	[1]	0.9	0.8

[1] *Amount less than EUR 0.1 million*

The Sixt Leasing Group has entered into various outsourcing agreements with related parties. Sixt GmbH & Co. Autovermietung KG as well as other subsidiaries of the Sixt SE Group provide Sixt Leasing Group with rental vehicles in terms of replacement vehicles. Additionally Sixt Leasing Group has outsourced various operative and administrative support services to Sixt GmbH & Co. Autovermietung KG and other subsidiaries of the Sixt SE Group. Concerned are mainly operative and administrative support services, such as accounts receivables management, accounts payables and receivables accounting, damage management, treasury, internal audit, risk management, marketing, sales, personnel as well as IT support services. Furthermore the Sixt Leasing Group rents business premises from subsidiaries of the Sixt SE Group.

Sixt Leasing SE and Sixt SE concluded the License Agreement, which grants Sixt Leasing SE determined use of trademarks licenses for the use of 'Sixt' as part of the commercial names (Firmenbestandteile) of the company and its subsidiaries and as trademark for products provided by Sixt Leasing Group.

An agency and service agreement covering the sale of used lease vehicles on behalf of Sixt Leasing Group, as well as the rendering of additional associated services was concluded with Sixt Car Sales GmbH.

Sixt Leasing Group provides Sixt GmbH & Co. Autovermietung KG and other Sixt SE Group companies with lease vehicles, petrol cards and other services for its employees and petrol cards for its station network.

2015 Sixt SE and Sixt Leasing SE entered into the Financing Agreement providing for an amortisable loan facility (the 'Core Loan') in the amount of up to EUR 750 million and a bullet loan facility (the 'Growth Loan') of up to EUR 400 million. Pursuant to the Financing Agreement, Sixt SE provides the Core Loan until 2018. As at 31 December 2016 Sixt Leasing Group reports liabilities of EUR 490 million under the Financing Agreement.

In cases of providing a guarantee for the benefit of Sixt Leasing SE, Sixt SE receives a guarantee commission from Sixt Leasing SE. The commission fee is calculated based on the corresponding amount guaranteed by Sixt SE pro rata temporis.

All outstanding balances with related parties concerning Intra-Group transactions, which are separately disclosed, are priced based on contractual agreements. Besides the loan granted from Sixt SE amounting to EUR 490 million, none of the balances are collateralised. No expense has been recognised in the current or previous year for default risks of amounts owed by related parties.

The Sixt Leasing Group rents a property belonging to the Sixt family for its operations. In the financial year 2016, as in the previous year, the rental expenses amounted to less than EUR 0.1 million.

The presented business relations are conducted at arm's length terms.

In addition to his role as chairman of the Supervisory Board of Sixt Leasing SE, Mr Erich Sixt is also member of the Advisory Board according to section 23 of the Articles of Association, which acts as Risk Management Committee. There is no compensation granted for this function.

The Supervisory Board and Managing Board of Sixt Leasing SE

Supervisory Board	Membership of supervisory boards and other comparable supervisory bodies of business enterprises
Erich Sixt Chairman Chairman of the Managing Board of Sixt SE Grünwald	Chairman of the Supervisory Board of e-Sixt GmbH & Co. KG[1]
Prof. Dr. Marcus Englert Deputy Chairman Management Consultant and Associate Partner and Managing Director of Solon Management Consulting GmbH & Co. KG Munich	Chairman of the Supervisory Board of Rocket Internet SE Chairman of the Supervisory Board of Media Broadcast GmbH (until 15 April 2016) President of the Board of European Directories Midco S.à.r.l. (from 1 March 2016) Member of the Administrative Board of Zattoo Europa AG (from 1 July 2016)
Georg Bauer Consultant Munich	

Managing Board	Membership of supervisory boards and other comparable supervisory bodies of business enterprises
Dott. Rudolf Rizzolli Chairman Munich	President of the Administrative Board of Sixt Leasing (Schweiz) AG[1] Member of the Administrative Board of Nummum AG Member of the Administrative Board of Sixt Mobility Consulting AG[1]
Björn Waldow Ulm	Member of the Advisory Board of DriveNow GmbH & Co. KG

1 *Membership in Group bodies*

Total remuneration of the Supervisory Board and Managing Board of Sixt Leasing SE

Total remuneration in EUR thou.	**2016**	2015
Remuneration of the Managing Board	2,089	1,198
Of which variable remuneration	817	279
Supervisory Board remuneration	130	98

The total remuneration of the Managing Board includes as a long-term incentive the fair value at initial date of issue of the tranche of stock options granted in the fiscal year 2016 to members of the Managing Board under the Matching Stock Programme (MSP 2012) in the amount of EUR 64 thousand (2015: EUR 65 thousand) as well as the exercise gain (before taxes) from the exercise of stock options granted in the amount of EUR 230 thousand (2015: EUR - thousand).

In the fiscal year under review a commitment in the amount of EUR 1,040 thousand (2015: EUR 1,565 thousand) was made for performance-related remuneration components that will be paid within the next three years.

In accordance with the resolution adopted by the Annual General Meeting on 8 April 2015, the total remuneration disclosed is not broken down by individual Managing Board member.

At the end of the reporting year members of the Managing Board were granted 280,000 stock options under the employee equity participation programme MSP, and on the basis of their personal investments (2015: 267,500).

The Group has no pension obligations towards members of the Supervisory Board and Managing Board.

5.5 PROPOSAL FOR ALLOCATION OF UNAPPROPRIATED PROFIT

Sixt Leasing SE reported an unappropriated profit for the fiscal year 2016 in accordance with German commercial law of EUR 21,479 thousand (2015: EUR 9,558 thousand). Subject to the approval of the Supervisory Board, the Managing Board proposes utilising this unappropriated profit as follows:

Proposal for allocation of the unappropriated profit in EUR thou.	**2016**	2015
Payment of a dividend of EUR 0.48 (2015: EUR 0.40) per ordinary share entitled to a dividend	9,894	8,245
Carryforward to new account	11,586	1,314

As at 31 December 2016, 20,611,593 ordinary shares entitled to a dividend are issued. This would result in a total distribution of EUR 9,894 thousand and appropriately reflects the earnings trend of Sixt Leasing Group in the year under review.

The proposal by the Managing Board and the Supervisory Board on the appropriation of the unappropriated profit for financial year 2015 was resolved unchanged by the Annual General Meeting on 1 June 2016.

5.6 SUBSTANTIAL EVENTS AFTER THE REPORTING DATE

After the end of fiscal year 2016 the Sixt Leasing Group in January 2017 took over around 160 employees from one of Sixt SE's direct subsidiaries. In future these employees are members of staff of SXT Leasing Dienstleistungen GmbH & Co. KG, a direct subsidiary of Sixt Leasing SE.

In addition, on 26 January 2017 Sixt Leasing SE issued a bond of EUR 250 million with a four year term and a coupon of 1.125% p.a., which it placed with institutional investors in Germany and abroad. The bond was listed on 3 February 2017. The Company thereby passed the next important milestone in setting up a financing structure independent of Sixt SE.

No further events of special significance for the net assets, financial position and result of operations of the Sixt Leasing Group occurred after the end of the financial year 2016.

5.7 DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The declaration by the Managing Board and the Supervisory Board required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) stating that the recommendations of the Government Commission on the German Corporate Governance Code are complied with and which recommendations have not been applied was issued in the financial year and made permanently accessible to shareholders on Sixt Leasing SE's website under *ir.sixt-leasing.com* under the section 'Corporate Governance'.

5.8 AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements are authorised by the Managing Board for submission to the Supervisory Board on 27 March 2017.

Pullach, 27 March 2017

Sixt Leasing SE

The Managing Board

DOTT. RUDOLF RIZZOLLI	BJÖRN WALDOW

FURTHER INFORMATION

D \\ FURTHER INFORMATION

D.1 \\ RESPONSIBILITY STATEMENT

of Sixt Leasing SE, Pullach, for financial year 2016

in accordance with sections 297 (2) sentence 4 and 315 (1) sentence 6 of the HGB (German Commercial Code)
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report on the Group's and the Company's situation includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Pullach, 27 March 2017

Sixt Leasing SE

The Managing Board

DOTT. RUDOLF RIZZOLLI	BJÖRN WALDOW

The following independent auditors' report („Bestätigungsvermerk') was issued in accordance with section 322 of the HGB (German Commercial Code) on the IFRS Financial Statements 2016, which were prepared in the German language. The translation of the independent auditors' report ('Bestätigungsvermerk') is as follows:

D.2 \\ INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Sixt Leasing SE, Pullach, – comprising the consolidated income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements – and the management report on the Group's and the Company's situation for the business year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the management report on the Group's and the Company's situation in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315a (1) of the HGB are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the management report on the Group's and the Company's situation based on our audit.

We conducted our audit of the consolidated financial statements according to section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the management report on the Group's and the Company's situation are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report on the Group's and the Company's situation are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report on the Group's and the Company's situation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Sixt Leasing SE, Pullach, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a (1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The management report on the Group's and the Company's situation is consistent with the consolidated financial statements, complies with the statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 27 March 2017

Deloitte GmbH	(Stadter)	(Lepple)
Wirtschaftsprüfungsgesellschaft	Auditor	Auditor

D.3 \\ BALANCE SHEET

of Sixt Leasing SE, Pullach, as at 31 December 2016 (HGB/RechKredV)

Assets			
in EUR thou.		**31 Dec. 2016**	31 Dec. 2015
1. Receivables from banks			
a) Daily due	2,199		11,692
b) Other receivables	-		1
		2,199	**11,693**
2. Receivables from customers		**28,097**	**28,340**
Of which: From financial institutions EUR - thousand (previous year: EUR 1 thousand)			
3. Shareholdings in affiliated companies		**336**	**132**
4. Lease assets		**917,666**	**834,806**
5. Intangible assets			
a) Proprietary intelectual property rights and similar rights and assets	3,992		647
b) Purchased concessions, intellectual property rights and similar rights and assets as well as licenses relating to such rights and assets	196		1,486
		4,187	**2,133**
6. Equipment		**293**	**273**
7. Other assets		**196,112**	**196,307**
8. Prepaid expenses		**4,382**	**4,372**
		1,153,271	**1,078,056**

Equity and liabilities			
in EUR thou.		**31 Dec. 2016**	31 Dec. 2015
1. Liabilities to banks			
with agreed term or notice period		179,346	69,125
2. Liabilities to customers			
other liabilities			
a) Payable on demand	1,324		1,277
b) with agreed term or notice period	2,942		2,205
		4,266	**3,482**
3. Other liabilities		**709,472**	**770,432**
4. Deferred income		**36,034**	**32,092**
5. Deferred tax liabilities		**14,050**	**12,670**
6. Provisions			
Other provisions		25,968	20,371
7. Equity			
a) Subscribed capital	20,612		20,612
b) Capital reserve	139,068		139,068
c) Retained earnings			
Other retained earnings	2,976		647
d) Unappropriated profit	21,479		9,558
		184,135	**169,885**
		1,153,271	**1,078,056**

D.4 \\ INCOME STATEMENT

of Sixt Leasing SE, Pullach, for the year ended 31 December 2016 (HGB/RechKredV)

in EUR thou.			2016	2015
1. Leasing revenue		544,589		509,923
2. Leasing expenses		312,053		294,260
			232,536	**215,664**
3. Interest income from lending and money-market transactions		3,487		3,662
4. Interest expense		20,533		21,861
			-17,047	**-18,198**
5. Income from profit pooling and from partial or full profit transfer agreements			3,443	2,666
6. Commission income			562	708
7. Other operating income			7,615	9,917
8. General operating expenses				
a) Personnel expenses				
aa) Wages and salaries	15,928			14,531
ab) Social security contributions, pension expenses and other employee benefits thereof pension expenses: EUR - thou. (2015: EUR - thou.)	2,297			1,967
		18,225		**16,498**
b) Other administrative expenses		22,462		23,775
			40,687	**40,273**
9. Depreciation and valuation allowances				
a) On lease assets		150,552		142,417
b) On intangible assets and fixed assets		438		239
			150,990	**142,655**
10. Other operating expenses			731	357
11. Write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business		6,550		6,927
12. Income from write-ups on receivables and certain securities and from the release of provisions in the lending business		116		84
			6,434	**6,843**
13. Result from ordinary activities			**28,267**	**20,628**
14. Taxes on income thereof expense from the change of deferred taxes EUR 1,380 thou. (2015: EUR 12,670 thou.)			5,773	16,283
15. Income from assumption of losses			-	5,355
16. Net income			**22,495**	**9,700**
17. Retained profit brought forward			1,314	-
18. Transfer to other retained earnings			-2,329	-141
19. Unappropriated profit			**21,479**	**9,558**

D.5 \\ FINANCIAL CALENDAR

Financial calendar of Sixt Leasing SE	
Publication of the Annual Report 2016	24 April 2017
Analyst conference in Frankfurt am Main	24 April 2017
Publication of the quarterly statement as at 31 March 2017	10 May 2017
Annual General Meeting for financial year 2016 in Munich	29 June 2017
Publication of the half-year financial report as at 30 June 2017	16 August 2017
Publication of the quarterly statement as at 30 September 2017	14 November 2017

Dates and event locations subject to change

Editorial team
Frank Elsner Kommunikation für Unternehmen GmbH, Westerkappeln

Design
Inhouse produced with firesys

Sixt Leasing SE
Zugspitzstrasse 1
82049 Pullach
Germany

Phone +49 (0) 89/7 44 44-0
Fax +49 (0) 89/7 44 44-8 6666

Contact Investor Relations
Phone +49 (0) 89/7 44 44-4518
Fax +49 (0) 89/7 44 44-8 4518

ir-leasing@sixt.com
http://ir.sixt-leasing.com