

**Avis Budget Finance plc**

**Annual Report and Audited  
Financial Statements as of and for  
the years ended December 31, 2017 and December 31, 2016**

**Company Registration Number: 112451 (Jersey)**

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**Avis Budget Finance plc**  
**DIRECTORS' REPORT**  
**Years ended December 31, 2017 and December 31, 2016**

The directors present their annual report and audited financial statements for Avis Budget Finance plc (the "Company") for the years ended December 31, 2017 and December 31, 2016.

**Incorporation**

The Company was incorporated in Jersey, Channel Islands as a public limited company on February 20, 2013.

**Principal activities**

The Company's principal activity is to carry on business to: i) acquire, deal with and/or provide financing; ii) obtain funding through the issuance of notes, bonds, debentures, securities and other instruments or by other means for the acquisition, dealing and/or provision of finance; and iii) enter into agreements and transactions in connection with, or ancillary to, the aforementioned activities.

In March 2013, the Company issued €250,000,000 in aggregate principal amount of 6% euro-denominated Senior Notes due March 2021 and in March 2014, issued an additional €200,000,000 in aggregate principal amount of 6% euro-denominated Senior Notes due March 2021 (the "Notes"). Prior to their full redemption in October 2016 (€275,000,000) and April 2017 (€175,000,000), these Notes were listed on the Irish Stock Exchange. In September 2016, the Company issued €300,000,000 in aggregate principal amount of 4.125% euro-denominated Senior Notes due November 2024 (the "Notes"). These Notes are listed on the International Stock Exchange. In March 2017, the Company issued €250,000,000 of 4.5% euro-denominated Senior Notes due May 2025. The Notes are listed on the International Stock Exchange.

**Results and dividends**

The Statement of Comprehensive Income for the years ended December 31, 2017 and December 31, 2016 is set out on page 5. The Directors have not proposed a dividend for the year.

**Going Concern**

The Company raised its funding through the issuance of the Notes. These Notes are guaranteed by its indirect parents Avis Budget Group, Inc. and Avis Budget Holdings, LLC, and its direct parent Avis Budget Car Rental, LLC ("ABCR"). The Company continuing as a going concern is dependent on the performance of ABCR, to which the proceeds of these Notes were loaned. Through the structuring of the loan agreement with ABCR, which includes the reimbursement of all operating expenses, the Company is always able to meet its obligations as they come due. The Directors therefore believe that the Company is well placed to manage its business risk successfully and accordingly, continue to adopt the going concern basis in preparing these financial statements.

**Directors**

The directors who held office throughout the year and to the date of approving these financial statements were:

Larry De Shon

Martyn Smith

The Directors had no interest in the ordinary shares or debt of the company throughout the year and to the date of approving these financial statements.

**Secretary**

The Secretary of the Company throughout the year and to the date of approving these financial statements was Intertrust SPV Services Limited.

**Independent auditors**

Deloitte LLP of Gaspé House, 66-72 Esplanade, St Helier, Jersey has indicated their willingness to continue in office and were reappointed as the Company's independent auditors to the Company in 2017.

Avis Budget Finance plc

**DIRECTORS' REPORT**

Years ended December 31, 2017 and December 31, 2016

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

  
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For Intertrust SPV Services Limited

Dated: 03/07/2018

The Esplanade  
St Helier  
Jersey  
JE4 9WG  
Channel Islands

**Avis Budget Finance plc**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**Years ended December 31, 2017 and December 31, 2016**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial period in accordance with specified generally accepted accounting principles. The Directors have elected to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the years ended December 31, 2017 and December 31, 2016 and of the profit or loss of the Company for the years then ended. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET FINANCE PLC**

### **Report on the audit of the financial statements**

#### **Opinion**

**In our opinion the financial statements:**

- **give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year ended 31 December 2017;**
- **have been properly prepared in conformity with accounting principles generally accepted in the United States of America ; and**
- **have been properly prepared in accordance with the Companies (Jersey) Law 1991.**

We have audited the financial statements of Avis Budget Finance Plc ("the Company") which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

#### **Basis for opinion**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Summary of our audit approach**

<b>Key audit matters</b>	<p>This section of our auditor's report is intended to describe the matters selected from those communicated with those charged with governance that, in our professional judgment, were of most significance in our audit of the financial statements.</p> <p>The key audit matter that we identified in the current year was recoverability of receivables from parent company.</p>
<b>Materiality</b>	<p>The materiality that we used in the current period was USD 11,400,000 (2016:8,750,000) which was determined on the basis of 1.75% of long term debt.</p>

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements

**We have nothing to report in respect of these matters.**



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET FINANCE PLC

### Report on the audit of the financial statements

any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Recoverability of receivables from parent company

##### Key audit matter description



Receivables from direct parent Avis Budget Car Rental, LLC ("ABCR") are stated in the balance sheet at USD 660,263.

There is judgment involved in determining the recoverability of these receivables from the parent company based on the financial position and future prospects of ABCR.

Further details are included within critical accounting estimates and judgments noted in note 1 to the financial statements.

##### How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of the key controls related to the valuation and recoverability of receivables from the parent company.

We challenged the directors' judgments regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.

##### Key observations



Based on the work performed we concluded that receivables from the parent company are appropriately stated.

#### Our application of materiality

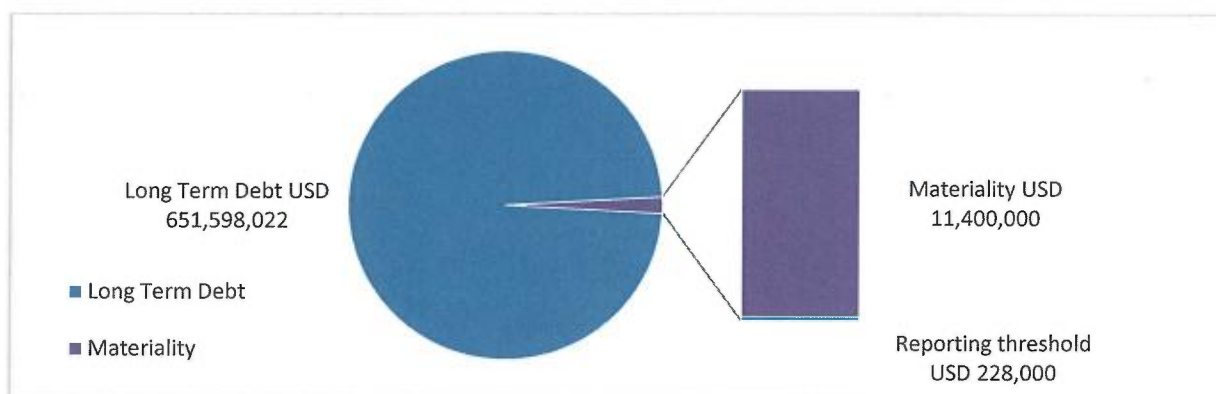
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET FINANCE PLC

### Report on the audit of the financial statements

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	USD 11,400,000 (2016:8,750,000)
<b>Basis for determining materiality</b>	We have used 1.75% of long term debt of the Company as our basis for materiality.
<b>Rationale for the benchmark applied</b>	We believe long term debt is the most appropriate benchmark as it is considered to be one of the principal considerations for members of the Company in assessing financial performance.



We agreed with the directors that we would report to the directors all audit differences in excess of USD 228,000 (PY: USD 175,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including Company-wide controls, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the Company audit engagement team.

Avis Budget Finance Plc uses a service organisation to manage book keeping and support in the preparation of the financial statements. As such, we have assessed the design and implementation of controls over the financial reporting process established by the service organisation.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

***We have nothing to report in respect of these matters.***

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET FINANCE PLC**

### **Report on the audit of the financial statements**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### **Responsibilities of directors**

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As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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This report is made solely to the Company's members, as a body, in accordance with article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIS BUDGET FINANCE PLC**  
**Report on the audit of the financial statements**

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**Report on other legal and regulatory requirements**

**Matters on which we are required to report by exception**


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*Adequacy of explanations received and accounting records*

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

***We have nothing to report in respect of these matters.***



Andy Isham, FCA  
For and on behalf of Deloitte LLP  
St Helier, Jersey  
~~27 June~~ 2018

3 July

**Avis Budget Finance plc**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**(USD In thousands)**


	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>Revenues</b>		
Interest income	\$ 28,744	\$ 28,744
Early extinguishment of debt	880	16,548
Total revenues	<u>29,624</u>	<u>45,292</u>
<b>Expenses</b>		
Interest expense	28,744	28,744
Early extinguishment of debt	880	16,548
Foreign currency exchange loss	83,357	23,920
General and administrative expenses	80	76
Total expenses	<u>113,061</u>	<u>69,288</u>
<b>Other income</b>		
Foreign currency exchange gain	83,357	23,920
General and administrative	80	76
Total other income	<u>83,437</u>	<u>23,996</u>
<b>Income before income taxes</b>	—	—
Provision for income taxes	—	—
<b>Net income</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income</b>	<u>\$ —</u>	<u>\$ —</u>

The Notes on pages 12-15 form part of these financial statements.

**Avis Budget Finance plc**  
**BALANCE SHEET**  
(USD In thousands, except share data)

		<b>December 31,</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
Current assets:			
Prepaid expenses		9	5
Current portion of due from Avis Budget Car Rental, LLC, net	4	—	—
Total current assets		9	5
Due from Avis Budget Car Rental, LLC, net	4	660,263	509,445
<b>Total assets</b>		<b>\$ 660,272</b>	<b>\$ 509,450</b>
<b>Liabilities and stockholder's equity</b>			
Current liabilities:			
Accrued interest		3,624	7,117
Accrued expenses		68	244
Current portion of due to Avis Budget Car Rental, LLC, net		4,950	965
Total current liabilities		8,642	8,326
Long-term debt	2	651,630	501,124
Total Liabilities		660,272	509,450
Commitments and contingencies	3	—	—
Stockholder's equity:			
Common stock, \$0.01 par value—authorized, issued and outstanding 1,000 shares		—	—
Accumulated earnings		—	—
Accumulated other comprehensive income		—	—
Total stockholder's equity		—	—
<b>Total liabilities and stockholder's equity</b>		<b>\$ 660,272</b>	<b>\$ 509,450</b>

The financial statements on pages 9 to 11 were approved and authorized for issue by the Board of Directors on June 27, 2018 and signed on its behalf by:

  
\_\_\_\_\_  
Martyn Smith                      Director

The Notes on pages 12-15 form part of these financial statements.

**Avis Budget Finance plc**  
**STATEMENT OF CASH FLOWS**  
(USD In thousands)

	Notes	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>Operating activities</b>			
Net income	\$	—	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of debt financing costs		1,289	1,685
Amortization of debt premium		(586)	(2,612)
Early extinguishment of debt premium		(9,175)	(1,459)
Early extinguishment of debt costs		2,681	4,429
Net change in assets and liabilities:			
Due from Avis Budget Car Rental, LLC, net		13,746	6,072
Prepaid expenses		(4)	(1)
Accrued interest		(3,493)	(2,656)
Accrued expenses		5	14
<b>Net cash provided by operating activities</b>		<b>4,463</b>	<b>5,472</b>
<b>Investing activities</b>			
Proceeds from loans from Avis Budget Car Rental, LLC	4	187,128	301,730
Payments on loans to Avis Budget Car Rental, LLC	4	(264,350)	(336,735)
<b>Net cash used in investing activities</b>		<b>(77,222)</b>	<b>(35,005)</b>
<b>Financing activities</b>			
Proceeds from long-term debt	2	264,350	336,735
Payments on long-term debt	2	(187,128)	(301,730)
Debt financing costs		(4,463)	(5,472)
<b>Net cash provided by financing activities</b>		<b>72,759</b>	<b>29,533</b>
Effect of changes in exchange rates on cash and cash equivalents		—	—
Net increase (decrease) in cash and cash equivalents		—	—
Cash and cash equivalents, beginning of period		—	—
<b>Cash and cash equivalents, end of period</b>	\$	<b>—</b>	<b>\$ —</b>
<b>Supplemental disclosure</b>			
Interest payments	\$	31,509	\$ 32,309

The Notes on pages 12-15 form part of these financial statements.

**Avis Budget Finance plc**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unless otherwise noted, all U.S. dollar and euro amounts are in thousands)**

**1. General Information and Basis of Presentation**

Avis Budget Finance plc (the "Company") is registered under the laws of Jersey, Channel Islands and is 100% wholly owned by Avis Budget Car Rental, LLC ("ABCR"); which is an indirect subsidiary of Avis Budget Group, Inc., a Delaware corporation ("ABGI"). The Company was incorporated on February 20, 2013 as a public limited company with its principal executive office located at 6 Sylvan Way, Parsippany, New Jersey 07054.

The Company acquires and provides financing for ABCR by issuing notes on the Irish Stock Exchange that are traded on the Global Exchange Market and on the International Stock Exchange admitting the notes for trading on the exchange market thereof.

Under the terms of the loan agreement between the Company and ABCR, all expenses incurred by the Company are reimbursed by ABCR.

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and Companies (Jersey) Law 1991.

***Use of Estimates and Assumptions***

The use of estimates and assumptions as determined by management is required in the preparation of the financial statements in conformity with GAAP. These estimates are based on management's evaluation of historical trends and other information available when the financial statements are prepared and may affect the amounts reported and related disclosures. Actual results could differ from those estimates.

***Revenue, expense and other income***

Revenue, expense and other income are accounted for on an accrual basis. Interest income and expense is accounted for on the effective interest rate basis.

***Long-term debt and Due from Avis Budget Car Rental, LLC, net***

Long-term debt and Due from Avis Budget Car Rental, LLC, net are accounted for on an amortized cost basis as the Company has not elected the fair value option under Accounting Standards Codification ("ASC") 825, "Financial Instruments".

***Fair Value Measurements***

The Company measures the fair value of assets and liabilities and discloses the source for such fair value measurements. Financial assets and liabilities are classified as follows: Level 1, which refers to assets and liabilities valued using quoted prices from active markets for identical assets or liabilities; Level 2, which refers to assets and liabilities for which significant other observable market inputs are readily available; and Level 3, which are valued based on significant unobservable inputs.

***Currency Transactions***

The Company's functional currency is United States Dollars (the "U.S. Dollar", or "\$"). Accordingly, the Company revalued its long-term euro-denominated debt and the euro-denominated amount due from ABCR at the rate of exchange in effect on the balance sheet date and the related revaluation adjustments are reflected in the Statement of Comprehensive Income. Interest expense associated with this debt is revalued



**Avis Budget Finance plc**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unless otherwise noted, all U.S. dollar and euro amounts are in thousands)**

at the prevailing monthly average rate of exchange and is included in interest expense. In 2017 and 2016, the Company recorded a foreign currency loss of \$83,357 and gain of \$23,920 on the euro-denominated Senior Notes, respectively, and a foreign currency gain of \$83,357 and loss of \$23,920 on the loan to ABCR, respectively.

***Income Taxes***

The Company is subject to 0% income tax rate in Jersey, Channel Islands. The Company has no unrecognized tax benefits as of December 31, 2017 and 2016 and there is no related interest or penalties recorded. The Company is subject to examination by the Jersey, Channel Islands' Tax Comptroller for the period from February 20, 2013 (Date of Inception) to December 31, 2017.

***Recently Issued Accounting Pronouncements***

On January 1, 2016, the Company adopted Accounting Standards Update ("ASU") 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern", which requires management to perform annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related footnote disclosures in certain circumstances. The adoption of this accounting pronouncement did not have an impact on the Company's Financial Statements.

**2. Long-term debt**

In 2013 and 2014, the Company issued, respectively, €250,000 and €200,000 of 6% euro-denominated Senior Notes due March 2021 ("Euro Notes"), with interest payable semi-annually. In 2016, the Company redeemed in part €275,000 of these notes. In 2017, the Company redeemed the outstanding €175,000 of 6% euro-denominated Senior Notes due March 2021.

In 2016, the Company issued €300,000 of 4.125 % euro-denominated Senior Notes due November 2024 ("Euro Notes"), with interest payable semi-annually.

In 2017, the Company issued €250,000 of 4.500 % euro-denominated Senior Notes due May 2025 ("Euro Notes"), with interest payable semi-annually.

Upon issuances of Euro Notes, the Company loaned the same amounts to ABCR. The notes are unsecured obligations of the Company, and are guaranteed on a senior basis by the Company's indirect parent companies, ABGI, and Avis Budget Holdings, LLC, its direct parent company, ABCR, and also by ABCR's existing direct and indirect domestic subsidiaries that also guarantee ABCR's senior credit facility. The Company has the right to redeem these notes in whole or in part on or after May 15, 2020 (4.500% Euro Notes) and November 15, 2019 (4.125% Euro Notes) at specified redemption prices, plus any accrued and unpaid interest.

The total net carrying amount of the Euro Notes is \$651,630 (inclusive of principal of \$660,264, unamortized premium of \$0, and deferred financing costs of (\$8,634)) and \$501,124 (inclusive of principal of \$499,684, unamortized premium of \$9,761, and deferred financing costs of (\$8,321)) as of December 31, 2017 and 2016, respectively. The cash proceeds received in 2017 from the issuance of Euro Notes related to a loan principal of \$264,350. The cash payments made in 2017 for the redemption of Euro Notes related to a loan principal of \$187,128. The cash proceeds received in 2016 from the issuance of Euro Notes

**Avis Budget Finance plc**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unless otherwise noted, all U.S. dollar and euro amounts are in thousands)**

related to a loan principal of \$336,735. The cash payments made in 2016 for the redemption of Euro Notes related to a loan principal of \$301,730.

The total fair value of the Euro Notes as of December 31, 2017 and 2016 were \$676,749 and \$506,062, respectively, based on significant observable inputs (Level 2) derived by considering the yield of the benchmark security that was used to initially price the instrument and adjusting this rate by the credit spread that market participants would demand for the instrument as of the measurement date.

The agreements governing the Company's indebtedness contain financial and other restrictive covenants including restrictions on dividends paid by the Company, ABCR or certain of ABCR's subsidiaries and restrictions on the incurrence of additional indebtedness by the Company, acquisitions, mergers, liquidations and sales and leaseback transactions. As of December 31, 2017, the Company was in compliance with the financial covenants governing its indebtedness.

**3. Commitments and contingencies**

While litigation is inherently unpredictable, the Company is not currently involved in any matters that will have a material adverse effect on its financial position or cash flows. However, it could incur judgments, enter into settlements or revise its expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on the Company's financial position or cash flows.

**4. Related Party Transactions**

In 2017, the Company used the proceeds received from the issuance of the Euro Notes due in 2025 to issue an intercompany loan of €250,000 (\$264,350) to ABCR, and the Company received a loan repayment of €175,000 (\$187,128) from ABCR. In 2016 the Company used the proceeds received from the issuance of the Euro Notes due in 2024 to issue an intercompany loan of €300,000 (\$336,735) to ABCR, and the Company received a loan repayment of €275,000 (\$301,730) from ABCR. The interest rate on the euro-denominated intercompany loans issued in 2017 and 2016 is 4.500% and 4.125% respectively, and the Company recorded related party interest income of \$28,744 and \$28,744 respectively in its Statement of Comprehensive income. In 2017 and 2016, the Company also recorded a charge of \$880 and income of \$16,548, respectively, associated with the early extinguishment of its intercompany loan due from ABCR. The total loan and foreign currency exchange gain/(loss) balance of \$660,263 and \$509,445 as of December 31, 2017 and 2016, respectively, are intended to be paid to the Company upon the due date.

The fair value of the amounts Due from Avis Budget Car Rental, LLC, net at December 31, 2017 and 2016 were \$676,749 and \$506,062, respectively, based on significant observable inputs (Level 2) derived by considering the yield of the benchmark security that was used to initially price the instrument and adjusting this rate by the credit spread that market participants would demand for the instrument as of the measurement date.

Under the terms of the loan agreement between the Company and ABCR, all expenses incurred by the Company are reimbursed by ABCR. As of December 31, 2017 and 2016, the current amounts Due (to) / from Avis Budget Car Rental, LLC, net were (\$4,950) and (\$965), respectively. These amounts represent receivables from ABCR of \$3,692 and \$7,361 primarily related to accrued interest, offset by liabilities due to ABCR of \$8,642 and \$8,326 principally related to deferred financing costs, respectively.

**Avis Budget Finance plc**  
**NOTES TO FINANCIAL STATEMENTS**  
(Unless otherwise noted, all U.S. dollar and euro amounts are in thousands)

**5. Subsequent Events**

The Company has evaluated events through June 27, 2018 for consideration as a subsequent event to be included in the accompanying financial statements issued June 27, 2018.