ANNUAL REPORT 2016

Q-PARK Quality in parking

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

1 General information

Q-Park NV (the company) is a public limited company whose registered office and principal place of business is in the Netherlands. Neither the company's shares nor liabilities are listed on any stock exchange.

The consolidated annual accounts drawn up by the Executive Board for the year 2016 and approved for publication on 8 March 2017 will be submitted for adoption to the General Meeting of the Shareholders to be held on 5 April 2017.

All amounts are in EUR millions unless otherwise stated. Q-Park NV's consolidated annual accounts have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union up to and including 31 December 2016. In addition, the Q-Park NV annual accounts comply with the articles set out in Title 9, Book 2, Dutch Civil Code. By virtue of Title 9, Book 2, Article 402, Dutch Civil Code the company annual accounts contain an abridged profit and loss account.

2 New and amended standards per 1 January 2016

The accounting policies for financial reporting applied are consistent with those applied in the previous financial year, with the exception of the new and changed IFRS standards and IFRIC interpretations. The following new and changed IFRS standards and IFRIC interpretations are applicable to the 2016 financial year:

- IFRS 11 - Joint Arrangements - adjustment to clarify that the acquisition of an interest in a joint business activity must be processed in accordance with IFRS 3 - Business combinations, if this business activity meets the definition of a company such as defined in IFRS 3. Q-Park's acquisitions do not qualify as joint arrangement whereby this change does not impact the consolidated annual accounts.
- IAS 16 and IAS 38 - Tangible Fixed Assets and Intangible Assets - gives additional guidelines for depreciation of tangible fixed assets and intangible assets. These amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Q-Park does not apply this method, as such these amendments do not impact the consolidated annual accounts.
- IAS 1 - Presentation of Financial Statements - gives additional guidelines that further clarify the materiality concept that is used in the explanatory notes.
- Annual improvements to IFRS cycle 2012-2014:
  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
  - IFRS 7 – Financial Instruments: Disclosures – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.
  - IFRS 7 – Financial Instruments: Disclosures – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.
  - IAS 19 – Employee Benefits – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

  The adoptions of these annual improvements to IFRS did not have any impact on the current period or any past period and is not likely to affect future periods.

Standards published but not yet in force

The following standards, relevant to Q-Park, were not yet in force on the publication date of the Q-Park annual accounts. Here, the standards and interpretations are only summarised if there is a reasonable expectation that in future application these may have an impact on the disclosures, financial position or the results of Q-Park. These standards and interpretations will be applied as soon as they come into force:

- IFRS 9 – Financial Instruments – introduction of a new framework for classification and valuation of financial fixed assets, in force as per 1 January 2018.
- IFRS 15 – Revenue from Contracts with Customers – introduction of a new model for the recognition of revenue, which applies to all contracts with customers except for those which fall under other IFRS standards such as leasing, insurance contracts and financial instruments, in force as per 1 January 2018.
- IFRS 16 – Leases – introduction of a new model for recognition of lease agreements, in force as per 1 January 2019.
- IAS 12 – Income Taxes – amendments made to clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base, in force as per 1 January 2017.
- IAS 7 – Statement of Cash Flows – going forward, entities will be required to explain changes in their liabilities arising from financing activities, in force as per 1 January 2017.
- IFRS 10 – Consolidated Financial Statements and IAS 28 –Investments in Associates (2003) – the amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The effective date is not yet determined.

The company does not expect that these amendments will materially affect the annual accounts.

3 Significant accounting policies

General

The consolidated annual accounts and company annual accounts are presented in euros. The euro is the presentation currency as well as the functional currency of Q-Park NV. Each entity within the group recognises transactions and balance sheet items in its own functional currency.

Consolidation

Financial information relating to group companies and other legal entities controlled by Q-Park NV or where central management is conducted has been consolidated in the financial statements of Q-Park NV. A statement of the group companies and the company’s other participating interests is set out in the note on group companies and participating interests.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated as from the acquisition date.

Foreign currencies

Other receivables, liabilities and cash and cash equivalents in foreign currency are converted at the prevailing exchange rates as per balance sheet date. Foreign exchange rate differences arising are incorporated in the consolidated statement of comprehensive income.

The income statements from the group companies registered abroad are converted at the average exchange rate for the period for the consolidated statement of comprehensive income. The net result from these group companies is converted at the exchange rate prevailing at balance sheet date. The difference between these two conversions is accounted for in the shareholders' equity (statutory exchange rate differences reserve).

Assets and liabilities of a group company incorporated abroad are converted at the foreign exchange rates prevailing at the balance sheet date for the purposes of consolidation. Foreign exchange rate differences that arise are directly deducted from or added, after deduction of deferred tax assets, to group equity and recognised in the translation differences reserve. Likewise this also applies to the translation differences on loans that form part of the net investment in the business operations abroad.

Overview of the exchange rates used for drawing up the annual accounts:

	2016		2015	
	Average	End	Average	End
British pound (GBP)	1.2321	1.1680	1.3772	1.3625
Danish crown (DKK)	0.1343	0.1345	0.1341	0.1340
Swedish crown (SEK)	0.1058	0.1047	0.1069	0.1088
Norwegian crown (NOK)	0.1077	0.1101	0.1119	0.1041

Estimates in the annual accounts

In application of the group's accounting policies, it is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The most important of these estimates are explained as follows.

At least once a year Q-Park determines whether goodwill is impaired. This requires an estimate of the recoverable amount of the cash-generating units to which the goodwill is allocated. Additionally, for its other intangible fixed assets as well as tangible fixed assets, Q-Park determines to what extent there are impairments in value at balance sheet date. This requires an estimation of the recoverable amount of these fixed assets.

The fair value of the investment property is based on the basic principles set down by Q-Park as well as on the estimates and calculations provided by external valuation experts. The estimates and calculations made by external valuation experts mainly concern the discount rate and net initial yield to be used, the determination of the 'exit yield' and the development of the expected revenue and expenses based on the specific circumstances of each location.

The fair value of the interest rate derivatives recognised in the balance sheet is based on internal assumptions and calculations on the one hand, and on the providers of the derivatives on the other. The calculations and statements include estimates of interest rate developments, as well as estimates concerning modifications for 'debit valuation adjustments' and 'credit valuation adjustments'.

There is some uncertainty regarding the explanation of complex tax regulations. Considering the wide range of international business relationships and the long-running and complex nature of existing contractual agreements, differences may arise between the assumptions made and the actual results, or future changes in such assumptions may influence the actual results.

Deferred tax assets related to unused tax losses are recognised in so far as it is probable that profit for tax purposes will be available to which this can be offset. In order to determine the value of the deferred tax assets arising from tax losses not offset, a management assessment is required regarding the probable timing and level of the future taxable profits, combined with future fiscal planning strategies.

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business ;
- equity interests issued by the group ;
- fair value of any asset or liability resulting from a contingent consideration arrangement;
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, adjusted for any non-controlling interest in the acquired entity, and the fair value of the net identifiable assets acquired and the liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill

Goodwill is measured as described in the note 'Business combination'. After this initial valuation, goodwill is stated at cost price less any accumulated impairments. When testing for impairments, goodwill arising from a business combination is allocated to the cash-generating unit that is expected to derive benefit from the synergy in the business combination. Q-Park has defined its cash-generating units at region level, the goodwill is also determined at this level.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The goodwill arising from the acquisition of business combinations concerning the adjustment of the deferred tax liabilities from face value to fair value is not part of the goodwill included in the impairment test. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit. Goodwill impairments are recognised directly in the profit and loss account and may not be reversed in future periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included when determining the profit or loss on disposal.

Other intangible fixed assets

The other intangible fixed assets consist of costs associated with investments in software and with the development of new ICT systems. Depreciation is based on the expected useful economic life. A depreciation period of 3 – 5 years is applied for the other intangible fixed assets.

Investment property

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is considered to be all legally owned property, concessions and ground lease constructions, financial lease contracts and operational lease contracts in which parking activities are conducted. Classification is determined as follows:

- Legally owned property is all investment property which is fully owned by Q-Park (including the land).

- Ground lease constructions are all investment property involving a (finite) ground lease or a similar construction (e.g. right of superficies/building rights).
- Concessions are all French objects involving a (finite) concession for the use of the ground.
- Lease contracts include all investment property which is leased for a predetermined period. Lease contracts can be subdivided into contracts with and without protective constructions.

Investment properties are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the group's property interest held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. This fair value of investment property is determined annually by independent external valuers, with the exception of the lease contracts with an initial term to maturity of less than 15 years and contracts added to the portfolio during the financial year. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal, contract termination or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Due to the nature of the investment property and the lack of sufficient comparable market information, the fair value is not determined based on observable market transactions. Instead, the independent external valuers use a model in accordance with international valuation guidelines. A rental value capitalisation calculation is performed for all legally owned property and ground lease constructions to determine the 'property' element in the fair value. Additionally, for each property investment, the operational element included in the fair value is determined based on the future revenues, expenses (excluding ground rents) and capital expenditure directly attributable to the property investment, which are discounted based on an object-specific discount rate. With respect to the lease contracts, the minimum lease obligations are added to the valuation to determine the fair value recognised. In this model, the contract duration is maximised at 15 years, supplemented with a residual value. Where the actual remaining contract period is less than 15 years, this actual remaining contract period is processed in the model. Lease contracts with an initial duration of less than 15 years are valued internally based on a similar discounted value model.

Investment property under construction is also stated at fair value. If an estimate of future cash flow for investment property under construction cannot be estimated reliably, the fair value is determined to be equal to the cumulative acquisition costs incurred as per balance sheet date.

Interest on building finance charges incurred during the construction phase is capitalised. Investment property is not depreciated.

Tangible fixed assets

Tangible fixed assets are stated at the cost price less linear depreciation based on the expected useful economic life and taking the expected residual value into account. A depreciation period of 5 – 15 years is applied for the tangible fixed assets.

Participating interests and prepaid expenses

Participating interests in which significant influence can be exercised are valued based on the equity method by applying the Q-Park valuation and accounting policies. It is presumed that significant influence can be exercised when Q-Park has 20% or more of the voting rights in the general meeting of shareholders.

If the valuation according to the equity method of a participating interest comes out negative, this is valued at zero. A provision is formed if and in so far as Q-Park NV in this situation is fully or partially liable for the debts of the participating interest or has the firm intention to guarantee its participating interest's liabilities. The first valuation of acquired participating interests is based on the fair value of the identifiable assets and liabilities at the moment of acquisition.

Participating interests on which no significant influence can be exercised are classified as financial instrument and stated at fair value.

The prepaid expenses are valued at amortised cost.

Deferred tax assets

Receivables with respect to tax-deductible losses are recognised and are valued at the tax rates expected to apply to the results in the future. Receivables with respect to tax-deductible losses are only recognised if and to the extent that sufficient fiscal benefit is expected as compensation of the deferred tax assets or if sufficient deferred tax liabilities arising from temporary taxable differences are available.

Deferred tax assets and liabilities will be offset against each other if these fall within a tax group for corporate tax and as far as the periods in which settlement is expected coincide.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxable entity and the same tax authority.

Fixed assets held for sale

In so far as fixed assets are formally indicated as 'held for sale', these are shown separately in the balance sheet as part of the current assets. Investment property held for sale is valued based on fair value less transaction costs. Other fixed assets held for sale are valued at the lower value of the book value and the fair value after deduction of transaction costs.

Receivables

On initial recognition, receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash balances and freely callable deposits. Cash equivalents are highly liquid short-term instruments that can be converted immediately into certain cash amounts for which there is no risk.

Shareholders' equity

General

Shares are deemed shareholders' equity. External costs that can be directly allocated to the issuance of new shares are deducted from the other reserves.

Hedging reserve

Changes in the fair value of the interest rate derivatives up to and including 2013 which were identified as cash flow hedges and that met the hedge accounting criteria, were recognised directly in the shareholders' equity (hedging reserve) in so far as the hedge was effective. In line with the company's decision (from 2014) to no longer apply hedge accounting on interest rate derivatives, the cumulative hedging reserve as per 31 December 2013 will be amortised at the expense of the indirect result from the 2014 financial year based on the remaining duration of the related interest rate derivatives.

Exchange rate differences reserve
The foreign exchange rate differences arising from the conversion of the annual accounts of foreign subsidiaries are accounted for in the translation reserve. In addition, the results not yet realised on old currency derivatives are recognised in the translation reserve.

Non-current liabilities

Provisions
Provisions are made if Q-Park has a present obligation (contractual or actual) resulting from a past event. A provision is only recognised in so far as a reliable estimate of the liability can be made and it is probable that such a liability will have to be paid. However, the exact size and timing of the outgoing cash flow is uncertain. The expenses associated with a provision are recognised in the comprehensive income statement. If the effect of the time value of money is significant, the provisions will be discounted at a discount rate (pre-tax). The increase in a discounted provision due to the passage of time is recognised as financial result.

Deferred tax liabilities
The deferred tax liabilities with respect to temporary differences between the tax base and commercial valuation of assets and liabilities are stated at the tax rates against which these differences are expected to be settled in the future.

Lease obligations
Long-term liabilities arising from ground leases and/or lease obligations for investment property are stated in the balance sheet at the discounted value, only in so far as they are fixed, irreversible liabilities. This discounted value is determined based on the effective interest rate for these liabilities. The interest expenses related to these liabilities are recognised in the direct result as part of investment property costs arising from operational and financial lease.

The minimum lease obligations recognised in the balance sheet are based on the most up-to-date estimates of these future lease obligations, taking annual changes due to inflation into account.

The variable (revenue-related) component of the lease obligations is not accounted for in the balance sheet according to the aforementioned method, but is accounted for directly in the statement of comprehensive income in the year that this obligation is due.

Loans
Loans are stated at their amortised cost price. The costs of concluding loans, prepaid interest charges and financing charges are deducted from the loan and are charged to the result according to the effective interest method over the duration of the loans. The effective interest method is a method of calculating the amortised costs of a debt instrument and allocating the interest income over the relevant period. Repayments within a year after balance sheet date are presented as a separate item as part of the current liabilities.

Financial instruments
Q-Park uses derivative financial instruments (derivatives) such as interest rate swaps (IRS) and interest rate caps (IRC) to hedge against the risk of changing interest rates.

Financial derivatives are initially recognised on the balance sheet at fair value and are valued at their fair value at every subsequent balance sheet date. Hedges relate to the risk of possible variability of cash flows attributable to a recognised asset, or obligation, or an expected transaction, or the currency risk of an off-balance obligation for which a contract has been undertaken.

Current liabilities
Current liabilities are recognised at amortised cost. This is usually in line with the nominal amount.

Direct and indirect result
In the consolidated statement of comprehensive income Q-Park makes a distinction between direct and indirect result.

The direct result before taxes concerns the result calculated as the net revenue minus operating expenses (including investment property costs arising from operational and financial lease) and financial income and expenses.

The indirect result before taxes mainly comprises revaluation results of investment property, results from divestments, results related to the termination of property investments (concessions, lease contracts), goodwill impairments, changes in the fair value of interest rate derivatives, and the effect of amortisation of the cumulative accrued hedging reserve.

Determining the result
Costs are determined by reference to the accounting policies set out before and are allocated to the appropriate reporting year. Profits are reported in the year in which the services are provided. Losses are recognised in the year in which they are known.

Revenue recognition
Net revenue represents amounts invoiced for services provided during the financial year, net of discounts and value added taxes. The revenue recognised consists of:
- Parking revenues: parking revenues (short-stay parking and season tickets) from parking facilities operated by Q-Park.
- Control fees: income in favour of Q-Park arising from enforcement of paid parking (parking fines) on or in parking facilities owned by Q-Park and/or third parties.
- Management and consultancy fees: concerns the fixed and variable allowance for the operational management of parking facilities for third parties.
- Rental income: rental income from parking facilities owned by Q-Park but operated by third parties, as well as income from renting specific areas in car parks.
- Other income: concerns all other income not included in the aforementioned categories.

Depreciation
Depreciation is performed proportionately based on the expected useful economic life of the assets concerned.

Financial result
The financial result consists of both the financial expenses as well as the financial income. Interest costs on loans and interest rate derivatives, as well as amortised refinancing costs are accounted for under financial expenses.

Interest income on outstanding cash and cash equivalents is accounted for under financial income.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period including changes regarding taxes to be paid in respect of previous years.

Cash flow statement

The cash flow statement has been prepared using the indirect method, whereby the basis after deriving movements in cash and cash equivalents is based on the operational result. Asset/liability transactions are stated as acquisitions and divestments in the year of payment. As a consequence, the cash flows stated do not correspond to the movements as stated in the consolidated balance sheet.

Compared to the presentation in the previous annual accounts, the cash flow statement starts with ‘operational result’ instead of ‘net result’. Accordingly, the cash flows for ‘tax paid’ and ‘interest paid’ are presented separately in the cash flow statement. The comparative figures have been adjusted accordingly.

4 Acquisitions

Massilia Park

In 2016, Q-Park acquired 100% of the shares in Massilia Park, a parking company in France, via its French subsidiary on 17 June 2016. Under IFRS 3 Business combinations, this acquisition is classified as a 'business combination'. 'Control' is obtained through the acquisition of the entire share capital as of 17 June 2016. As a result of this acquisition, Q-Park has expanded its market share in France and expects to realise economies of scale and efficiency benefits. The legal entities included in Massilia Park are presented in the following table, including the percentage of shares acquired by Q-Park. Q-Park already owned part of the shares of the subsidiaries of Massilia Park.

Legal entity	% owned by Q-Park	% acquired by Q-Park	% owned after acquisition
Massilia Park	0%	100%	100%
Société de Gestion des Parkings	0%	100%	100%
Société du Parking Puget	0%	100%	100%
Société Marseillaise de Stationnement	51%	49%	100%

The fair value of the identifiable assets and liabilities on the acquisition date was as follows:

(x EUR million)

FIXED ASSETS		**SHAREHOLDERS' EQUITY**	**3.9**
Investment property	5.1	**NON-CURRENT LIABILITIES**	
Financial fixed assets	0.5	Deferred tax liabilities	1.0
	5.6		**1.0**
CURRENT ASSETS		**SHORT-TERM LIABILITIES**	
Receivables	0.8	Trade payables and other short-term liabilities	1.5
Cash and cash equivalents	-		**1.5**
	0.8		
TOTAL ASSETS	**6.4**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**6.4**

The book value of assets and liabilities acquired before adjustments for fair value amounted to EUR 1.4 million. The acquisition price for Massilia Park amounted to EUR 3.9 million (in cash only). In 2016, Massilia Park made a contribution of EUR 2.9 million revenue and EUR 1.1 million operational result to the result of Q-Park N.V. If Massilia Park had been acquired as of the beginning of the annual reporting period the combined revenue would have been EUR 3.8 million with an operational result of EUR1.9 million.

Hasselt

On 1 December 2016 Q-Park acquired the majority of the shares in a family-owned Belgian parking company in Hasselt. As a result of this acquisition, Q-Park has expanded its market share in Belgium and expects to realise economies of scale and efficiency benefits. The legal entities included are presented in the following table, including the percentage of shares acquired by Q-Park in these legal entities.

Legal entity	% acquired by Q-Park
Park-INN NV	100.00%
DusartPark NV	100.00%
Genkpark NV	100.00%
HassPark NV	93.55%
Parkilim NV	80.25%
Eural Parking Hasselt NV	65.51%

Under IFRS 3 Business combinations, this acquisition is classified as a 'business combination' as 'control' over these entities is obtained.

The fair value of the identifiable assets and liabilities of the consolidated group (100%) as per acquisition date was as follows:

(x EUR million)

FIXED ASSETS		**SHAREHOLDERS' EQUITY**	**27.4**
Investment property	39.5	**NON-CURRENT LIABILITIES**	
	39.5	Long-term loans and other liabilties	1.9
CURRENT ASSETS		Deferred tax liabilities	12.8
Receivables	1.3		**14.7**
Cash and cash equivalents	2.9	**SHORT-TERM LIABILITIES**	
	4.2	Trade payables and other short-term liabilities	1.5
			1.5
TOTAL ASSETS	**43.7**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**43.7**

The book value of assets and liabilities acquired before adjustments for fair value amounted to EUR 2.5 million. The acquisition price for the majority of the shares amounted to EUR 30.7 million to be paid in January 2017 (in cash only). The acquisition results in a non-controlling interest of EUR 1.7 million and the recognition of EUR 4.9 million goodwill. The provisional purchase price allocation will be finalised within 1 year. In 2016, the acquisition made a contribution of EUR 0.9 million revenue and EUR 0.4 million net result to the result of Q-Park N.V. If the business had been acquired as of the beginning of the annual reporting period the combined revenue would have been EUR 7.0 million with a net result of EUR 2.3 million.

5 Goodwill and other intangible fixed assets

Movements in the goodwill and other intangible fixed assets are shown in the table.

(x EUR million)	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Cost price	488.3	42.5	530.8
Depreciation	-	-29.1	-29.1
Impairments	-403.7	-5.2	-408.9
Book value as per 1 January 2015	**84.6**	**8.2**	**92.8**
Changes in book value:			
- Investments	-	4.5	4.5
- Acquisitions	-	-	-
- Depreciation	-	-2.0	-2.0
- Impairment	-	-0.6	-0.6
- Foreign exchange rate differences	1.2	0.1	1.3
Cost price	489.5	47.1	536.6
Depreciation	-	-31.1	-31.1
Impairments	-403.7	-5.8	-409.5
Book value as per 31 December 2015	**85.8**	**10.2**	**96.0**
Changes in book value:			
- Investments	-	6.0	6.0
- Acquisitions	4.9	-	4.9
- Depreciation	-	-3.8	-3.8
- Foreign exchange rate differences	-2.2	-0.1	-2.3
Cost price	492.2	53.0	545.2
Depreciation	-	-34.9	-34.9
Impairments	-403.7	-5.8	-409.5
Book value as per 31 December 2016	**88.5**	**12.3**	**100.8**

Goodwill

Cash-generating unit
In its structure, Q-Park has divided the various countries in which it is active into regions. The regions are managed by the responsible regional management team consisting of a general regional director and a financial regional director. The country directors are managed by, report to, and are appraised by the regional management teams. These teams report over the regions and the Executive Board bases its decisions on this regional reporting. Consequently, Q-Park identifies its cash-generating units at regional level.

The regional structure is defined as follows:
- Region 'Mid' – Netherlands and Germany;
- Region 'West' – United Kingdom and Ireland;
- Region 'South' – France and Belgium;
- Region 'North' – Denmark, Sweden, Norway, and Finland.

Impairment calculations
Goodwill impairment calculations are conducted annually in accordance with IAS 36. Per cash-generating unit (region), the net book value (carrying amount) is compared with the recoverable amount. This recoverable amount is defined as the greater of the net recoverable amount according to the 'value in use' (VIU) methodology and net recoverable amount according to the 'fair value less costs of disposal' (FVLCD) methodology. For the goodwill impairment test calculations of Q-Park's CGUs, the FVLCD methodology is applied. The detailed FVLCD calculation is performed by an external expert. Additionally, the FVLCD outcome is benchmarked in the market.

In accordance with IFRS 13, the FVLCD calculation used classifies as a 'level 3' valuation method.

In the impairment calculations, the future operational cash flows and investment cash flows used in the business plan calculations are discounted. The calculations can be divided into the following components:
- the cash flows in the first 5 years are based on the most recent business plans;
- for the years after the explicit forecast period, inflationary revenue growth and stable margins have been assumed;
- the level of capital expenditures and depreciation has been brought towards a steady state based on the asset intensity of the cash-generating unit;
- the terminal value is calculated by dividing the cash flow in the final years by the weighted average cost of capital (WACC) minus the growth included in the calculation (WACC –/– g). The growth in the residual value is calculated on the basis of the Gordon growth formula.

The present value of these components is determined on the basis of a CGU-specific WACC.

Book value and goodwill impairment results
The goodwill impairment test conducted in 2016 confirms the book value of the cash-generating units and did not result in impairment of the goodwill at the close of 2016 (2015 impairment: EUR 0 million). The book value of the goodwill at the end of the financial year and the change in the course of the financial year are shown in the table.

(x EUR million)	Region 'Mid'	Region 'West'	Region 'South'	Region 'North'	Total
Goodwill per 1 January	-	-	27.8	58.0	85.8
Additions	-	-	4.9	-	4.9
Impairment result	-	-	-	-	-
Foreign exchange rate differences	-	-	-	-2.2	-2.2
Goodwill per 31 December	**-**	**-**	**32.7**	**55.8**	**88.5**

The goodwill arising from the acquisition of business combinations concerning inclusion of the deferred tax liabilities from fair value correction of the identifiable assets is not part of the goodwill included in the impairment test. At the end of the financial year this goodwill amounted to EUR 25.5 million (2015: EUR 24.7 million). The amount of EUR 25.5 million is fully attributable to 'South'.

Assumptions and sensitivity analysis

The primary assumptions as applied in the goodwill impairment calculation are shown in the table.

Cash-generating unit	Pre-tax WACC		Growth residual value	
	2016	2015	**2016**	2015
Region ´South´	8.9%	8.9%	2.0%	2.0%
Region ´North´	8.5%	8.8%	1.9%	2.0%

The break-even point for impairment lies in an adjustment of the WACC and growth of the residual value as shown in the following table:

(x EUR million)	Region 'South'	Region 'North'
Adjustment WACC	0.50%	0.60%
Adjustment residual value growth	-0.40%	-0.70%

When determining the impact as shown in the table, we have not incorporated the possible effect that the adjustments might have on the value of the investment properties. As a result of the level of goodwill in 'South' that is excluded in the impairment test (see previous paragraph) an adjustment below the break-even point would only have a limited impact on the goodwill of the region South.

Other intangible fixed assets

The investments in other intangible fixed assets are mainly related to the investments in software associated with the development and implementation of a new digital platform.

6 Investment property

Movements in the value of investment property are explained in the following table.

(x EUR million)	Investment property market value	Investment properties held for sale	Investment property under construction	Minimal lease obligations	Total investment property
Book value as per 1 January 2015	**2,689.0**	**-**	**6.1**	**2,598.8**	**5,293.9**
Changes in book value:					
- Maintenance investments in investment property	32.7	-	5.5	-	38.2
- New business investments in investment property	4.1	-	-	-	4.1
- Acquisitions through business combinations	14.9	-	-	-	14.9
- Divestments in investment property	-2.4	-	-1.2	-	-3.6
- Movement in capitalised lease obligations due to time effect	-	-	-	-63.3	-63.3
- Lease obligations new contracts	-	-	-	76.1	76.1
- Revaluation financial year	4.2	-	-	-	4.2
- Relocation from/to fixed assets	1.3	-	-2.0	-	-0.7
- Foreign exchange rate differences	21.5	-	-	46.4	67.9
- Other	-	-	-	210.9	210.9
Book value as per 31 December 2015	**2,765.3**	**-**	**8.4**	**2,868.9**	**5,642.6**

(x EUR million)	Investment property market value	Investment properties held for sale	Investment property under construction	Minimal lease obligations	Total investment property
Book value as per 31 December 2015	**2,765.3**	**-**	**8.4**	**2,868.9**	**5,642.6**
Changes in book value:					
- Maintenance investments in investment property	28.7	-	-	-	28.7
- New business investments in investment property	23.9	-	9.1	-	33.0
- Acquisitions through business combinations	44.3	-	-	-	44.3
- Divestments in investment property	-2.7	-	-	-	-2.7
- Movement in capitalised lease obligations due to time effect	-	-	-	-45.4	-45.4
- Lease obligations new contracts	-	-	-	73.6	73.6
- Revaluation financial year	61.9	-	-	-	61.9
- Relocation from/to fixed assets	5.9	-16.0	-5.1	-	-15.2
- Foreign exchange rate differences	-54.7	-	-0.1	-133.3	-188.1
- Other	-	-	-0.9	39.4	38.5
Book value as per 31 December 2016	**2,872.6**	**-16.0**	**11.4**	**2,803.2**	**5,671.2**

Market value

The table shows the market value of objects valued internally and externally as well as per object type. The market value of externally valued investment property stated in the table corresponds to the total market value as determined in the valuations made by the external valuer.

(x EUR million)	2016	2015
Market value of investment property valued externally	2,745.1	2,690.4
Market value of investment property valued internally	127.5	74.9
Total market value	**2,872.6**	**2,765.3**
Of which legally owned property	1,300.5	1,253.0
Of which concessions	422.7	440.6
Of which ground lease constructions	382.6	331.0
Of which lease contracts with protective constructions	208.8	201.0
Of which other lease contracts	558.0	539.7
Total market value	**2,872.6**	**2,765.3**

Valuation method

In accordance with IFRS 13, the market value calculation used classifies as a 'level 3' revaluation method for the whole portfolio.

The investment property part of all legally owned and ground lease facilities is calculated based on the rental value capitalisation method. The main drivers for these objects are the net initial yield (which is a derivative of the price that will be paid in the market) and the estimated rental income.

The operational part of all legally owned and ground lease facilities, as well as all long-term lease and concession contracts, are calculated based on the discounted cash flow model.

The incoming and outgoing cash flows included in the valuation of the investment property are based on the revenue, costs related to operational and financial lease, other operating expenses and maintenance investments.

The discount rate consists of the risk free interest rate per country, plus – if applicable – an object-specific surcharge that depends on several aspects:

- type of the contract (Freehold/Leasehold);
- nature of the object (parking lot, garage above ground, garage underground);
- location;
- maintenance status;
- uncertainties in the future cash flows.

The table shows the weighted average discount rate and the net initial yield per region.

	Discount rate		Net initial yield	
	2016	2015	**2016**	2015
Region 'Mid'	9.5%	9.3%	6.3%	6.4%
Region 'West'	11.6%	10.1%	6.4%	6.4%
Region 'South'	7.3%	7.7%	5.7%	5.7%
Region 'North'	10.1%	9.3%	5.7%	5.7%
Total	**9.2%**	**8.8%**	**6.2%**	**6.2%**

The weighted average discount rate showed a slight increase of 0.4%, whereas the weighted average net initial yield remained stable compared to the previous financial year.

Revaluation result

The revaluation result for 2016 is EUR 61.9 million (2015: EUR 4.2 million). The 2016 revaluation result is the consequence of a stable growth in cash flow and the aforementioned discount rate and initial yield. The table gives insight into the revaluation result per region.

(x EUR million)	Revaluation	
	2016	2015
Region 'Mid'	88.0	17.1
Region 'West'	-28.8	-16.0
Region 'South'	-25.4	-8.7
Region 'North'	28.1	11.8
Total	**61.9**	**4.2**

Sensitivities

A sensitivity analysis which gives insight into the impact of changes to the discount rate and initial yield on the fair value of the investment property is shown in the table.

(x EUR million)	Discount rate		Net initial yield	
	-0.5%	+0,5%	-0.5%	+0,5%
Region 'Mid'	22.8	-21.5	71.2	-60.4
Region 'West'	9.0	-8.5	10.5	-9.0
Region 'South'	20.3	-19.2	25.5	-21.3
Region 'North'	10.7	-10.1	5.4	-4.6
Total	**62.8**	**-59.3**	**112.6**	**-95.3**

Other notes

Regarding the movements in the minimum lease obligations, please refer to the notes on the lease obligations explained as part of the 'non-current liabilities'.

The total market value of the investment property sold in the financial year amounted to EUR1.2 million. At the close of 2015, these property investments were part of the regular property investments and were not marked as fixed assets held for sale.

The total market value of the investment property includes contracts with a negative market value recognised for an amount of EUR 79.3 million (2015: EUR 85.9 million).

7 Tangible fixed assets

Movements in tangible fixed assets are shown in the table.

(x EUR million)	**2016**	2015
Book value as per 1 January		
Cost price	119.5	113.6
Depreciation	-83.7	-76.9
Changes in book value:		
- Investments	6.7	5.5
- Acquisitions	0.6	-
- Divestments	-0.4	-0.5
- Relocation tangible fixed assets	-1.0	0.7
- Depreciation	-6.1	-6.8
- Foreign exchange rate differences	-0.3	0.2
Book value as per 31 December		
Cost price	125.1	119.5
Depreciation	-89.8	-83.7
Book value as per 31 December	**35.3**	**35.8**

8 Participating interests and prepaid expenses

Movements in participating interests and prepaid expenses are shown in the table.

(x EUR million)	Participating interests	Prepaid expenses	Total
Book value as per 1 January 2015	**0.4**	**2.7**	**3.1**
Result from participating interests	-	-	-
Amounts paid	-	-	-
Amortisation	-	-0.2	-0.2
Other Movements	-0.3	-	-0.3
Book value as per 31 December 2015	**0.1**	**2.5**	**2.6**
Result from participating interests	-	-	-
Amounts paid	-	0.3	0.3
Amortisation	-	-0.3	-0.3
Other movements	-	-	-
Book value as per 31 December 2016	**0.1**	**2.5**	**2.6**

For a specification of the minority interests in the previous table please refer to the note on group companies and participating interests. Insofar as participating interests represent a negative balance at balance sheet date, these are recognised if and insofar as Q-Park is liable for its share in the liabilities of the participating interests concerned.

9 Fixed assets held for sale

The fixed assets held for sale recognised per balance sheet date relate to investment property in the Netherlands and the United Kingdom. The sales transactions are expected to be settled within one year.

10 Receivables

The specification of receivables is shown in the table.

(x EUR million)	2016	2015
Trade debtors	61.3	69.5
Taxes and social insurance contributions	6.7	5.9
Other receivables and prepayments	63.7	65.2
Book value as per 31 December	**131.7**	**140.6**

Details of trade debtors are shown in the following table.

(x EUR million)	2016	2015
Trade debtors	64.5	72.6
Provision for doubtful debts	-3.2	-3.1
Book value as per 31 December	**61.3**	**69.5**

The following table shows an analysis of the age of the trade debtors item after provisions taken for doubtful debts have been deducted.

(x EUR million)	2016	2015
< 30 days	54.9	61.3
between 30 and 60 days	2.4	2.3
between 61 and 90 days	0.5	0.9
between 91 and 180 days	2.0	1.6
> 180 days	1.5	3.4
Total	**61.3**	**69.5**

The net receivables balance consists of receivables amounting to EUR 54.9 million (89.6%) for which there are no payment arrears (2015: EUR 61.3 million, 88.2%).

The receivables balance of EUR 9.6 million concerns trade debtors with payment arrears (2015: EUR 11.3 million), for which a provision of EUR 3.2 million (2015: EUR 3.1 million) is recognised.

Movements in the provision for bad debts are shown in the following table.

(x EUR million)	2016	2015
Balance at 1 January	**3.1**	**2.9**
Additions	0.7	1.3
Usage and/ or releases	-0.6	-1.1
Balance at 31 December	**3.2**	**3.1**

The other receivables, prepayments and accrued income are shown in the following table.

(x EUR million)	2016	2015
Prepaid lease expenses	38.7	41.0
Amounts to be invoiced	9.9	9.3
Other receivables, prepayments and accrued income	15.1	14.9
Book value as per 31 December	**63.7**	**65.2**

11 Cash and cash equivalents

The specification of cash and cash equivalents is shown in the table.

(x EUR million)	2016	2015
Bank	20.3	46.0
Payment machines	4.3	2.8
Book value as per 31 December	**24.6**	**48.8**

Of the cash and cash equivalents mentioned, EUR 1.0 million (2015: EUR 1.0 million) is not freely disposable.

12 Shareholders' equity

The shareholders' equity amounts to EUR 1,351.5 million (2015: EUR 1,285.6 million). For an explanation of the individual items in the shareholders' equity, please refer to the note on the shareholders' equity in the company annual accounts.

The company's authorised share capital amounts to EUR 1,589.0 million and is divided into 3.5 million shares, each with a nominal value of EUR 454.0, of which 1,104,462 (2015: 1,099,682) shares are issued.

The number of shares issued increased by 4,780 shares in 2016 as a result of the 2015 dividend distributed in 2016, for which shareholders could opt for cash or stock dividend. The dividend distributed amounted to EUR 29.10 per share, where those opting for stock dividend received a bonus of 3%. The total cash dividend distributed over 2015 amounted to EUR 26.0 million.

13 Provisions

Details of provisions are shown in the following table.

(x EUR million)	2016	2015
Provisions	0.9	1.0
Book value as per 31 December	**0.9**	**1.0**

The current provisions will be settled within 12 months and the time value of money is assumed to have no influence on the balance sheet position.

The provision of EUR 0.9 million (2015: EUR 1.0 million) concerns provisions for financial claims regarding (legal) disputes.

Movements in the provisions are shown in the following table.

(x EUR million)	2016	2015
Balance at 1 January	**1.0**	**0.7**
Additions charged to the result	0.3	1.0
Withdrawals	-0.3	-0.7
Balance at 31 December	**0.9**	**1.0**

14 Non-current liabilities

Lease obligations

The group has agreed financial and operational lease contracts which qualify as property investments in the context of IAS 40. At the end of 2016, the discounted value of the minimum lease obligations included in these lease contracts was EUR 2,803.2 million (2015: EUR 2,868.9 million).

The composition of the lease obligations is shown in the following table.

(x EUR million)	2016	2015
Lease obligations under current liabilities in the balance sheet	199.6	204.4
Lease obligations under non-current liabilities in the balance sheet	2,603.6	2,664.5
Balance at 31 December	**2,803.2**	**2,868.9**

Movements in the lease obligations are shown in the following table.

(x EUR million)	2016	2015
Balance at 1 January	**2,868.9**	**2,598.8**
Lease obligation new contracts	73.6	76.1
Interest addition on lease obligation	169.5	153.6
Paid lease obligation	-214.9	-216.9
Foreign exchange rate differences	-133.3	46.4
Other movements	39.4	210.9
Balance at 31 December	**2,803.2**	**2,868.9**

The minimum lease obligations are based on the most recent estimates of the lease obligations. The minimum lease obligations as recognised on the balance sheet are further specified in the following table.

(x EUR million)	2016 Lease obligation		2015 Lease obligation	
	Discounted value	Nominal value	Discounted value	Nominal value
Period < 1 year	199.6	205.7	204.4	210.7
1 year < period < 5 years	684.8	817.1	697.2	832.8
Period => 5 years	1,918.8	5,751.3	1,967.3	5,928.8
Total	**2,803.2**	**6,774.1**	**2,868.9**	**6,972.3**

Loans

At the end of 2016, the total amount of the interest-bearing monetary loans recognised under the current and long-term liabilities was EUR 1,126.5 million (2015: EUR 1,208.8 million), from which the capitalised transaction costs of EUR 6.1 million (2015: EUR 7.5 million) have been deducted.

The composition of the group's monetary loans is shown in the following table.

(x EUR million)	2016	2015
Monetary loans under non-current liabilities in the balance sheet	1,108.8	1,190.5
Monetary loans under current liabilities in the balance sheet	11.6	10.8
Monetary loans recognised in the balance sheet	**1,120.4**	**1,201.3**
Capitalised transaction costs	6.1	7.5
Total monetary loans excluding capitalised transaction costs[1]	**1,126.5**	**1,208.8**
Bullet loans	849.0	905.2
Amortising loans	277.5	303.6
Total monetary loans	**1,126.5**	**1,208.8**

1 Basis for further notes and tables in this note. Further referred to as 'total monetary loans'.

In 2016, the total monetary loans decreased by EUR -82.3 million. The changes are shown in the following table.

(x EUR million)	2016	2015
Balance at 1 January	**1,208.8**	**1,334.0**
Acquired loans	1.9	-
Withdrawals	-	860.0
Redeemed loans	-77.9	-987.8
Foreign exchange rate differences	-6.3	2.6
Balance at 31 December	**1,126.5**	**1,208.8**

The main part of the loan balance consists of the Revolving Credit Facility which has a limit of EUR 925.0 million and matures in 2021. Q-Park may borrow and repay amounts at will within the limit. The financing ratios as agreed for this loan are the 'interest coverage ratio' (ICR) and the 'Net bank debt / EBITDA' ratio. At the end of 2016, the unutilised portion of the total financing amounted to EUR 126.0 million (2015: EUR 90.0 million). Of this unutilised portion, EUR 20.0 million is blocked for bank guarantees and ancillary facilities.

Movements in 2015 mainly concern the early refinancing of the syndicated loan and the further reduction of loans drawn under this facility (standing credit facility).

In the coming years, the monetary loans will be repaid according to the schedule shown in the following table.

(x EUR million)	2016	2015
Period < 1 year	11.6	10.8
1 year < period < 5 years	1,075.6	1,149.3
Period => 5 years	39.3	48.7
Total	**1,126.5**	**1,208.8**

Taking the planned repayments and maturing interest rate swaps (IRS) into account, the interest costs to be paid in the coming five years are expected to average EUR 32.0 million per year.

The average effective interest rate percentage on the loans outstanding in 2016, including the financial instruments linked to these monetary loans, amounted to 3.7% (2015: 4.4%). Investment property with a balance sheet value of EUR 2,777.2 million (2015: EUR 2,599.7 million) has been pledged, either via mortgage or share pledge. Variable interest loans are partially hedged by means of interest rate swaps (IRS) in order to limit interest fluctuations to remain within the policy framework set by Q-Park. For a further explanation of the existing hedging and the Q-Park policy for managing its interest exposure and other financial risks, please refer to the note on risk management with regard to financial instruments.

Other long-term liabilities

The composition of the other long-term liabilities is shown in the following table.

(x EUR million)	2016	2015
Financial derivatives	56.6	67.7
Other long-term liabilities	3.4	4.3
Book value as per 31 December	**60.0**	**72.0**

For further notes on the financial derivatives, please refer to the note on risk management with regard to financial instruments.

The other long-term liabilities have a remaining contract period between one and five years.

15 Other liabilities, accruals and deferred income

The specification of the other liabilities, accruals and deferred income is shown in the following table.

(x EUR million)	2016	2015
Staff costs	15.1	11.8
Lease costs	19.7	16.8
Interest and bank costs	5.8	7.6
Accruals	3.6	1.8
Revenue invoiced in advance	49.3	50.3
Other liabilities	65.8	35.0
Book value as per 31 December	**159.3**	**123.3**

16 Contingencies and liabilities not included in the balance sheet

The annual costs arising from existing lease obligations at the end of 2016 (other than liabilities with respect to lease contracts valued in the balance sheet regarding investment property) amounted to EUR 17.9 million (2015: EUR 8.8 million). In addition, the company and its subsidiaries have extended securities to third parties by means of bank and other guarantees to the sum of EUR 13.3 million (2015: EUR 36.2 million).

At the end of 2016, Q-Park NV, including its group companies, was involved in various legal proceedings and disputes. Based on an assessment of financial risk for the claims received, provisions have been taken or the financial consequences have been accounted for in the annual accounts, as far as is deemed necessary.

17 Events after balance sheet date

As of the date of preparation of the annual accounts no significant events have occurred after the balance date which require additional disclosures in the consolidated annual accounts.

18 Net revenue

The specification of net revenue is shown in the following table.

(x EUR million)	2016	2015
Parking revenues	731.9	717.4
Control fees	38.8	38.4
Management and consultancy fees	21.7	22.3
Rental income	13.4	13.5
Other income	19.2	17.5
Net revenue	**825.0**	**809.1**

19 Financial result

Movements in the financial result are shown in the following table.

(x EUR million)	2016	2015
Interest costs bank debt	-44.2	-56.4
Other bank and interest costs	-0.1	-6.9
Financial result	**-44.3**	**-63.3**

20 Investment property revaluation result

Each year the investment property is valued by independent external valuers. These valuations result in the fair value of the investment property at the end of the financial year. Increases and decreases in value compared to the fair value at the end of the previous year are recognised as 'investment property revaluation result' in the indirect result.

For further details of the investment property revaluation result, please refer to the notes given for investment property.

21 Other valuation results

The other valuation results concern incidental results related to investment property following the sale of investment properties and the premature termination of contracts.

22 Taxes

The tax component of the total comprehensive income after taxes amounts to EUR -71.8 million (2015: EUR -32.4 million), the details are shown in the following table.

(x EUR million)	2016	2015
Taxes on direct result based on domestic tax rates	-34.9	-27.90
Adjustments for actual group companies rate	-5.5	-3.70
Adjustments:		
- Notional interest deduction facility	0.2	2.60
- Adjustments local rates	-0.8	0.40
- Other permanent differences	-3.2	-2.20
- Other adjustments	-9.7	10.10
Tax expense on direct result	**-53.9**	**-20.7**
Deferred taxes on the indirect result based on the domestic tax rates	-16.2	0.1
Adjustment for actual group companies rate	-0.1	0.5
Other adjustments	-5.0	-0.3
Tax income on indirect result	**-21.3**	**0.3**
Foreign exchange rate differences on foreign activities	6.7	-4.0
Movements in the value of interest rate swaps	-3.3	-8.0
Tax expense direct on shareholders' equity	**3.4**	**-12.0**
Total tax income (expense) recognised in the comprehensive income	**-71.8**	**-32.4**

The permanent differences in the direct result concerns mainly adjustments regarding non-deductible interest expenses, non-deductible tax expenses and the corrections regarding the notional interest deduction facility in Belgium. The other adjustments in the direct result mainly concern the estimate of the future loss compensation as a result of a settlement with the tax authorities and the intended change in group structure. This negative one-off effect will be partly compensated in the coming years by a lower expected effective tax rate as result of this change in the group structure. The adjustment for permanent differences in the indirect result is the outcome of an in-depth analysis of the DTL calculation as well as changes in (future) tax rates. The local (future) tax rates changed during the financial year in the United Kingdom and France.

The reconciliation between the applicable tax rate and the effective tax rate (calculated over the direct result before taxes and the indirect result before taxes) is explained in the following table.

(x EUR million)	2016	2015
Domestic tax rate	25.0%	25.0%
Adjustment tax rates for group companies	4.0%	3.3%
Notional interest deduction	-0.1%	-2.3%
Adjustments local rates	0.6%	-0.3%
Other permanent differences	2.3%	1.9%
Other effects	6.9%	-9.0%
Effective tax rate direct result	**38.7%**	**18.6%**
Domestic tax rate	25.0%	25.0%
Adjustment tax rates for group companies	0.2%	263.1%
Other effects	7.7%	-151.5%
Effective tax rate indirect result	**32.9%**	**136.6%**

The deferred tax balances recognised in the balance sheet are detailed in the following table.

(x EUR million)	2016	2015
Deferred tax balances on value of derivatives and other temporary taxable differences	24.4	28.4
Available tax losses carried forward	59.7	84.3
Total deferred tax assets	**84.1**	**112.7**
Temporary taxable differences legal property, concessions, ground leases and leases with protection	375.2	339.8
Temporary taxable differences other leases	108.2	92.7
Other temporary taxable differences	8.4	13.3
Total deferred tax liabilities	**491.8**	**445.8**

Movements in the deferred tax assets and liabilities are shown in the following table.

(x EUR million)	2016		2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Book value as per 1 January	**112.7**	**445.8**	**112.5**	**416.2**
Exchange rate result	-0.5	-4.4	-	1.6
Movements via statement of comprehensive income	-31.5	36.6	12.2	28.0
Acquisitions and divestments	-	13.8	-	-
Movements via shareholders' equity	3.4	-	-12.0	-
Book value as per 31 December	**84.1**	**491.8**	**112.7**	**445.8**

The total deferred tax assets mainly concern tax-deductible losses, the notional interest deduction facility in Belgium, and (temporary) taxation valuation differences of interest rate derivatives.

The recoverability of the tax-deductible losses and the notional interest deduction facility included in the deferred tax assets has been assessed in the light of the recent business plan and prevailing tax regulations. Based on this review, tax-deductible losses and tax credits amounting to EUR 49.9 million are no longer considered realisable and as such the related deferred tax assets amounting to EUR 16.0 million are not valued in the balance sheet.

23 Employee information

Employees and retirement benefit plans

At the end of 2016 there were 2,475 employees corresponding to 2,152 full-time equivalents (FTEs) (2015: 2,512 employees and 2,180 FTEs). The number of employees and the number of FTEs is further specified as follows:

Head count	2016	2015
Head office	54	52
Region 'Mid'	616	649
Region 'West'	450	483
Region 'South'	490	487
Region 'North'	865	841
Total	**2,475**	**2,512**

Average number of FTE	2016	2015
Head office	52	49
Region 'Mid'	545	571
Region 'West'	421	447
Region 'South'	458	463
Region 'North'	676	650
Total	**2,152**	**2,180**

Of the total employees, 2,016 work outside the Netherlands (1,747 FTEs), (2015: 2,033 employees and 1,761 FTEs).

Within the group there are a variety of pension schemes in accordance with the conditions and practices prevailing in the countries in which Q-Park operates. The schemes qualify as defined contribution plans. These schemes are financed by means of premiums paid to insurance companies. Premium liabilities are charged to the result at the moment the liability arises. Under wages and salaries, an amount of EUR 7.0 million has been recognised related to pension charges (2015: EUR 4.7 million).

Remuneration of the Q-Park NV Executive and Supervisory Boards and former members of these boards
Executive and Supervisory Board members own neither shares nor share options in Q-Park NV.

The company has not extended any loans, advance payments or guarantees to members of the Executive Board or Supervisory Board. The total remuneration of the Executive Board and former members of this board amounted to EUR 2.0 million (2015: EUR 1.7 million), and is specified as follows:

(x EUR million)	2016	2015
Regular remuneration	1.1	1.1
Pension costs	0.2	0.2
Reservation short-term bonuses	0.4	0.2
Reservation long-term bonuses	0.3	0.2
Total remuneration (former) directors	**2.0**	**1.7**

The five Supervisory Board members received remuneration totalling EUR 0.19 million (2015: EUR 0.15 million).

24 Related parties

For information about the remuneration of the Executive and Supervisory Board members, please refer to the note on employee information. There were no transactions with other related parties in the financial year under review nor in the previous financial year.

25 Risk management with regard to financial instruments

Policy concerning financial risk management

The policy regarding managing financial risks is determined by the Executive Board. The key financial risks to which Q-Park is exposed are market risk, liquidity risk and credit risk. Market risk can be further split into interest exposure and currency risk; these risks are closely monitored internally. Instruments for managing these risks include financial derivatives. The company does not take speculative positions with financial instruments.

Interest exposure

Interest rate fluctuations influence Q-Park's direct result and return on investment property. The group interest policy is designed to limit risks and can be explained as follows:

- interest-bearing debts have a fixed-interest-rate part and a variable-interest-rate part, where the interest from the variable-interest part is partly fixed by means of interest rate swaps (IRS);
- overall, at least 50% of the interest-bearing liabilities should be protected from interest rate fluctuations.

At the end of 2016, loan positions were hedged, by means of IRS, for an amount of EUR 389.3 million (2015: EUR 658.8 million). The following table shows the hedging of the loan positions further specified by time to maturity of the interest rate derivatives.

	2016		2015	
Time to maturity	Number of contracts	Hedged value (x EUR million)	Number of contracts	Hedged value (x EUR million)
Period < 5 years	11	282.3	13	524.9
5 years < period < 10 years	-	-	1	24.9
10 years < period < 15 years	-	-	-	-
Period > 15 year	1	107.0	1	109.0
Total	**12**	**389.3**	**15**	**658.8**

Of the total interest-bearing liabilities amounting to EUR 1,126.5 million (2015: EUR 1,208.8 million), EUR 587.2 million (2015: EUR 909.9 million) is insensitive to interest rate fluctuations because there is either fixed-interest financing (EUR 197.9 million; 2015: EUR 251.1 million), or because the interest exposure is hedged by means of IRS (EUR 389.3 million; 2015: EUR 658.8 million). This means that 52% (2015: 75%) of the total interest-bearing debts is protected from interest rate fluctuations.

Q-Park therefore runs an interest rate risk for loans amounting to EUR 539.3 million (2015: EUR 298.9 million). Please note that in early 2017 additional derivative contracts start, mitigating the interest rate risk in 2017 up to 2021. Including these contracts the percentage of the bank debt insensitive to interest rate fluctuations increases significantly (to approximately 80%) in the first quarter of 2017.

In addition, as a result of the current negative state of the Euribor, Q-Park runs an additional risk on the variable interest rate in the existing interest rate derivatives. In the sensitivity analysis for interest rate fluctuations, only a 1% rise or fall in interest rates is taken into account, all other factors are disregarded. Furthermore, a minimum interest rate of 0% (no negative interest) is assumed on the outstanding financing and a possible negative variable interest on the interest rate derivatives as a result of the current negative Euribor.

A summary of the exposure to interest rate fluctuations is given in the following table.

(x EUR million)	2016 Sensitivity to interest rate fluctuations		2015 Sensitivity to interest rate fluctuations	
	+1%	-1%	+1%	-1%
Effect on direct result	-2.4	-3.9	-2.2	-6.3
Net effect on shareholders' equity	-1.7	-2.7	-1.5	-4.4

In previous sensitivity analyses, only the effect of interest rate fluctuations was simulated. Other variables were assumed to be constant.

Currency risk

Q-Park is exposed to exchange rate fluctuations with respect to its activities in the United Kingdom, Sweden, Norway and Denmark. This risk is not hedged, as it is agreed with shareholders that they will hedge on their part. In the sensitivity analysis (+1% and -1%) only the net effect of exchange rate fluctuations is taken into account, other factors are disregarded. The following table shows an analysis per currency of the sensitivity of the shareholders' equity to fluctuations in exchange rates.

(x EUR million)	2016 Sensitivity to exchange rate fluctuations		2015 Sensitivity to exchange rate fluctuations	
	+1%	-1%	+1%	-1%
British pound (GBP)	2.3	-2.3	3.1	-3.1
Danish crown (DKK)	0.9	-0.9	0.6	-0.6
Swedish crown (SEK)	2.7	-2.7	2.5	-2.5
Norwegian crown (NOK)	0.3	-0.3	0.3	-0.3

Liquidity risk

Q-Park endeavours to limit the liquidity risk by ensuring the availability of sufficient credit facilities to support the operating activities and meet financial obligations. Given the solid cash flows and balance sheet positions, Q-Park has sufficient access to these facilities. In addition, Q-Park aims to minimise the refinancing risk through staggered repayment schedules.

The following tables indicate the time to maturity of the contractual liabilities at the close of 2016 and 2015.

2016 (x EUR million)	< 1 year	1 to 5 years	> 5 years	Total
Liabilities arising from loans	11.6	1,075.6	39.3	1,126.5
Lease obligations	205.7	817.1	5,751.3	6,774.1
Financial derivatives	0.1	18.8	37.7	56.6
Other long-term liabilities	-	3.4	-	3.4
Provisions	0.9	-	-	0.9
Trade payables	48.7	-	-	48.7
Other liabilities, accruals and deferred income	192.3	-	-	192.3
Total	**459.3**	**1,914.9**	**5,828.3**	**8,202.5**

2015 (x EUR million)	< 1 year	1 to 5 years	> 5 years	Total
Liabilities arising from loans	10.8	1,149.3	48.7	1,208.8
Lease obligations	210.7	832.8	5,928.8	6,972.3
Financial derivatives	2.9	22.4	42.4	67.7
Other long-term liabilities	-	4.3	-	4.3
Provisions	1.0	-	-	1.0
Trade payables	51.9	-	-	51.9
Other liabilities, accruals and deferred income	156.6	-	-	156.6
Total	**433.9**	**2,008.8**	**6,019.9**	**8,462.6**

With the exception of the financial instruments, which are recognised at fair value, all items stated in the previous tables are stated at face value, taking into account the moment of settlement.

Liabilities arising from loans – with the exception of the local bilateral loans – will be refinanced.

All other liabilities stated in the table are financed from working capital and operational cash flows. At balance sheet date, the lease obligations related to investment property have an average time to maturity of more than ten years.

Credit risk

Credit risk is the risk that a counterparty fails to meet its obligations arising from a financial instrument or contract with a client, causing financial damage. Q-Park is exposed to credit risk in connection with its operating activities (trade receivables in particular) and in connection with its financing activities, including deposits at banks and financial institutions, currency transactions and other financial instruments.

At the reporting date, the maximum exposure to credit risk is the book value of the receivables and cash and cash equivalents as explained in the respective notes. Q-Park considers the credit risk to be limited. The concentration of risks concerning trade receivables is low, as the customers are widely dispersed. Assets held at the bank concern only assets at reputable banks.

Fair value of financial instruments

Q-Park's financial instruments mainly consist of financial instruments (receivables, cash and cash equivalents, monetary loans from third parties, other long-term liabilities and current liabilities) and of derived financial instruments (interest derivatives).

Considering the short maturity of the current liabilities and the receivables and cash and cash equivalents stated under current assets, the book value is approximately equal to the fair value. The fair value of the other long-term liabilities is assumed to be equal to the book value. The fair value of the derivatives and monetary loans is based on (discounted value) calculations or third party quotations.

Given the aforementioned, in combination with the lack of an additional credit risk and the market conformity of interest charged, with the exception of the fixed-interest part of the monetary loans from third parties (EUR 197.9 million; 2015: EUR 251.1 million), the fair value at the end of the financial year can be considered equal to the book value. The fair value of the fixed-interest part of the monetary loans from third parties amounted to EUR 186.0 million (2015: EUR 232.7 million) and is determined by discounting the future cash flows using current market rates appropriate to market players similar to Q-Park. The determination of the fair value of the fixed-interest part of the monetary loans belongs to level 2 in the fair value hierarchy.

Hierarchy in fair values

As per 31 December 2016, Q-Park held the financial instruments at fair value as explained in the following table, whereby the following hierarchy is applied when stating and determining the financial instruments, distinguished by valuation method:

- Level 1: Listed (not revised) rates on active markets for identical assets or liabilities;
- Level 2: Other methods whereby all variables have a significant effect on the fair value recognised and are directly or indirectly observable;
- Level 3: Methods whereby variables are applied that have a significant effect on the fair value recognised, yet are not based on observable market information.

(x EUR million)	Level 1	Level 2	Level 3	Total
Assets, equity and liabilities recognised at fair value				
Interest rate derivatives	-	-52.4	-	-52.4
Total	**-**	**-52.4**	**-**	**-52.4**

The interest rate derivatives are placed in level 2 (not listed in an active market, but the key variables are observable, either directly or indirectly). In 2016, there were no transfers between valuations at fair value in level 1 and 2, nor were there transfers in or out of valuations at fair value in level 3.

The following table shows an overview of the book value of the financial derivatives, subdivided per type.

(x EUR million)	2016		2015	
	Other financial fixed assets	Other long-term liabilities	Other financial fixed assets	Other long-term liabilities
Interest derivatives (IRSs)	4.2	56.6	-	67.7
Book value as per 31 December	**4.2**	**56.6**	**-**	**67.7**

The fair value of the financial instruments is calculated by discounting the future cash flows. Relevant variables applicable to the valuation of these interest rate derivatives are the present value of interest payments and the expected interest rate curves.

The total market value of the interest derivatives amounts to EUR 52.4 million consisting of interest rate caps with a positive market value of EUR 4.2 million and interest rate swaps with a negative market value of EUR 56.6 million.

- In 2016 Q-Park acquired two portions of interest rate caps to ensure a solid hedging ratio and insensitivity to interest rate volatility in future years (2017 until 2021). The acquisition price (and first valuation) of these caps amounted EUR 4.8 million which decreased to a market value of EUR 4.2 million at 31 December 2016 as a result of a further decrease in Euribor interest rate expectation. The decrease in fair value of EUR -0.6 million is charged to the result.
- The movement in the negative market value of the interest rate swaps in 2016 amounted to EUR -11.1 million (2015: EUR -41.8 million). This movement is recognised in favour of the result as a consequence of changes in fair value.

Capital management

The primary objective of group capital management is to maintain good creditworthiness and to ensure that the operating activities are optimally supported, so that these operating activities can be conducted effectively, efficiently and profitably and so that shareholder value is created. Q-Park manages its capital structure and adjusts this to changes in economic circumstances. In order to maintain or modify the capital structure, Q-Park may adjust dividend payments to shareholders, repay capital or issue new shares.

The primary financing risks, as stated in the standing credit facility agreed in 2015, are the ‘interest coverage ratio’ (ICR) and the ‘net bank debt / EBITDA’ ratio. These ratios are monitored closely to support Q-Park's activities and to maximise shareholder value.

The minimum ICR is set at 2.0 and was 4.3 at the end of 2016 (2015: 3.3). The ‘Net bank debt / EBITDA’, was 5.6 at the close of 2016 (2015: 6.1) compared to the upper limit set of 7.0. The decrease in this ratio to under 6.0 will result in a lower spread on the interest. If, and in so far as, Q-Park is unable to comply with the ratios set, repayment of the facility is to be made up to an amount which brings the ratios back into the ranges set in the period concerned.

The ICR over the years 2016 and 2015 is as shown in the following table.

(x EUR million)	Notes	2016	2015
Operational result		183.8	174.9
Depreciation		11.1	10.1
Incidental costs		0.3	3.0
Incidental gains		-	-
EBITDA[1]		**195.2**	**188.0**
Financial result	19	44.3	63.3
Depreciation capitalised transaction costs		-2.1	-6.7
Foreign exchange rate differences		2.7	0.6
Net finance costs		**44.9**	**57.2**
ICR (EBITDA / Net finance costs)		**4.3**	**3.3**

1 Refers to the regular EBITDA corrected for incidental costs and gains.

The 'Net bank debt / EBITDA' over 2016 and 2015 is shown in the following table.

(x EUR million)	Notes	2016	2015
Long-term liabilities concerning loans		1,108.8	1,190.5
Current portion of long-term liabilities		11.6	10.8
Cash and cash equivalents		-24.6	-48.8
Net bank debt		**1,095.8**	**1,152.5**
EBITDA[1]		**195.2**	**188.0**
Net bank debt / EBITDA		**5.6**	**6.1**

1 Refers to the regular EBITDA corrected for incidental costs and gains.

In addition to the aforementioned ratios associated with the standing credit facility, Q-Park has also agreed covenants in connection with two institutional loans for investment property in the Netherlands and United Kingdom. The primary ratios for both these loans are the 'Debt Service Coverage Ratio' (DSCR) and the 'Loan-to-Value' ratio (LTV).

The ratios for the institutional loan for investment property in the Netherlands are explained in the following table.

(x EUR million)	Notes	2016	2015
EBITDA		**26.1**	**27.1**
Financial result		7.1	7.4
Redemptions		3.6	3.6
		-	0.4
Debt Service		**10.7**	**11.4**
DSCR (EBITDA / Debt Service)		**2.4**	**2.4**

(x EUR million)	Notes	2016	2015
Institutional loan		228.3	231.9
Market value related investment property		419.5	412.8
LTV (institutional loan / market value)		**0.5**	**0.6**

The ratios for the institutional loan for investment property in the United Kingdom are explained in the following table.

(x GBP million)	Notes	2016	2015
EBITDA		**3.8**	**3.5**
Financial result		0.7	0.7
Redemptions		0.3	0.3
Debt Service		**1.0**	**1.0**
DSCR (EBITDA / Debt Service)		**3.8**	**3.5**

(x GBP million)	Notes	2016	2015
Institutional loan		32.7	33.2
Market value related investment property		90.5	92.5
LTV (institutional loan / market value)		**0.4**	**0.4**

The covenants agreed for both the institutional loans are identical. According to the covenants, the DSCR must be at least 1.5. The upper limit for the LTV ratio is 0.8 for both loans. The ratios for the institutional loan covenants for investment property in the

Netherlands is calculated based on the previous 12 months. For the loan concerning investment property in the United Kingdom, this is the previous 6 months.