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## OUR STRATEGY



The car parking market is a fragmented growth market which offers opportunities for the large parking companies such as Q-Park. We can benefit from economies of scale and can spread the considerable investments which are necessary for providing digital services, making installations more sustainable, and for facilitating local and central support across multiple parking facilities.

### Ambition

Q-Park's strategic ambition is to be the strongest European car parking operator that best understands and seizes car parking market opportunities. Our strategic focus is to create value for all stakeholders: shareholders, landlords, municipalities, motorists, and employees.

To provide a dynamic response to external events and market trends our strategy is built on five pillars: strong locations, differentiated propositions, digital and

pricing capabilities, operational excellence, and becoming a proactive learning organisation.

Our continuous focus on innovation underpins these five pillars.

### Portfolio of strong locations

Q-Park has achieved leading market positions across North-Western Europe. Responding to and anticipating urbanisation and mobility trends, we focus on countries with attractive market dynamics where we can build a portfolio of strong locations.

## Value creation

Strongest European parking operator that best understands and captures parking market opportunities

Portfolio of  
strong locations

Differentiated contract  
types & propositions

Digital & pricing  
capabilities

Operational  
Excellence

Proactive learning  
organisation

By building scale in these locations we achieve operational, cost, and revenue synergies and, furthermore, we offer multiple solutions for different customer requirements. Additionally our scale, local experience, and market intelligence make us a valuable partner for municipalities as they develop long-term mobility policies.

Our acquisition of a parking company in Hasselt (Belgium) which included four car parks and the awarded contract by the city of Toulon (France) for 10 car parks are good examples of building scale at attractive locations.

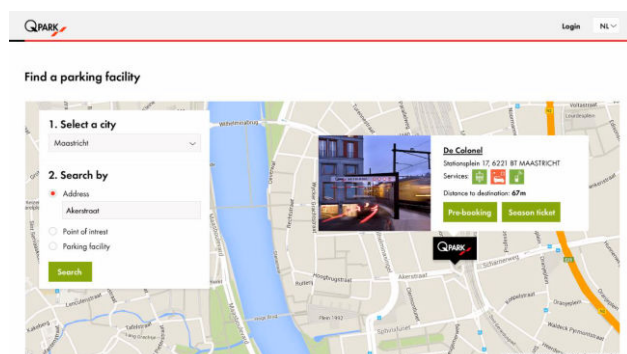
### Differentiated contract types and propositions

One of our key strengths is the ability to adapt our proposition based on contract type and risk/return profile. Q-Park currently operates all main contract types: legal ownership, ground lease, concession, protected lease, lease, and management contracts.

While Q-Park quality is guaranteed for all contract types, the level of investment varies according to the expected risk/return profile.

### Digital and pricing capabilities

Q-Park's digital strategy is evolving rapidly in response to digital and payment trends, changes in customer behaviour, and the evolution of smart cities. We are currently developing new platforms to ensure a seamless customer journey for all our stakeholders.



Online portal for pre-booking

Our online portal for pre-booking parking spaces and buying season tickets as well as our CCV payment solution which enables motorists to access and exit our car parks, are good examples of our digitised developments.

Digitisation and market intelligence are the foundation for optimised parking tariff structures.

One of the most effective optimised parking tariff scheme is operational in Maastricht (the Netherlands).



Smart Parking Maastricht - optimised parking tariff scheme.

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## Operational excellence

It is our ambition to provide exceptional quality in parking which meets customer needs for online or offline convenience, reliability, and hospitality.

### Functional design

Q-Park parking facilities are characterised by a high level of safety and security (glass elevators, no hidden corners), routing and design for ease of access and minimal parking manoeuvres (angled spaces, no kerbs) as well as high standards of cleanliness.

Our dedicated in-house real estate and functional design teams are unique in the industry. Their work ensures a quality parking experience and a recognisable house style which adds value for landlords and customers on-site and is attractive for municipalities and purpose partners.

### Functional programmes

- I Q-Park Control Room (QCR) - Q-Park is the only player in the European parking industry which offers an international help desk available to customers 24/7. QCR gives customers instant access to multilingual Parking Hosts in a Q-Park operated central control room.
- I On-site Parking Hosts provide help and support with queries relating to the payment system or to accessing or exiting the parking facility.
- I Operations 2.0 - The QCR was central to the success of our original Operational Excellence programme. Operations 2.0 restructures the facility operations into specialised groups: technical and constructional maintenance, cleaning maintenance, and hospitality services.



Following the rollout to the entire organisation, Operations 2.0 has reduced the number of customer complaints and working hours for Parking Hosts, has lowered costs and incidents related to Parking Management Systems, and has achieved savings on maintenance and cleaning costs. Not only did Operations 2.0 generate proven cost savings, it also helped to improve quality, customer satisfaction, and employee engagement.

### **Proactive learning organisation**

The regional structure introduced in 2015 facilitates cross-pollination across borders, particularly in ICT and acquisition projects. We have set up several platforms for exchanging information and best practice, helping us to quickly identify what works best to create value for our stakeholders.



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## REVIEW OF BUSINESS



### Financial

#### Excellent results

Q-Park closed the 2016 financial year with excellent results. We successfully maintained the upward trend in revenue growth, EBITDA and free cash flow that commenced in 2015. Revenue increased 2% compared to 2015, to an amount of EUR 825.0 million. EBITDA amounts EUR 194.9 million, which is an increase of EUR 9.9 million compared to prior year (2015: EUR 185.0 million). The net result showed a significant increase from EUR 90.9 million in 2015 to EUR 128.9 million for 2016. This increase is driven by the solid EBITDA, lower interest expenses and a positive revaluation result on investment property partly offset by higher tax expenses.

The total comprehensive income amounts to EUR 91.9 million (2015: EUR 130.5 million) and is significantly

impacted by negative foreign exchange results (EUR -50.5 million), mainly as a result of the outcome of the Brexit referendum.

#### Financing

In 2016, the total monetary loans decreased on balance by EUR 82.3 million. The average effective interest rate percentage on the loans outstanding in 2016, including the financial instruments linked to these monetary loans, amounts to 3.7% (2015: 4.4%). This decrease of monetary loans balance, as well as the decrease in average effective interest rate percentage, resulted in a significant drop of the cost of financing which amounted to EUR -44.3 million (2015: EUR -63.3 million)

The primary financing ratios, as stated in the standing credit facility agreed in 2016, are the 'interest coverage