INTEGRATED REPORT 2015

Pré des Pêcheurs, Antibes, France, winner of the EPA 2015 special jury prize

Quality in parking

TRENDS

Six relevant trends

Our value-creating objective takes account of six major trends that are already clear or which are expected to manifest themselves in the short term. These are relevant trends which affect the car parking market and Q-Park in particular. Central to this is that we remain clearly focussed on our customers' needs. Here, we discuss both the opportunities arising from and threats to our market position.

Digitisation

Electronic payments: cash payments are being replaced by electronic payments made via card or mobile phone. We already offer various electronic payment options. The disadvantage of this trend for Q-Park is that such payment solutions differ substantially per country. There are considerable differences between the systems and regulatory frameworks in the countries in which we are active, which involves risks for us. Moreover, the first innovative payment solutions have already been superseded, and as a result, any investments in ICT or infrastructure made specifically for these are now nullified.

The expectation is that the payment market will become dominated by a few large players. The European payments standard SEPA, is crucial to maintaining a free payment market. Q-Park processes millions of payment transactions each year, and in a liberal market has more freedom to choose partners and to invest internationally in durable systems.

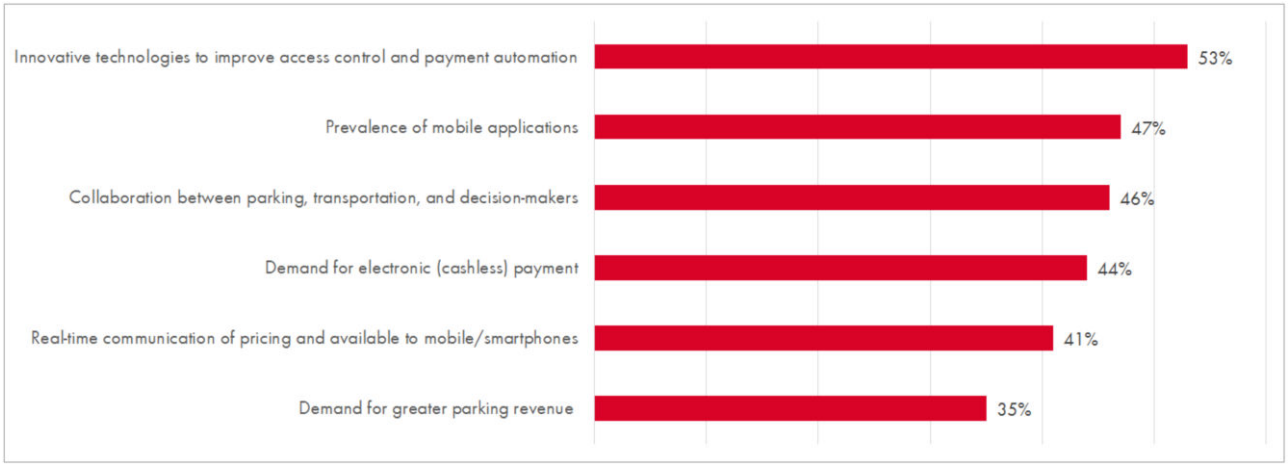
Digital enforcement: larger cities are introducing systems to deal with parking enforcement digitally. Number plate recognition is already being used for entering and exiting parking facilities. This results in a shift from pre-payment to post-payment. This also means that local authorities can make savings on their enforcement costs. On-street parking is becoming simpler for motorists and is therefore becoming a greater competitor to parking facilities.

Q-Park's response to this is to introduce more attractive parking tariffs based on time per coin. Moreover, we are enabling electronic payment at the exit barrier and our enforcement services are now digital.

Up-to-date information: more and more information is becoming available to motorist to direct them to an empty parking space while they are driving. Local initiatives will be integrated into nationwide information systems. In the near future, this will only be applicable to purpose-built parking facilities and off-street parkings. We are at the forefront of these developments and already provide our information via such systems.

Sensors on street to communicate about on-street parking capacity are not yet available.

Online services for customers: reserving and paying for a parking space online, buying a parking season ticket, electronic invoices and payment options, a personal web page, and targeted promotions in cooperation with partners (hotels, events, shopping centres). Such online services are essential for the future of the parking market. Q-Park is developing a digital platform to offer all these services, and to gain greater knowledge about the customer. This will enable us to tune our services even more accurately to their needs.



Top six emerging trends in parking (Source: IPI 2015 Emerging Trends in Parking)

Urbanisation

In 2050, 70 per cent of the world's population will live in cities, compared to 50 per cent now[1]. Pressure on existing facilities and infrastructure is increasing. This is coming mainly from the expanding numbers of older people who can still afford to live in the big city and who own a car, so the number of cars will continue to increase in the coming years. As a consequence, municipal authorities are being challenged to devise innovative, flexible and affordable solutions for more efficient infrastructure and urban development.

Sustainable developments in inner cities

The larger cities, in particular, are starting to focus on sustainability, which will have an influence on car usage and parking. Cars will be excluded from the urban environment, polluting cars refused access or taxed more heavily. There will be an increase in pedestrian zones and facilities for cyclists which will increase the need for underground parking facilities or facilities outside the centre. This corresponds fully to our vision of sustainable mobility.

Shopping experience

Shopping is increasingly becoming a day out, a special experience. We are seeing the need for parking facilities shift to large cities which have an attractive offering. Purchasing online means that people go shopping less often and then only there where shopping is really enjoyable. The best locations are becoming increasingly attractive, less appealing locations are decreasing in popularity. Through our location policy, we will concentrate on the best locations (A and B cities) and on making these accessible to the parking customer.

Car ownership and car usage

Car sharing: The number of new cars sold has decreased considerably in recent years. Sales only increased marginally in 2015[2]. This trend is directly linked to the economic crisis of the last five years. In addition, a new social trend has a role to play: more sharing. Car sharing is gaining in popularity, especially among younger people. Young people who live in large cities have less need for a car. There are sufficient good alternatives such as public transport or cycling.

Yet, there is still not one shared-car concept in the market with a sustainable business model. There is significant growth in percentages, but the actual numbers of shared cars is still very low in comparison to the total number of cars and the associated growth outlook.

Electric cars: in some countries we are seeing an increase in the number of electric cars. There are still constraints to really sharp growth: battery technology and market acceptance, but also the doubt about how environmentally friendly the electricity

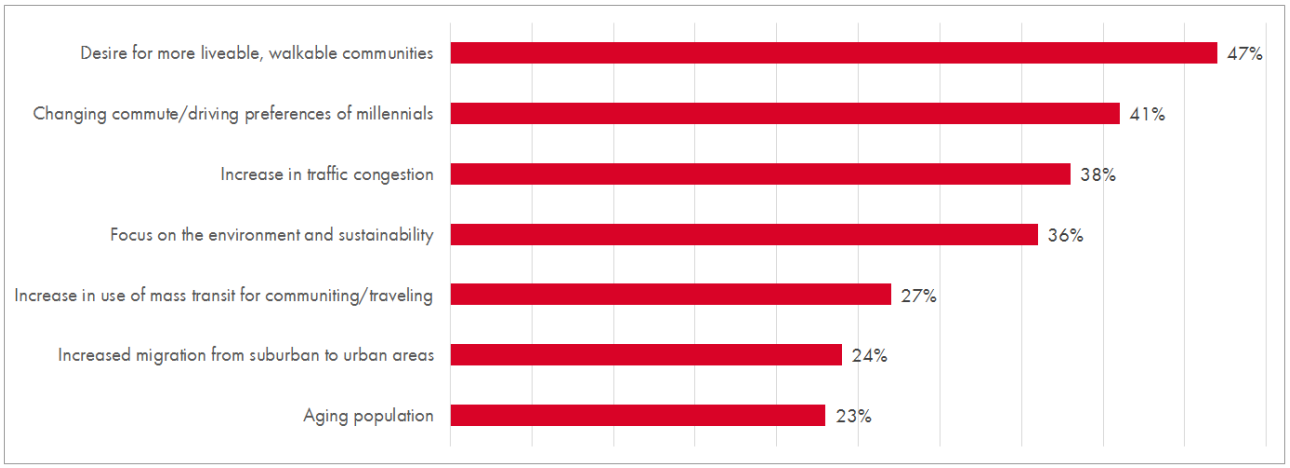
1 *Source: Kenniscentrum Onderwijs en Opvoeding, (Research centre attached to Amsterdam University of Applied Sciences), 18 February 2015.*

2 *Source: Mobility in Figures, 2015-2016.*

needed to charge them really is. And despite some governments' fiscal incentive polices, consumers have not yet embraced the electric car on a large scale. Governments are now withdrawing fiscal advantages, so acceptance will decrease even further.

The future of battery and charging technology is uncertain. The introduction of fast charging (within 15 minutes) requires considerable investments in the electrical installation and security measures. Provision of slower charging during parking (2 hours) is cheaper, because less expensive charging points can be connected to the existing electricity grid. In the meantime, we offer 591 charging points at Q-Park facilities, this enables us to meet our customers' slowly growing charging requirements.

Self-driving cars: in the medium to longer term, self-driving cars may form an influential trend. We anticipate the first commercial applications by as early as 2020, while the first autonomous motorway is expected in 2030. This will really take off somewhere around 2040, and will culminate in a completely self-driving ecosystem by 2050. We are keeping close track of these developments, because we anticipate that our parking facilities can form an essential and practical part of autonomous mobility.



Societal changes that influence parking (Source: IPI 2015 Emerging Trends in Parking)