

Hovedstadens Letbane I/S

Annual Report 2016



Gldsaxevej

← Lundtofte
Spor 2

6 min

info

For oplysninger på de danske
sprog se side 24, 25, 26 og 27.





Visual model of the new Control and Maintenance Centre, where trains can be parked overnight, and also repaired and washed. The Centre will be located close to Vestforbrændingen (waste management facility) in Glostrup Municipality.

Contents

Foreword	4
Key Figures for Greater Copenhagen Light Rail	6
Report for the year	8
Adoption of the Construction Act	10
Completion of the prequalification and issue of the tender documents	11
Stakeholder dialogue concerning expropriation	12
Traffic realignment during the construction phase	13
Results of the EY review	14
Megatrends and the transport of the future	15
Company Management	16
Greater Copenhagen Light Rail's compliance	19
Good Corporate Governance	19
Social Responsibility	19
Greater Copenhagen Light Rail's employees	20
Greater Copenhagen Light Rail's Board of Directors	21
Greater Copenhagen Light Rail's Executive Board	22
Results and expectations	24
Result for the year	26
Annual Accounts	32
Accounting Policies	34
Profit and Loss Account	37
Balance Sheet	38
Statement of Changes in Equity	40
Cash Flow Statement	31
Notes	42
Endorsements	46
Management Endorsement	48
Independent Auditors' Report	49
Appendix to the Directors' Report	52
Long-Term Budget	56

Foreword

2016 was an eventful year for Greater Copenhagen Light Rail. It was a year with several key milestones, which set the course for the project in the coming years.

The Act on the Construction of the Greater Copenhagen Light Rail was adopted by Folketinget (Parliament) and entered into force on 1 July 2016. The adoption of the Act means, among other things, that the Greater Copenhagen Light Rail's alignment has been determined, and Hovedstadens Letbane I/S may construct and operate the Light Rail.

As part of the political agreement, the political parties to the agreement decided to undertake an external review of the financial basis for the construction of the Light Rail. The report was made by firm of auditors EY, and the invitation to tender for the Light Rail was then issued in the autumn of 2016.

Many companies, large and medium-sized, have shown an interest in submitting tenders for the Light Rail, and in the prequalification, three to four bidders were selected for each contract. Their first bids are submitted in the spring of 2017, and the winning contractors are expected to be found at the end of 2017.

2016 was also the year in which the Greater Copenhagen Light Rail commenced meetings with the neighbours to the Light Rail who will be affected by expropriation. The meetings are an element of a prioritised dialogue to

ensure that residents feel well-prepared throughout the process.

At the end of 2016, Birgitte Brinch Madsen was appointed as the new Chair of Greater Copenhagen Light Rail.

Many markers have thus been set out during the year, and will be followed up with significant new initiatives in 2017.

Greater Copenhagen Light Rail will not receive any passenger revenue until the Light Rail opens in 2023/2024, so that the company will operate with a financial deficit in the first years, while the major investments in the construction of the Light Rail are taking place. The company's result for 2016 is a deficit of DKK 128 million, and is in accordance with expectations.

This Annual Report presents a detailed account of Greater Copenhagen Light Rail's activities in 2016. As a consequence of the company's endorsement of the UN Global Compact initiative, the company has prepared its first CSR Report as a supplement to the Annual Report. In the CSR Report, you can read more about the company's CSR initiatives in 2016, and its future focus areas.

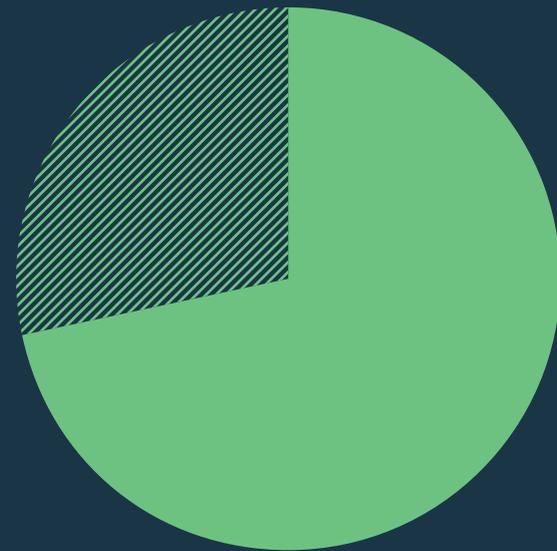
We hope that you enjoy reading the report!

Birgitte Brinch Madsen
Chairman of the Board

Henrik Plougmann Olsen
CEO



Key Figures for Greater Copenhagen Light Rail



Investments



Capital investments (DKK million)

3,418

Total budget (2013 prices)

Operations-related capital investments (DKK million)

1,339

Total budget (2013 prices)

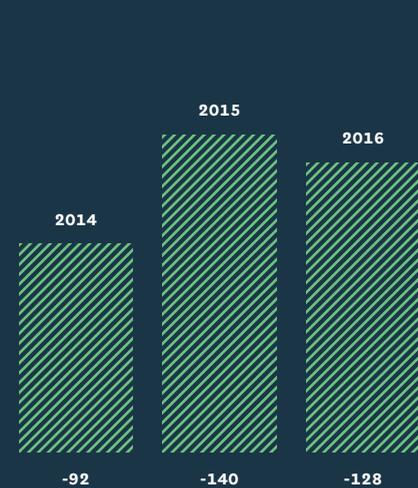
Total (DKK million)

4,757

Total budget (2013 prices)

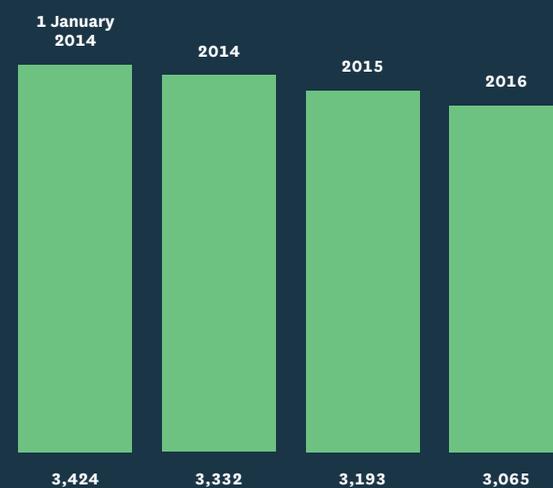
Result for the year

DKK million



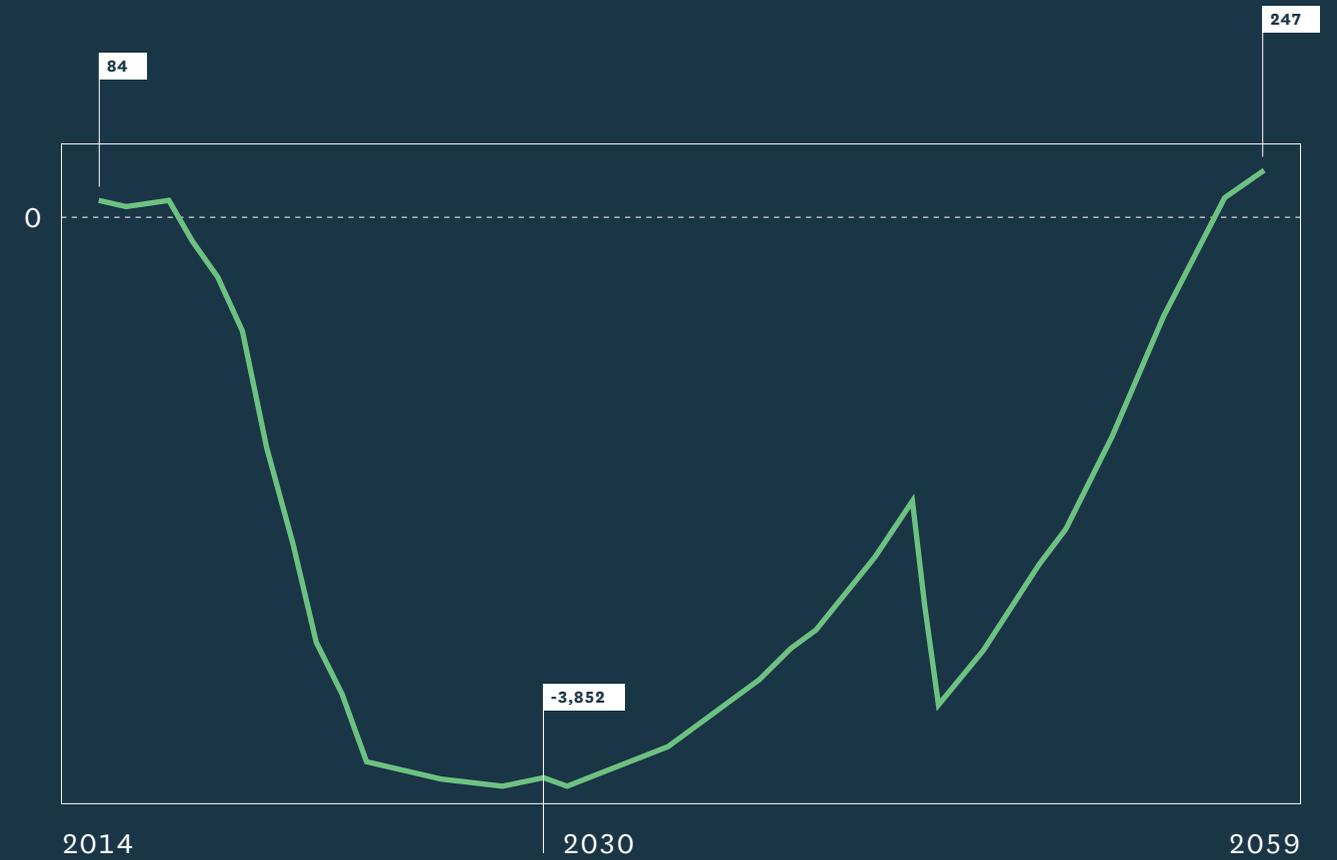
Equity

DKK million



Long-term budget

DKK million (in current prices)



Investment budget for Hovedstadens Letbane I/S



Capital investments (DKK million)

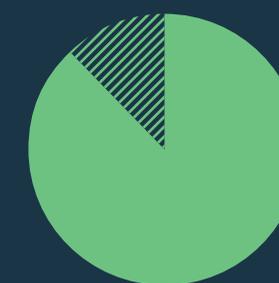
144

Investments in 2016

Operations-related capital investments (DKK million)

17

Investments in 2016



Capital investments (DKK million)

427

Investments as at 31 December 2016

Operations-related capital investments (DKK million)

58

Investments as at 31 December 2016

Report for the year



Adoption of the Construction Act

In January 2016, the Bill to amend the Construction Act as an amendment of the Engineering Design and Companies Act was read in Folketinget (Parliament). The Act was adopted by Folketinget on 31 May 2016 and entered into force on 1 July 2016.

The Danish State has required a number of amendments to the terms for its participation in the project. The amendments, which have been incorporated in the Construction Act, are as follows:



Five State representatives



Two municipal representatives



Two regional representatives

The composition of the Board of Directors has been changed to comprise five State, two municipal and two regional representatives.

In line with the Danish State, the 11 municipalities and the Capital Region will allocate full adjustment reserves (30 per cent) for the basic estimate. The reserves of the municipalities and the Capital Region are hereby increased by DKK 379.3 million (2013 prices).

The municipalities and the Capital Region have adopted the amendments as a supplement to the agreement in principle and amendment of the Articles of Association of Hovedstadens Letbane I/S.

With the adoption of the Bill, the EIA report including supplements has also been approved, and the Bill authorises the partnership to construct and subsequently operate the Light Rail.

It was originally assumed that the utility grid realignments would have to commence before the invitation to tender for the construction work.

As required by the utility grid owners, a decision has been taken to postpone the utility grid realignments until after the partners have taken the final decision on the construction of the Light Rail, on the basis of the invitation to tender process. The postponement of the utility grid realignments entails that the Light Rail can open in 2023/24.

In many ways, 2016 was an eventful year for Greater Copenhagen Light Rail. The Construction Act was adopted by the Folketing (Parliament), which among other things meant that Greater Copenhagen Light Rail's name (in Danish) was changed from Ring 3 Letbane I/S to Hovedstadens Letbane I/S. In 2016, the invitation to tender for the Light Rail in Ring 3 was sent to the bidders, and the company looks forward to establishing contracts on this basis at the end of 2017. Other ambitious initiatives were also launched in 2016.

Completion of the prequalification and issue of the tender documents

There has been considerable interest in bidding for the construction and operations contracts. Greater Copenhagen Light Rail has received 55 applications to perform one or several of the contracts into which the construction work is divided. The contracts comprise construction works, transport systems

(track and trains), a building at the Control and Maintenance Centre, and the operation and maintenance of the Light Rail. In turn, the construction works are divided into sections under five contracts with several combination possibilities. The selected bidders are both large and smaller companies that will be able to

bid for a contract for various elements of the construction and operation of the Light Rail.

The bidders received the tender documents in October 2016.

Contract	Contractors
Transport systems (track and trains)	<ul style="list-style-type: none"> Ansaldo STS S.p.A Stadler Pankov GmbH Alpic Ener Trans S.p.A and Generale Construzioni Ferroviare S.p.A Consortium Colas Rail Danmark A/S and CAF S.A. Consortium Siemens A.G Siemens A/S and Aasleff Rail A/S Consortium Comsa S.A.U. Efacec Engenharia e Sistemas S.A. and Skoda Transportation a.s. Consortium
Building at the Control and Maintenance Centre	<ul style="list-style-type: none"> CG Jensen A/S MT Højgaard A/S Gråkjær A/S Azvi S.A.
Operation and maintenance	<ul style="list-style-type: none"> Keolis Danmark A/S Arriva Danmark A/S Metro Service A/S
Construction works, Ishøj	<ul style="list-style-type: none"> MJ Eriksson A/S CG Jensen A/S MT Højgaard A/S Azvi S.A.
Construction works, Vallensbæk-Brøndby-Glostrup	<ul style="list-style-type: none"> MJ Eriksson A/S MT Højgaard A/S Per Aarsleff A/S
Construction works, Rødovre-Herlev	<ul style="list-style-type: none"> CG Jensen A/S MT Højgaard A/S Per Aarsleff A/S
Combination possibility: Construction works, Vallensbæk-Brøndby-Glostrup-Rødovre-Herlev	<ul style="list-style-type: none"> MT Højgaard A/S Per Aarsleff A/S Società Italiana per Condotte d'Acqua S.p.A
Construction works, Gladsaxe	<ul style="list-style-type: none"> Barslund and TBI Infra I/S Consortium CG Jensen A/S Per Aarsleff A/S
Construction works, Lyngby-Taarbæk	<ul style="list-style-type: none"> MJ Eriksson A/S Barslund and TBI Infra I/S Consortium Per Aarsleff A/S
Combination possibility: Construction works, Gladsaxe-Lyngby-Taarbæk	<ul style="list-style-type: none"> Barslund and TBI Infra I/S Consortium Per Aarsleff A/S Società Italiana per Condotte d'Acqua S.p.A.

Stakeholder dialogue concerning expropriation

The company uses expropriation to acquire areas to be used for the construction and operation of the Light Rail. This entails that properties along the Light Rail's alignment will have to release areas on a permanent or temporary basis. Compensation is paid for this expropriation.

Expropriation can also have the consequence that the use of properties adjacent to the Light Rail is subject to limitations. These expropriations are also subject to compensation. 500-600 properties are affected by expropriation. Several properties include many households, so that in overall terms, around 25,000 people are affected by the expropriations. A large number of companies are also affected.

In 2016, the company commenced the expropriation process with a number of individual meetings, as well as open meetings with the neighbours affected. For many residents, this was the first time that they became aware in concrete terms of how the Light Rail will affect their property.

On the basis of the adopted communication strategy and action plan for the Light Rail, the company has drawn up a concept for the dialogue that takes place with the affected neighbours and other stakeholders. This dialogue will ensure that residents feel well-informed throughout the process, and that the owners are aware of the content and division of the work.

The focus has been on reconciling expectations concerning the inevitable adverse aspects of the process. For example, new material has been prepared with information concerning the process and the project, for use at meetings with neighbours, and as information to all interested parties via the Light Rail's website. The company has also launched a series of meetings with the municipalities and the Capital Region in order to designate locations which require special measures.

The expropriation process will continue in the coming years with inspection and expropriation rounds. The need for further initiatives will be assessed continuously, to ensure a good dialogue with the general public, including residents meetings, press relations, etc.



Visual model of a Light Rail station at Vallensbækvej in Brøndby Municipality.

Good traffic information can facilitate accessibility by supporting travellers' choice of route and means of transport

Traffic realignment during the construction phase

Utility grid realignments and the construction work for the establishment of the Light Rail will have significant adverse consequences for traffic. Prior to the completion of the tender documents, the principles for the traffic realignments during the construction period were submitted to the road authorities concerned – i.e. the alignment municipalities and the Danish Road Directorate – for consultation.

The principles reflect the assumed strategy, whereby the need for road capacity is weighed against the need to perform the work as quickly and with as few interruptions as possible. This will entail a reduction of capacity, compared to the existing conditions, throughout the construction period. Pursuant to the

consultation, Greater Copenhagen Light Rail appointed an emergency working group with representatives from the municipalities, the Capital Region, the Danish Road Directorate and Movia, in order to consider possible optimisation of the proposed principles. This work resulted in a number of discussions of the further details of the framework for the required traffic measures.

In this respect there is special focus, in collaboration with the municipalities and Movia, on ensuring that bus traffic can run smoothly. The detailed aspects of the traffic challenges presented by motorway ramps are another focus area of discussion with the Danish Road Directorate.

The tender documents include a number

of restrictions to the construction work, to ensure that there will always be road access to Ring 3 for the surrounding residential and industrial areas. The contractors are also required to plan their work so as to ensure that the largest traffic intersections are not realigned at the same time.

Good traffic information can facilitate accessibility by supporting travellers' choice of route and means of transport. In cooperation with the road authorities, Greater Copenhagen Light Rail has worked to ensure the right conditions to be able to deliver good traffic information concerning the traffic realignments and their consequences.

This work has continued in 2017.



Results of the EY review

The Danish Ministry of Transport, Building and Housing has conducted an external review of the Light Rail's construction budget and tender documents, to follow up on the political agreement of 12 May 2016 concerning adjustment of the governance model for the Light Rail project in Ring 3.

This review was performed by firm of accountants EY and was published in October 2016 after discussion by the political parties to the agreement concerning the State's involvement in

the project. The political parties to the agreement decided that the invitation to tender could be launched, and this took place on 20 October 2016. EY assesses that the construction budget consists of a number of well-substantiated physical estimates for such aspects as the transport system, the construction works and the costs of the contractor's design work and project management.

EY recommends that the budget for the client organisation be increased by DKK 360 million. EY assesses that Greater Copenhagen Light Rail has the precondi-

tions and client organisation to be able to handle the division of responsibility and risk between client and contractor which the project requires. EY's comments will be taken into account when the final budget for the client organisation is determined. This will take place in conjunction with the final decision on the construction of the Light Rail, which will be taken on the basis of the result of the invitation to tender. Until then, the project's capital investments must be held within the allocated amount of DKK 475 million (2013 prices).



Megatrends and the transport of the future

In 2016, the company took part in an analysis of megatrends and the transport of the future. The company's work was financed by the Capital Region and Metroselskabet, which will use the analysis as input to future development plans.

The overall aim of the analysis has been to investigate which megatrends will

affect the future transport requirements, and to propose how these trends can be included in future analyses of the expansion of public transport in Greater Copenhagen.

The work of investigating and building up a shared knowledge base concerning megatrends took place in close collaboration with the company's Review

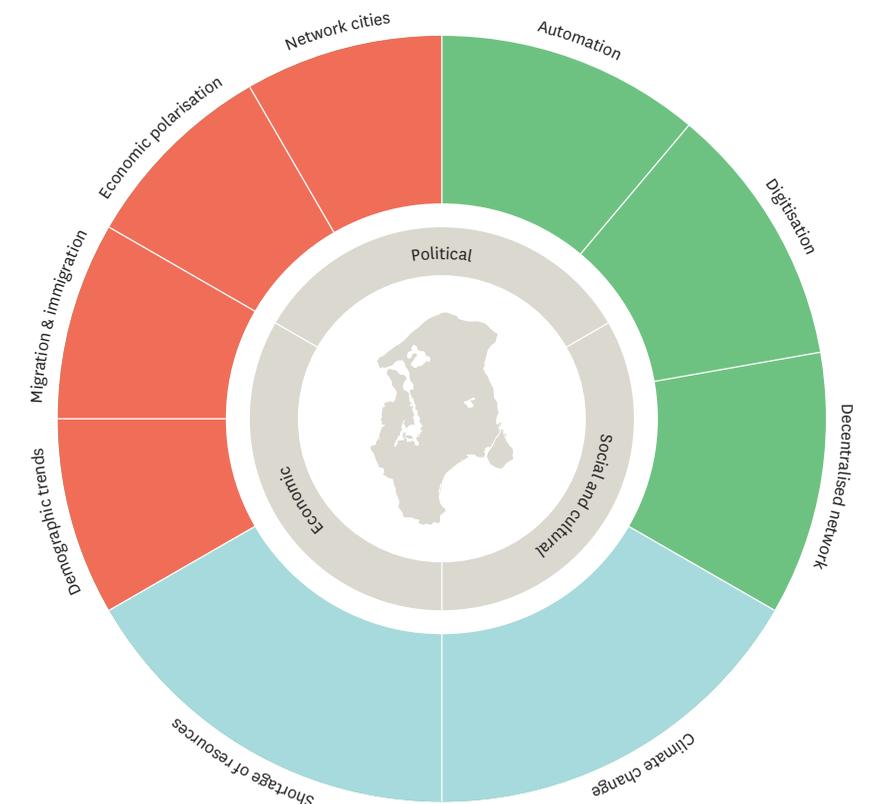
Board, which consists of independent researchers with special expertise in the transport and urban planning area.

The results of the investigation so far show that trends within urbanisation and technological development in particular are expected to be of great significance to future mobility and transport requirements in Greater Copenhagen.

The figure shows the most important megatrends which, together with social, economic and political trends, may affect the transport of the future. The trends have been designated and analysed in collaboration with the company's review board in a process that has involved Danish and international experts, as well as young entrepreneurs and researchers.

The social, cultural, economic and political trends in society are crucial to determining how the megatrends described will affect Greater Copenhagen.

- Technology
- Climate and resources
- Urbanisation



Company Management

The Light Rail stations will be prominent urban landmarks.



Greater Copenhagen Light Rail, at that time called Ring 3 Letbane I/S, was established in June 2014 as authorised by Act no. 165 of 26 February 2014. Greater Copenhagen Light Rail will handle both the operation and construction of the Light Rail in Ring 3.

The Act on a Light Rail in Ring 3 was amended on 31 May 2016, on the adoption of the Construction Act. The Act was presented on the basis of the EIA report and the engineering design of the Greater Copenhagen Light Rail. In conjunction with the adoption of the Construction Act, the company's name was changed to Hovedstadens Letbane I/S (Greater Copenhagen Light Rail).

Greater Copenhagen Light Rail is owned by the Danish State represented by the Danish Ministry of Transport, Building and Housing, the Capital Region and 11 municipalities: Ishøj Municipality, Vallensbæk Municipality, Hvidovre Municipality, Albertslund Municipality, Brøndby Municipality, Rødovre Municipality, Høje-Taastrup Municipality, Herlev Municipality, Gladsaxe Municipality, Glostrup Municipality and Lyngby-Taarbæk Municipality.

The Board of Directors of Greater Copenhagen Light Rail is the company's supreme authority, and is responsible for ensuring that the company fulfils the objectives laid down in legislation. The Board of Directors has nine members, who are appointed for a period of four years. Five members are appointed by the Danish State, while two members are appointed by the Capital Region. The municipalities jointly appoint two members.

The composition of the Board of Directors was adjusted in accordance with the political parties' agreement of 12 May 2016, which was the basis for the adoption of the Construction Act. In accordance with this agreement, the Danish State must hold a majority in the Board of Directors. On the amendment of the Articles of Association adopted on 9 November 2016, the Board of Directors was increased from seven to nine members, so that the Danish State appoints five, rather than three, members. The municipalities and the Capital Region are still each represented by two members. In 2016, six meetings of the Board of Directors were held, as well as one seminar for the Board of Directors, one partnership meeting,

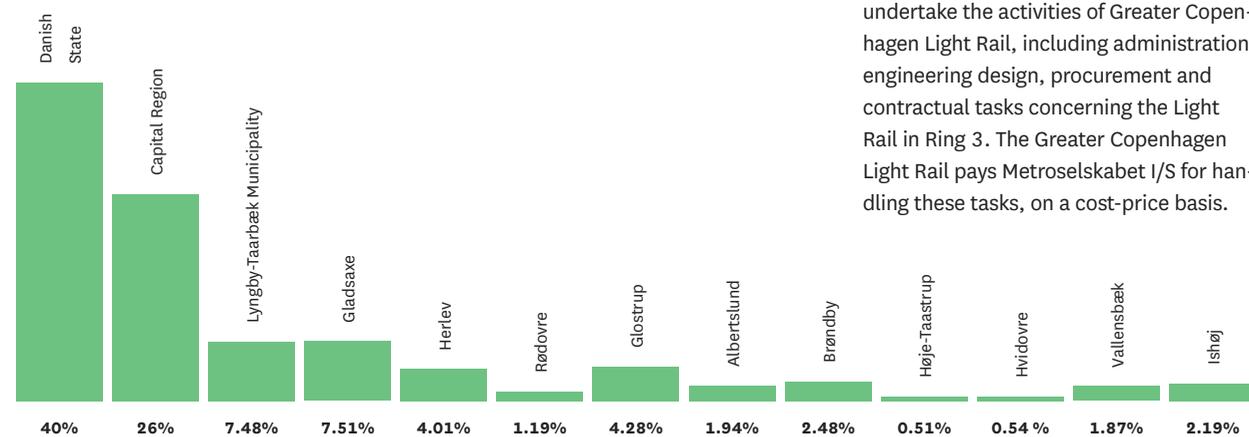
and three quarterly meetings for the Greater Copenhagen Light Rail partners.

In accordance with Greater Copenhagen Light Rail's Articles of Association, the Board of Directors submits quarterly reports to the partners after the end of each quarter of the financial year, and subsequently quarterly meetings are held between the company's owners and the Chair of the Board of Directors. Financial reporting and progress are discussed at the quarterly meetings. At a quarterly meeting, the individual owners may be represented by members of their town council/municipal council/regional council, in addition to their mayors. No decisions are taken at the quarterly meetings.

On the establishment of the company, the 11 municipalities entered into an agreement on the establishment of Borgmesterforum (Mayors' Forum). Borgmesterforum coordinates the municipalities' election of representatives to the Board of Directors and also prepares the municipalities' attendance of quarterly meetings, the partnership meeting and meetings of the Board of Directors. In 2016, four meetings of Borgmesterforum were held.

In accordance with legislation, Metroselskabet I/S makes the necessary employees and other resources available to undertake the activities of Greater Copenhagen Light Rail, including administration, engineering design, procurement and contractual tasks concerning the Light Rail in Ring 3. The Greater Copenhagen Light Rail pays Metroselskabet I/S for handling these tasks, on a cost-price basis.

Ownership of Greater Copenhagen Light Rail



Greater Copenhagen Light Rail's compliance

Together with the Annual Accounts for 2016, Greater Copenhagen Light Rail submits the results of a compliance test for both good corporate governance and social responsibility to the company's Board of Directors. In 2016, the company had strong focus on compliance in relation to both good corporate governance and social responsibility.

Good corporate governance

In 2016, on the basis of the Danish State's ownership policy and Recommendations on Corporate Governance from the Committee on Corporate Governance, Greater Copenhagen Light Rail published a number of corporate documents gathered in Greater Copenhagen Light Rail's corporate governance compendium. The publication of these documents will ensure greater transparency in Greater Copenhagen Light Rail's corporate governance.

In future, as a fixed annual event, the company will perform compliance testing of Greater Copenhagen Light Rail's corporate documents, as well as its corporate governance policies and procedures. The purpose of compliance testing is to designate the areas in which improvements are possible in relation to current practice.

Social Responsibility

In May 2016, Greater Copenhagen Light Rail presented the results of a compliance test concerning the company's social responsibility policies and strategies. The test results showed that Greater Copenhagen Light Rail fulfilled

the requirements and recommendations set out in the current rules in the Danish Financial Statements Act. In accordance with the Danish State's ownership policy and the Recommendations on Corporate Governance, it was recommended that the company establish corporate social responsibility policies, and that it would be worthwhile for Greater Copenhagen Light Rail to adopt internationally recognised corporate social responsibility standards.

The compliance test furthermore assessed which immediate changes should be made as a consequence of the amendment of the Danish Financial Statements Act, which in respect of Greater Copenhagen Light Rail will apply to the financial year commencing on 1 January 2015. The compliance test was also based on the requirements in the Charter for Responsible Danish Property and Construction of the Danish Association for Responsible Construction, which was adopted by Greater Copenhagen Light Rail in 2015.

On the basis of the coming social responsibility requirements as a consequence of the amendments to the Danish Financial Statements Act, Greater Copenhagen Light Rail assessed that it would be most appropriate for Greater Copenhagen Light Rail to adopt the UN Global Compact and thereby in future prepare a separate CSR Report separately from the company's Annual Report.

On 22 August 2016, Greater Copenhagen Light Rail therefore adopted the UN Global Compact, and the social respon-

sibility report in accordance with Section 99a of the Danish Financial Statements Act is presented in Greater Copenhagen Light Rail's 2016 CSR Report, as submitted to the UN, cf. Section 99a(7).

The CSR Report is available at dinletbane.dk/csr.

The test showed that Greater Copenhagen Light Rail fulfilled the requirements and recommendations set out in the current regulations of the Danish Financial Statements Act.

Greater Copenhagen Light Rail's Board of Directors comprises 56 per cent men and 44 per cent women.

Greater Copenhagen Light Rail's employees

In accordance with the Act on the Greater Copenhagen Light Rail, the company has only one employee, which is the CEO, who is the CEO of Metroselskabet I/S at any time.

Metroselskabet I/S is subject to a statutory obligation to make the necessary employees and other resources available to undertake Greater Copenhagen Light Rail's activities, as described above. The overall gender distribution of employees is around 40 per cent women and around 60 per cent men. Around 10 per cent of the employees are non-Danish nationals, and are primarily from neighbouring European countries.

Of the five executive directors, 40 per cent are men and 60 per cent are women. The gender distribution of the executive and management level below the Board of Directors is 64 per cent men and 36 per cent women. This is a change since 2015, when the distribution was around 67 per cent men and 33 per cent women.

The gender distribution of the Board of

Directors of Greater Copenhagen Light Rail is 56 per cent men and 44 per cent women. The Board of Directors is nominated by the company's owners.

At the end of the financial year, the company employed a staff of 325, compared to 289 in 2015. Employees are engaged in such tasks as the company's administration and engineering design of the Light Rail in Ring 3. After the issue of the tender documents to the bidders, the number of advisers connected to the project was reduced from 100 to 40.

The employees have a wide range of educational backgrounds, as the company e.g. employs engineers in many different fields, land surveyors, geologists, architects and computer scientists, as well as a number of social sciences graduates. The company is a knowledge-intensive organisation which employs a large number of highly-specialised employees who are, for example, engaged in concrete works, electrical installations and safety, as well as environmental and risk management.



Board of Greater Copenhagen Light Rail

Birgitte Brinch Madsen *Chairman of the Board*

Appointed as of 10 November 2016
Appointed by the Danish State
Director
Date of birth: 1963
Remuneration in 2016: DKK 42,392

Other offices held:

Chair of the Board of Directors of Intech International A/S
Board member of Metroselskabet
Board member of Danske Invest
Board member of the North Sea Fund
Board member of DEIF A/S
Board member of Orbicon A/S
Board member of EUDP (the Energy Technology Development and Demonstration Programme)
Board member of GUDP (the Green Development and Demonstration Programme)

Karin Søjberg Holst *Vice Chairman*

Chair of Borgmesterforum
Appointed by Borgmesterforum
Mayor, Gladsaxe Municipality
Date of birth: 1945
Remuneration in 2016: DKK 200,000

Other offices held:

Chair of Gladsaxe Business Council
Board member of Vestforbrænding I/S
Board member of HMN Naturgas I/S

Finn Rudaizky *Vice Chairman*

Appointed as of 1 February 2017
Appointed by the Capital Region
Member of the City Council of Copenhagen
Date of birth: 1942
Remuneration in 2016: DKK 0

Offices held:

Member of the Social Affairs Committee, City of Copenhagen

John Steen-Mikkelsen *Board member*

Appointed as of 10 November 2016
Appointed by the Danish State
CEO, Danske Færger A/S and Bornholmstrafikken Holding A/S
Date of birth: 1955
Remuneration in 2016: DKK 14,130

Other offices held:

Chairman of Bilfærgernes Rederiforening
Board member of Interferry

Annie Hagel *Board member*

Appointed by the Capital Region
Regional Council member, Capital Region
Freelance journalist
Remuneration in 2016: DKK 100,000

Other offices held:

Member of the Healthcare Services Committee,
Capital Region
Member of the Committee for Cohesive Patient Treatment, Capital Region

Mogens Therkelsen *Board member*

Appointed as of 10 November 2016
Appointed by the Danish State
Director/Chairman, Mt Holding ApS of 12 September 2012
Date of birth: 1946
Remuneration in 2016: DKK 14,130

Other offices held:

Chairman of the Board of Directors of H.P. Therkelsen A/S
Member of the DI Infrastructure, DI Transport and DI Freight committees
Chairman of Union Bank, Flensborg
Board member of Flensborg Avis
Board member of Frøslevlejrens Efterskole
Member of the Danish/German Transport Commission
Board member of FDE Fonden

Niels Hald *Board member*

Appointed as of 10 November 2016
Appointed by the Danish State
CEO, Danish Brewers' Association
Date of birth: 1953
Remuneration in 2016: DKK 14,130

Other offices held:

Board member of Dansk Retursystem A/S
Board member of Den Skandinaviske Bryggerhøjskole ApS
Brewers of Europe, Unesda and EFBW

Helle Busck Fensvig *Board member*

Appointed as of 10 November 2016
Appointed by the Danish State
CEO, Arnold Busck A/S
Date of birth: 1965
Remuneration in 2016: DKK 14,130

Other offices held:

Chair of the Board of Directors of Neptun Ejendom A/S
Board member of Fonden DBK
Board member of Detail Forum
Board member of Boghandlerforeningen

Søren P. Rasmussen *Board member*

Appointed by Borgmesterforum
Member of the Municipal Council, Lyngby-Taarbæk Municipality
Remuneration in 2016: DKK 100,000

Other offices held:

Chairman of the Children and Young People Committee,
Lyngby-Taarbæk Municipality
Member of the Finance Committee,
Lyngby-Taarbæk Municipality
Member of the Social and Health Services Committee, Lyngby-Taarbæk Municipality
Member of the Urban Planning Committee,
Lyngby-Taarbæk Municipality
Member of the Culture and Leisure Committee, Lyngby-Taarbæk Municipality



Former members of the Board

Anne Grete Holmsgaard *Chairman of the Board*

Resigned on 9 November 2016
Appointed by the Danish State
Director, Biorefining Alliance
Remuneration in 2016: DKK 257,609

Other offices held:

Chair of Energifonden.net
Chair of the stakeholder forum under Energinet.dk

Dorthe Vinther *Board member*

Resigned on 9 November 2016
Appointed by the Danish State
HR Director, Energinet.dk
Remuneration in 2016: DKK 85,870

Johnny B. Hansen *Board member*

Resigned on 9 November 2016
Appointed by the Danish State
CEO, Umove A/S
Remuneration in 2016: DKK 85,870

Other offices held:

Chairman of Aarhus Letbane I/S
Chairman of the Board of Directors, HTS fonden
Member of the Danish Growth Council

Henrik Thorup *Vice Chairman*

Resigned on 31 January 2017
Appointed by the Capital Region
Vice Chairman of the Capital Region
Vice Chairman of Statsrevisorerne (State auditors)
Remuneration in 2016: DKK 200,000

Other offices held:

Member of the Executive Committee, Capital Region
Board member of Danish Regions
Board Member of the Pension Fund for Nurses, PKA
Member of the National Dentistry Complaints Board
Member of the Local Tax Appeals Tribunal in Nærum
Member of the Local Authorities' Wage Board
Chairman of the Licensing Board of Gentofte Municipality

Attendance of Board Meetings in 2016

Member	Board meetings before 1/11	Board meetings after 1/11
Birgitte Brinch Madsen	-	2/2
Karin Søjberg Holst	4/4	2/2
Henrik Thorup	4/4	2/2
John Steen-Mikkelsen	-	2/2
Mogens Therkelsen	-	1/2
Helle Busck Fensvig	-	2/2
Niels Hald	-	2/2
Annie Hage	4/4	2/2
Søren P. Rasmussen	3/4	2/2
Anne Grete Holmsgaard	4/4	-
Dorthe Vinther	4/4	-
Johnny B. Hansen	3/4	-

Executive Management

Henrik Plougmann Olsen *CEO, Hovedstadens Letbane I/S and Metroselskabet I/S*

Other offices held:

Board member of Rejsekort A/S
Board member of Banebranchen (the Danish Rail Trade Association)
Board member of Københavns Madhus
Member of the Employer Panel at IFSK (Department of Political Science and Government), University of Copenhagen
Board member of DGI-byen

The Company's Executive Management is supported by a Board of Executives comprising:

Anne-Grethe Foss *Deputy Director*

Erik Skotting *Technical Director*

Rebekka Nymark *Customer Director*

Louise Høst *Planning and Labour Market Director*

Results and expectations



Result for the year

Greater Copenhagen Light Rail will not have any passenger revenue until the Light Rail opens in 2023/2024.

During the first years, the company's accounts will therefore show a deficit due to the significant investments in the construction of the Light Rail without any passenger revenue.

The company's finances are planned on the basis of this strategy, which also applied to the Great Belt Fixed Link, the Øresund Fixed Link, the Copenhagen Metro and the Fehmarn Belt Fixed Link.

The result for 2016 was in accordance with expectations.

The result for 2016 before depreciation and write-downs was a loss of DKK 2 million. Depreciation and write-downs totalled DKK 158 million in 2016, and concern write-downs on the construction of the Light Rail. The result before financial items is hereafter a loss of DKK 161 million. Financial items show income of DKK 33 million. The result for the year is a loss of DKK 128 million.

Development in equity

Hovedstadens Letbane I/S was established on 19 June 2014. The Danish State represented by the Danish Ministry of Transport, Building and Housing, the Capital Region and Lyngby-Taarbæk Municipality, Gladsaxe Municipality, Herlev Municipality, Rødovre Municipality, Glostrup Municipality, Albertslund Municipality, Brøndby Municipality, Høje-Taastrup Municipality, Hvidovre Municipality, Vallensbæk Municipality and Ishøj Municipality contributed DKK 3.5 billion on the company's establish-

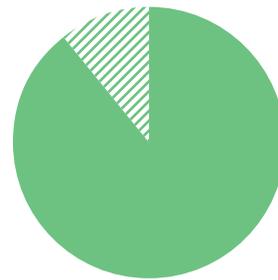
ment. The company's book loss of DKK 128 million has been deducted from equity, which amounts to DKK 3.1 billion as at year-end 2016.

One consequence of the accounting policies applied by Greater Copenhagen Light Rail is that equity must be expected to continue to be reduced in the coming years, culminating on the establishment of the major civil engineering contracts, which is expected to take place in 2017.

As a consequence, the company will record a liability in the accounts equivalent to the negative value of the cash flows from the project. This provision will affect the operating result for the year in question significantly, just as most of the equity contributions can be expected to have been allocated at this time. This is in accordance with the assumptions made at the time of the establishment of the company.

Greater Copenhagen Light Rail is a partnership in which the owners are 100 per cent liable for the company. Any negative equity capital would thus not as such entail a need for further contributions from the owners, as Greater Copenhagen Light Rail would still be able to service its debt as planned.

Investments for the year



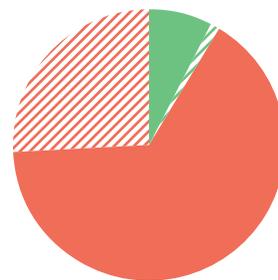
Capital investments (DKK million)

144

Operations-related capital investments (DKK million)

17

Investments as at 31 December 2016 compared to the overall construction budget



Capital investments (DKK million)

427

Operations-related capital investments (DKK million)

58

Capital investments (DKK million)

3,617

Total budget (2016 prices)

Operations-related capital investments (DKK million)

1,419

Total budget (2016 prices)

Financing, including long-term finances

Greater Copenhagen Light Rail prepared an updated long-term budget in December 2016. The long-term budget shows the expectations of the long-term economic development in the company. The long-term budget shows that the company's net debt is expected to reach its maximum level, at approximately DKK 3.9 billion, in 2030 (in current prices).

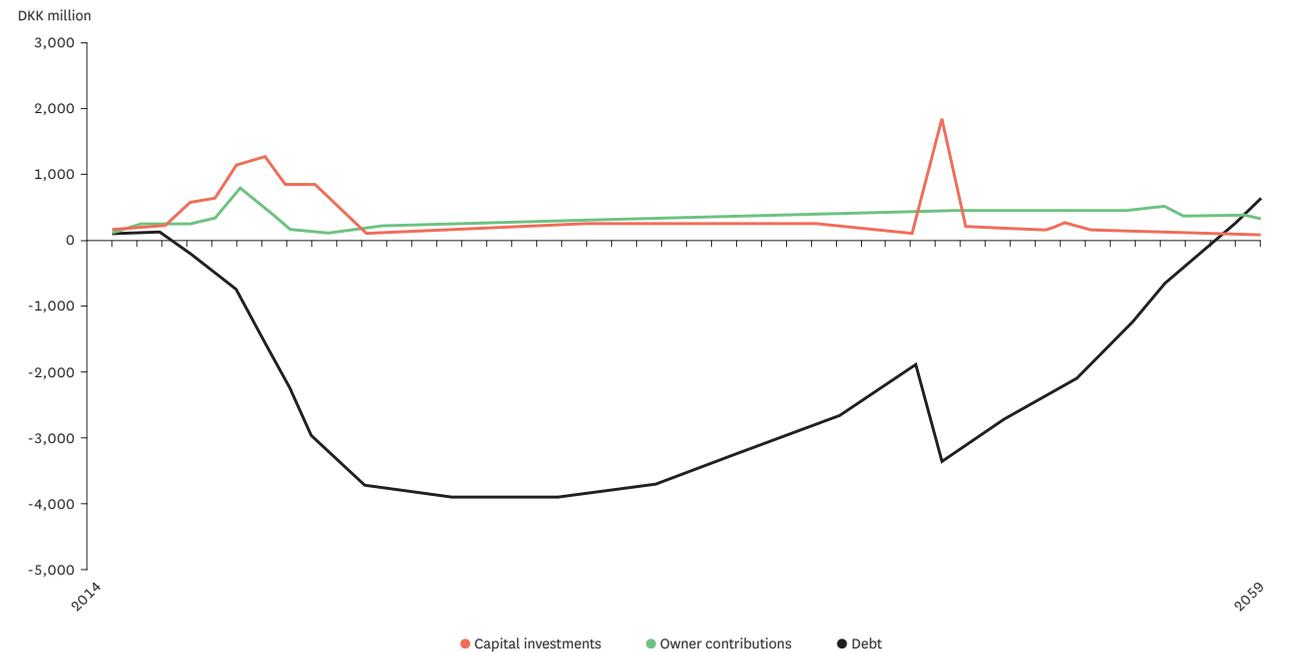
The debt is expected to be repaid in 2059, which is in accordance with the previous expectations.

Investment in the Light Rail

Investments in the construction of the Light Rail totalled DKK 161 million in 2016, of which DKK 144 million concerned capital investments and DKK 17 million concerned operations-related capital investments. In 2016 a write-down of DKK 158 million was made concerning the construction of the Light Rail, and the book value of the Light Rail is carried at DKK 0 in the Balance Sheet. This is a consequence of how the investment in the Light Rail will not be fully recovered via future revenue such

as passenger revenue, etc., and is therefore written down on an ongoing basis to the expected recoverable value of the Light Rail, with due consideration of the planned capital investments, cf. below. The write-down that has been made is in accordance with expectations. The write-down is based on an estimate of the value of the Light Rail according to the assumptions applied by the company in the current long-term budget, as well as the expectations of the future level of interest rates (discounting factor).

Long-term finances



1. In conjunction with its establishment the company's owners have made contributions to the financing of the capital investments. The Danish State, represented by the Danish Ministry of Transport, Building and Housing, finances approximately DKK 1.4 billion, while the Capital Region and the 11 municipalities involved finance the remaining approximately DKK 2.1 billion. In conjunction with the company's establishment, the dates of the payment of the respective contributions are specified in payment agreements with the individual owners.

2 The operations-related capital investments concern investments for the procurement of Light Rail trains, the establishment of the Control and Maintenance Centre, trial operation, strategic spare parts and reinvestments. The operations-related capital investments are financed by the Capital Region and the 11 municipalities involved via their payment, once the Light Rail has been put into operation, of annual operating contributions for a total value of approximately DKK 1 billion, as well as an expected operating surplus at a value totalling approximately DKK 0.3 billion.

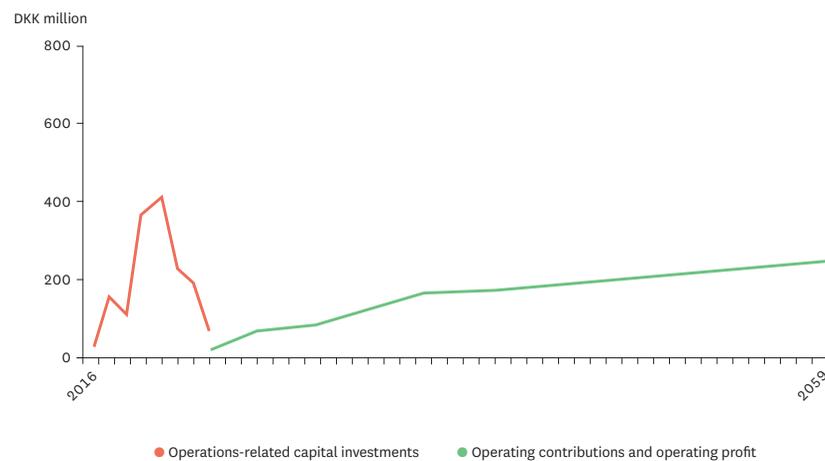
The tables show that both the company's capital investments and the operations-related capital investments are expected to be defrayed during the 2014-2023 period, while the related financing, as instalment payments from the owners of owner contributions and operating contributions, and as passenger revenue from the operation of the Light Rail, is expected to be contributed to the company as annual payments. During the period until these payments have financed the overall Light Rail, the difference will be financed by raising loans. Based on the current long-term budget, included as an appendix to the Directors' Report, the company expects the loans to be repaid in full by 2059.

1. Timing differences between capital investments and revenue (owner contributions)



- The investment budgets and the timing distribution of the investments will be updated when the major civil engineering contracts are established.
- Payment of owner contributions is set out in payment agreements.

2. Timing differences between operations-related capital investments and revenue (operating contributions and operating profit)



- The investment budgets and the timing distribution of the investments will be updated when the major civil engineering contracts are established.
- The operating contributions are agreed in payment agreements and will be updated no later than one year before the Danish State's withdrawal from the partnership.
- The operating contributions depend on the number of passengers, fares, operating costs, etc.

Financial Highlights and Key Figures 2016

All figures in DKK million

	2014	2015	2016
Result before depreciation and write-downs	-1.8	-2.0	-2.3
Depreciation and write-downs	-90.3	-204.6	-158.3
Result before financial items	-92.1	-206.6	-160.6
Result for the year	-92.1	-140.2	-128.0
Balance Sheet total	3,740	3,725	4,004.3
The year's investment in the Light Rail	90.3	208.0	160.6
Equity	3,332.0	3,193.0	3,065.3
Solvency ratio	89 %	86 %	77 %

Key figures

$$\text{Solvency ratio} = \frac{\text{Capital holdings at year-end} \times 100}{\text{Total assets}}$$



Annual Accounts



Accounting Policies

Basis of accounting

The Annual Report for Hovedstadens Letbane I/S has been prepared in accordance with the stipulations of the Danish Financial Statements Act for class D enterprises. The format of the Profit and Loss Account has been adjusted in order to better show how the results have been generated.

The accounting period is 1 January – 31 December 2016. The Annual Report is presented in DKK (thousands). The accounting policies applied are unchanged from the previous year.

The Danish Financial Statements Act has been amended with effect for financial years commencing on 1 January 2016. The company has implemented the amendments to the Danish Financial Statements Act in the 2015 Annual Accounts.

General information on recognition and measurement

Assets are recorded in the Balance Sheet when it is probable that future economic benefits will accrue to the partnership, and the assets' value can be measured reliably.

Liabilities are recorded in the Balance Sheet when it is probable that future economic benefits will be deducted from the partnership, and the liabilities' value can be measured reliably.

When first recorded, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item. On recognition and measurement, predictable losses and risks arising prior to the presentation of the Annual Report, and which confirm or invalidate conditions existing on the Balance Sheet date, are taken into account.

The Profit and Loss Account includes income as it is earned, while costs are recorded as the amounts relating to the financial year.

Value adjustment of financial assets and liabilities measured at fair value is also recorded in the Profit and Loss Account.

Foreign currency translation

When first recorded, transactions involving foreign currency are translated at the exchange rate as of the transaction date. Accounts receivable, debts and other monetary items in foreign currency that have not been settled on the Balance Sheet date are translated at the exchange rate as of the Balance Sheet date. Exchange rate differences arising between the exchange rate as of the transaction date and the rate on the payment date or Balance Sheet date, respectively, are recorded as financial items in the Profit and Loss Account. Fixed assets purchased in foreign currency are translated at the exchange rate as of the transaction date.

Derivative financial instruments

Derivative financial instruments are measured at cost when first recorded in the Balance Sheet, and subsequently at fair value. Derivative financial instruments are recorded under other accounts receivable and liabilities, respectively.

Any changes in the fair value of derivative financial instruments that are classified as and fulfil the conditions for the hedging of the fair value of a recorded asset or liability are recorded in the Profit and Loss Account together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments that are classified as and fulfil the conditions for the hedging of future transactions are carried directly to equity. When the hedged transactions are realised, the accumulated changes are reported as part of the cost of the accounting items in question.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, the changes in fair value are reported in the Profit and Loss Account on an ongoing basis as financial items.

Profit and Loss Account

Income

The value of own work includes the staff costs and other costs for the year that, on an estimate basis, may be attributed to the construction of the Light Rail. The amount is included in the cost of the construction of the Light Rail.

Staff costs

Staffs costs consist of the remuneration of the Board of Directors.

Other external costs

Other external costs include administration costs, including office supplies, etc. and the handling of the Client organisation.

Financial items

Financial items include interest and realised and non-realised exchange rate adjustments, as well as value adjustments of the partnership's loans, investments and derivative financial instruments, measured at fair value.

Corporate tax

The partnership is not liable to pay corporate tax.

Balance Sheet

Tangible fixed assets

Construction of the Light Rail

Construction of the Light Rail is measured as the costs incurred for preliminary studies, as well as the value

of own work, until the date that the asset is ready for use. The Light Rail is not subject to depreciation during its construction, but annual write-downs are made in relation to the recoverable value, cf. the section on the valuation of fixed assets.

Valuation of fixed assets

The book value of fixed assets is reviewed annually in order to determine whether there is any indication of impairment over and above that expressed by depreciation. If so, an impairment test is made to determine whether the recoverable amount is lower than the book value, and write-down to this lower recoverable value is implemented.

The write-down is in principle recorded in the Profit and Loss Account. In instances where the write-down can be attributed to a provision already recorded, and is thereby already recorded in the Profit and Loss Account, the write-down is set off against the provisions, as an expression of the use thereof.

The recoverable value is either the net sales price less sales costs or the capital value, whichever is higher. On the calculation of the capital asset value, the estimated future cash flows are discounted back to present value.

Current assets

Properties

Properties are in principle measured at cost or replacement value, where this differs significantly from cost.

Accounts receivable

Accounts receivable are recognised in the Balance Sheet at amortised cost. Write-down is undertaken to meet expected losses.

Liquid resources

Liquid resources include cash and deposits, short-term bank deposits and securities with a remaining life at the time of acquisition of less than 3 months and which can readily be converted into cash equivalents, and for which there is only a slight risk of changes in value. Securities and investments are measured at fair value on the Balance Sheet date.

Long-term debt

Long-term debt is measured at cost at the time of raising the loans at cost, equivalent to the proceeds received less transaction costs defrayed. The debt is subsequently measured at amortised cost unless the fair value of the debts is hedged.

Debts that are hedged for changes in fair value, and for which the effect of this hedging can be documented, are subsequently measured at fair value. Changes in fair value are recorded in the Profit and Loss Account together with changes in the fair value of the hedging instruments.

The short-term element of the long-term debt is recorded under repayment of long-term debt commitments.

Other financial liabilities

Other financial liabilities, which include bank loans, trade creditors and other debt, are measured at amortised cost, which is usually equivalent to nominal value.

Provisions

Provisions are recorded when the partnership has a legal or actual liability as a result of an event during the financial year or previous years, and it is probable that discharge of the liability will entail

a withdrawal from the partnership's resources. Provisions are measured as the best estimate of the costs necessary to settle the liabilities on the Balance Sheet date. Provisions are measured at current value.

The principles described under the section on the valuation of fixed assets state that the value of the light railway is depreciated with due consideration of the calculated recoverable value of the light railway. If write-down cannot take place within the book value of the asset in question, however, an accounting provision is made to cover the outstanding obligation.

Cash Flow Statement

The Cash Flow Statement for the partnership is presented according to the indirect method and shows cash flows relating to operations, investments and financing, as well as the partnership's available funds at the beginning and end of the year.

Cash flows relating to operating activities are calculated as the operating profit adjusted for non-cash operating items.

Cash flows relating to investment activities include payments in connection with the construction of the light railway and investments in securities.

Cash flows relating to financing activities include changes in accounts receivable, trade creditors and other debts, as well as net financing expenses.

Available funds include liquid resources and short-term securities.

Profit and Loss Account

Profit and Loss Account

For the period 1 January – 31 December 2016

(All figures in DKK thousands)

	Note	2016	2015
Income			
Value of own work		19,361	17,302
Total income		19,361	17,302
Expenses			
Staff costs	1	-1,128	-1,100
Other external costs		-20,551	-18,198
Total costs		-21,679	-19,298
Result before depreciation and write-downs		-2,318	-1,995
Depreciation and write-downs			
Write-downs	2	-158,302	-204,612
Total depreciation and write-downs		-158,302	-204,612
Result before financial items		-160,620	-206,607
Financial items			
Financial income	3	36,980	74,426
Financial expenses	3	-4,380	-8,038
Total financial items		32,600	66,388
Result for the year		-128,021	-140,220

Balance Sheet

Assets

As at 31 December 2016

(All figures in DKK thousands)

	Note	2016	2015
Fixed assets			
Tangible fixed assets			
Construction of the Light Rail	4	0	0
Total tangible fixed assets		0	0
Total fixed assets		0	0
Current assets			
Receivables, Danish State	5	1,192,864	1,323,532
Receivables, Capital Region	5	1,203,931	1,021,755
Receivables, municipalities	5	1,398,850	1,202,148
Other receivables	5	10,527	20,515
Liquid resources	6	198,131	157,164
Total current assets		4,004,302	3,725,113
Total assets		4,004,302	3,725,113

Liabilities

As at 31 December 2016

(All figures in DKK thousands)

	Note	2016	2015
Equity			
Beginning of the year		3,193,324	3,331,746
Additions for the year		-128,021	-138,422
Total Equity		3,065,303	3,193,324
Long-term debt			
Long-term debt	7	784,089	492,986
Total long-term debt		784,089	492,986
Short-term debt			
Short-term element of long-term debt	7	103,687	0
Trade creditors		16,942	38,112
Accrued items		239	45
Prepaid purchases	5	33,378	0
Other debt	8	662	646
Total short-term debt		154,909	38,802
Total debt		938,998	531,789
Total liabilities		4,004,302	3,725,113
Proposed distribution of profit	9		
Events occurring after the balance sheet date	10		
Contingent liabilities	11		
Auditors' and consulting fees	12		
Related parties	13		

Statement of Changes in Equity

(All figures in DKK thousands)

	Owner contributions	Result carried forward	Total
Beginning of 2015	3,451,784	-120,038	3,331,746
Establishment costs, reversed	0	1,798	1,798
Result for the year carried forward	0	-140,220	-140,220
Beginning of 2016	3,451,784	-258,460	3,193,324
Result for the year carried forward	0	-128,021	-128,021
Year-end	3,451,784	-386,480	3,065,303

Specification of owner contributions	Ownership interest	Contribution
Danish State	40%	1,380,476
Capital Region	26%	897,567
Lyngby-Taarbæk Municipality	7.48%	258,223
Gladsaxe Municipality	7.51%	259,397
Herlev Municipality	4.01%	138,501
Rødovre Municipality	1.19%	41,081
Glostrup Municipality	4.28%	147,891
Albertslund Municipality	1.94%	66,903
Brøndby Municipality	2.48%	85,683
Høje-Taastrup Municipality	0.51%	17,606
Hvidovre Municipality	0.54%	18,780
Vallensbæk Municipality	1.87%	64,556
Ishøj Municipality	2.18%	75,119
Total owner contributions	100%	3,451,784

In the agreement in principle on the construction and operation of a Light Rail in Ring 3 of 20 June 2013, the parties have agreed to contribute to the financing of the capital investments. The financing of the capital investments is determined on the basis of the ownership shares at the time of establishment. The ownership shares are maintained up to the commencement of operations.

As from the Light Rail's transition to passenger operations, the Capital Region and the municipalities furthermore make annual contributions to cover the annual operating expenses, including operations-related capital investments, after deduction of passenger revenue. The Capital Region finances 43 per cent of the contributions to operations, while 57 per cent is financed by the municipalities. In accordance with the agreement in principle, the municipalities have not yet agreed on the distribution of the contributions to operations. When the distribution between the municipalities has been agreed, this distribution will form the basis for determining the municipalities' annual contributions to operations.

On 31 May 2016, Folketinget (Parliament) adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail in Ring 3. Pursuant to the Act and the subsequent amendments to the company's Articles of Association, the Capital Region and the municipalities have extended their adjustment reserves to 30 per cent, equivalent to the State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company.

In relation to Act no. L165 of 26 February 2014 on the Construction of a Light Rail in Ring 3 and the Act to amend the Act on the Construction of a Light Rail in Ring 3, the Act on Metroselskabet I/S and Udviklingselskabet By & Havn I/S, and Act no. 657 of 8 June 2016 concerning traffic companies, the contributed equity is provided as follows:

(All figures in DKK thousands)

	Danish State	Capital Region	Municipalities	Total
Contributions, cf. Section 1(3) (2014)	1,794,738	1,001,236	1,309,308	4,105,282
Contributions, cf. Section 1(4) (2016)	0	171,526	223,493	395,019
Contributed adjustment reserve (2014)	-138,087	-103,669	-135,567	-377,323
Contributed adjustment reserve (2016)	0	-171,526	-223,493	-395,019
Adjustment reserve under State auspices	-276,174	0	0	-276,174
Total contributions	1,380,476	897,567	1,173,741	3,451,784

Cash Flow Statement

(All figures in DKK thousands)

	2016	2015
Cash flows from operating activities		
Staff costs	-1,128	-1,100
Other external costs	-20,551	-18,198
Total cash flows from operating activities	-21,679	-19,298
Cash flows from investment activities		
Investment in the construction of the Light Rail	-138,941	-187,310
Total cash flows from investment activities	-138,941	-187,310
Cash flows from financing activities		
Loans raised, net (excluding market value adjustment)	0	100,000
Long-term debt	394,790	15,663
Accounts receivable	-238,221	88,054
Short-term debt	12,418	9,187
Net financing costs	32,600	66,388
Total cash flows from financing activities	201,587	279,291
Change in available funds	40,966	72,684
Available funds, beginning of year	157,164	84,479
Available funds, year-end	198,131	157,164

The Cash Flow Statement cannot be derived directly from the other elements of the Annual Accounts.

Notes

Note 1

Staff costs

The Board of Executives of Metroselskabet I/S is also the Board of Executives of Hovedstadens Letbane I/S. The Board of Executives does not receive remuneration from Hovedstadens Letbane I/S.

During the year the company has not employed any other employees than the Board of Executives. Metroselskabet I/S makes the necessary employees and other resources available to undertake the activities of Hovedstadens Letbane I/S, including administration, engineering design, procurement and contractual tasks concerning the Light Rail in Ring 3, and debt and asset management for Hovedstadens Letbane I/S. An administration fee is paid for this.

Staff costs include remuneration of the company's Board of Directors at TDKK 1,128.

Note 2

Depreciation and write-downs

(All figures in DKK thousands)

	2016	2015
Write-down of capital investments	142,090	176,165
Write-down of operations-related capital investments	16,213	28,447
Total depreciation and write-downs	158,302	204,612

Note 3

Financial items

(All figures in DKK thousands)

	2016	2015
Financial income	36,980	74,426
Financial expenses	-4,380	-8,038
Total financial items	32,600	66,388

Note 4

Construction of a Light Rail

(All figures in DKK thousands)

	Capital invest- ments	Operations-re- lated capital investments	Total
Acquisition sum			
Beginning of the year	280,093	40,302	320,394
Net additions for the year	142,090	16,213	158,302
Year-end	422,183	56,515	478,696
Depreciation and write-downs			
Beginning of the year	-280,093	-40,302	-320,394
Net additions for the year	-142,090	-16,213	-158,302
Year-end	-422,183	-56,515	-478,696
Book value at the beginning of the year	0	0	0
Book value at year-end	0	0	0

The construction of the Light Rail comprises the costs of the preparatory work.

The value of the fixed asset has been written down to DKK 0. This is a consequence of how the Light Rail is written down on an ongoing basis to the facility's expected recoverable value, with due consideration of the planned capital investments.

If write-down cannot take place within the book value of the asset in question, however, an accounting provision will be made to cover the outstanding obligations, cf. the company's accounting policies.

As the overall investment cannot be financed from the expected future revenue, the company will probably in 2017 have to record a liability in the accounts equivalent to the negative value of the cash flows from the project. This liability will have to be recognised when the company has undertaken to construct the Light Rail. This is assessed to be at the time of signing the major civil engineering contracts. As a consequence, there will be a negative impact on equity. This is in accordance with the assumptions made at the time of the establishment of the company.

Note 5

Receivables, current assets

(All figures in DKK thousands)

	Danish State	Capital Region	Municipalities	Total
Beginning of the year	1,323,532	1,021,755	1,202,148	3,547,435
Additions for the year (interest accrual)	13,797	10,651	12,532	36,980
Additions for the year (adjusted adjustment reserves)	0	171,526	223,494	395,019
Additions for the year (purchase agreements)	0	0	33,378	33,378
Disposals for the year (payments)	-144,465	0	-72,702	-217,166
Year-end	1,192,864	1,203,931	1,398,850	3,795,646

Specification of receivables	2015	2016
Danish State	1,323,532	1,192,864
Capital Region	1,021,755	1,203,931
Lyngby-Taarbæk Municipality	264,529	301,578
Gladsaxe Municipality	265,661	324,577
Herlev Municipality	141,880	167,417
Rødovre Municipality	42,044	47,909
Glostrup Municipality	151,471	172,905
Albertslund Municipality	68,574	78,835
Brøndby Municipality	87,709	100,006
Høje-Taastrup Municipality	17,972	20,447
Hvidovre Municipality	19,220	21,975
Vallensbæk Municipality	66,087	75,326
Ishøj Municipality	77,001	87,876
Total receivables	3,547,435	3,795,646

On the establishment of the partnership, agreements have been made concerning the payment of the contributions from the Danish State, the Capital Region and the municipalities. The financing contributions agreed are subject to annual index adjustment according to an assumption index under the Finance Act up to the commencement of operations, and thereafter according to the net price index.

On 31 May 2016, the Folketing (Parliament) adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail in Ring 3. Pursuant to the Act and the subsequent amendments to the company's Articles of Association, the Capital Region and the municipalities have extended their adjustment reserves to 30 per cent, equivalent to the State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company.

The company has entered into a number of purchase agreements with the company's owners. At the present time, the purchase agreements are included as receivables and trade payables. On the establishment of the major construction contracts, the trade payables will be transferred to the construction of the Light Rail.

Of the receivable as at 31 December 2016, DKK 3,539 million will fall due for payment later than 31 December 2017.

Accounts receivable also include VAT receivable of DKK 4 million.

Note 6

Liquid resources

(All figures in DKK thousands)

	2016	2015
Cash and bank deposits	198,131	157,164
Total liquid resources	198,131	157,164

Note 7

Long-term debt

(All figures in DKK thousands)

	Loans (short-term)	Contributed ad- justment reserve	Total
Beginning of the year	107,930	385,055	492,986
Additions for the year (interest accrual)	0	4,014	4,014
Additions for the year (adjusted adjustment reserves)	0	395,019	395,019
Disposals for the year (value adjustment of loans)	-4,243	0	-4,243
Year-end	103,687	784,089	887,777

Specification of long-term debt	2015	2016
Danish State	140,917	142,386
Capital Region	105,794	278,422
Lyngby-Taarbæk Municipality	30,436	79,909
Gladsaxe Municipality	30,574	80,257
Herlev Municipality	16,325	42,843
Rødovre Municipality	4,842	12,703
Glostrup Municipality	17,431	45,732
Albertslund Municipality	7,885	20,673
Brøndby Municipality	10,099	26,555
Høje-Taastrup Municipality	2,076	5,429
Hvidovre Municipality	2,213	5,882
Vallensbæk Municipality	7,609	19,977
Ishøj Municipality	8,854	23,318
Total long-term debt	385,055	784,089

The company did not raise any loans in 2016.

The company's loans are in accordance with the "list of acceptable loan types" in the tripartite agreement between Danmarks Nationalbank, the Danish Ministry of Transport, Building and Housing, and Hovedstadens Letbane I/S.

Of the company's long-term debt, DKK 784 million falls due after five years.

On 31 May 2016, Folketinget (Parliament) adopted Act no. 657 of 8 June 2016 on the Construction of a Light Rail in Ring 3. Pursuant to the Act and the subsequent amendments to the company's Articles of Association, the Capital Region and the municipalities have extended their adjustment reserves to 30 per cent, equivalent to the State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company. The Region and the municipalities' adjustment reserve, as well as 10 per cent of the Danish State's 30 per cent adjustment reserve, are contributed to the partnership together with the contribution to the financing of the capital investments.

The adjustment reserve is tied in budgetary terms, so that this reserve can only be utilised in the same ratio as the parties' ownership interests, and only after submission to the owners.

After the final compilation of the total construction costs, the unutilised element of the reserves will be required to be repaid to the owners in the same ratio as their respective ownership interests and contributed adjustment reserves.

Note 8

Other debt

(All figures in DKK thousands)

	2016	2015
Payable PAYE tax, etc.	147	132
Interest accruals	515	514
Total other debt	662	646

Note 9

Proposed distribution of profit

(All figures in DKK thousands)

	2016	2015
Carried forward to the following year	-128,021	-140,220

Note 10

Events occurring after the Balance Sheet date

After the close of the financial year no events of significance to the Annual Report for 2016 have occurred.

Note 11

Contingent liabilities

The construction of the Light Rail in Ring 3 entails expropriation, compensation and similar, for which the partnership pays the owners/residents affected. The size of the future compensation has not yet been determined.

Note 12

Auditors' and consulting fees

(All figures in DKK thousands)

	2016	2015
Office of the Auditor General	55	40
Deloitte	75	45
Statutory audit in total	130	85
Deloitte	15	0
Other declarations in total	15	0
Deloitte, VAT and tax advisory services	175	0
Deloitte, other advisory services	65	0
Consulting fees in total	240	0

Note 13

Related parties

Hovedstadens Letbane I/S' related parties are the company's owners, Board of Directors, Board of Executives and Metroselskabet I/S.

Transactions with related parties take place on market terms.

In 2016, Hovedstadens Letbane I/S paid administration fees to Metroselskabet I/S concerning Metroselskabet's administration and running of the client organisation for the Greater Copenhagen Light Rail, cf. the Order concerning settlement between Hovedstadens Letbane I/S and Metroselskabet I/S. Metroselskabet I/S makes the necessary employees and other resources available to undertake Hovedstadens Letbane I/S' activities.

Endorsements



Management Endorsements

The Board and the Executive Management have today examined and approved the Annual Report for 2016 for Hovedstadens Letbane I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (accounting class D) and the provisions of the Articles of Association concerning the presentation of financial statements.

It is our opinion that the accounting policies applied are appropriate, and that the annual financial statements give a true and fair view of the company's assets, liabilities, financial position, profit and cash flows. It is also our opinion that the Directors' Report provides a true and fair account of the circumstances covered by the report.

We recommend that the Annual Report be adopted by the partners.

Copenhagen, 21 February 2016

Executive Management

Henrik Plougmann Olsen

The Board

Birgitte Brinch Madsen
(Chairman)

Karin Søjberg Holst
(Vice Chairman)

Finn Rudaizky
(Vice Chairman)

John Steen-Mikkelsen

Mogens Therkelsen

Helle Busck Fensvig

Niels Hald

Annie Hagel

Søren P. Rasmussen

Independent Auditors' Report

To the partners of
Hovedstadens Letbane I/S

Report on the financial statements

Opinion

We have audited the financial statements of Hovedstadens Letbane I/S for the financial year 1 January to 31 December 2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of Hovedstadens Letbane I/S at 31 December 2016 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark as well as generally accepted public auditing standards as the audit was conducted in accordance with the provisions of the Act on a Light Rail on Ring 3 and the Auditor General Act. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report.

The Auditor General is independent of Hovedstadens Letbane I/S in accordance with section 1(6) of the Auditor General Act and the approved auditor is independent of Hovedstadens Letbane I/S in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the ability of Hovedstadens Letbane I/S to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate Hovedstadens Letbane I/S or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark as well as generally accepted public auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Hovedstadens Letbane I/S.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Hovedstadens Letbane I/S to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hovedstadens Letbane I/S to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Statement on compliance audit and performance audit

Management is responsible for the transactions covered by the financial statements are complying with the appropriations granted, legislation, other regulations, agreements and usual

practice, and for ensuring that sound financial management is exercised in the administration of the funds and activities covered by the financial statements.

As part of our audit of the financial statements, it is our responsibility in accordance with good public auditing practice to select relevant subject matters for compliance audit as well as performance audit. In a compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the transactions covered by the financial statements comply with appropriations granted, statutes, other regulations, agreements and usual practice. In a performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds and activities covered by the financial statements.

If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this.

We have no material critical comments to report in this respect.

Copenhagen, 21 February 2017

Rigsrevisionen

Central Business Registration NO: 77 80 61 13

Lone Strøm
Auditor General

Malene Sau Lan Leung
Head of Department

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

Erik Lynge Skovgaard Jensen
State Authorised Public Accountant

Appendix to the Directors' Report



Long-term budget

The following 2017 long-term budget was adopted in December 2016.

Long-term budget assumptions

The long-term budget is stated in current prices:

Capital investments

1. The capital investments for the establishment of a Light Rail in Ring 3 are determined according to the capital investment estimate that was the basis for the agreement in principle on the construction and operation of a Light Rail in Ring 3. This capital investment estimate was DKK 3.4 billion in 2013 prices. The capital investments have been adjusted upwards to 2017 prices on the basis of the Finance Act's assumption index for capital investments. The timing distribution of the investments is based on the time schedule in the Act on the Construction of a Light Rail in Ring 3 of 8 June 2016, with expected passenger operations in 2023/24.
2. Reinvestments in connection with the Light Rail in Ring 3 are based on the assumptions in the agreement

in principle and for every 10th year amount to DKK 30 million, and for every 25th year to DKK 834 million, in 2013 prices. The reinvestments are listed at 2017 prices on the basis of the Ministry of Finance's capital investment index.

Operations-related capital investments

3. The operations-related capital investments in conjunction with the establishment of a Light Rail in Ring 3 are determined on the basis of the investigation report concerning the Light Rail in Ring 3. This budget estimate was DKK 1.3 billion in 2013 prices. The budget estimate has been adjusted upwards to 2017 prices on the basis of the Ministry of Finance's capital investment index. The timing distribution of the investments is based on the time schedule in the Act on the Construction of a Light Rail in Ring 3 of 8 June 2016, with expected passenger operations in 2023/24.

Operating result

4. Passenger numbers are determined on the basis of the OTM calculations from the investigation report. The

agreement in principle is based on the passenger scenario with high urban growth. A traffic effect in the first two years of operation of 85 per cent and 95 per cent, respectively, is assumed.

5. The basis for the fare assumptions is the agreement in principle. Start-up of operations as a consequence of the Act on the Construction of a Light Rail in Ring 3 of 8 June 2016 is assumed to be in 2024. The price per new passenger is based on the expectations of the tariff development in the 2009-2020 period (the investigation). The tariff is projected to DKK 8.81 per passenger in 2014, in 2013 prices. On the same basis, the average fare revenue per passenger in 2036 is calculated at DKK 10.14 in 2013 prices. The fare income is adjusted to 2017 prices on the basis of a general price projection of 2 per cent p.a.
6. On the Light Rail's transition to passenger operations, an annual operating contribution to cover the annual operating costs is included, including operations-related capital investments after deduction of pas-

senger revenue. The municipalities' total annual operating contributions amount to DKK 44 million in 2013 prices, and the Capital Region's annual operating contributions amount to DKK 34 million in 2013 prices. The operating contributions are adjusted to 2017 prices on the basis of a general price projection of 2 per cent p.a.

7. The operating expenses are determined on the basis of the investigation report concerning a Light Rail in Ring 3. The operating costs are estimated at DKK 162 million per annum in 2013 prices. The operating costs are adjusted to 2017 prices on the basis of a general price projection of 2 per cent p.a.

Other factors

8. Contributions are equivalent to the payment agreements concluded with the owners, on the establishment of the company, concerning contributions to the financing of the capital investments. The payments are listed at 2017 prices, based on the Finance Act's assumption index for capital investments.

9. The Light Rail is registered for VAT purposes, so that VAT is deducted from the company's net income from the operation of the Light Rail, while the VAT costs of the construction of the Light Rail are set off.
10. It is assumed that "other debt", which does not accrue interest, will increase to approximately DKK 50 million when the construction works peak, after which it will fall to approximately DKK 10 million.

11. It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a., while the net debt accrues interest at a real interest rate of 4 per cent p.a. In the short term, the company's actual interest rate expectations are also taken into account. The interest rates solely concern the interest on the company's loans and liquid resources, and not the index linking of the company's accounts with the owners.
12. It is assumed that as from 2016 all prices will increase by 2 per cent p.a.

Long-term budget 2017 for Greater Copenhagen Light Rail (in current prices)

Real rate of interest (debt) 4%
 Interest rate (balance) 2%
 Inflation 2%

(DKK million) (in current prices)

Year	Accounts receivable	Other debt	Contributions to the financing of capital investments			Debt to owners	Capital investments	Index difference	Operational investments	Operating result	Liquidity	Interest	Movement	Beginning of year	End of year
			Danish State	Region	Municipalities										
Year-end 2013	-12	-3	40	-	-	-	-25	0	-	-	0	0	0	0	0
2014	-12	31	92	0	66		-79	0	-13	0	84	0	84	0	84
2015	3	9	92	0	67		-179	0	-29	0	-36	0	-36	84	48
2016		5	144	0	69		-160	-3	-18	0	37	-1	36	48	85
2017		5	171	0	63		-379	-4	-144	0	-288	-2	-290	85	-205
2018		5	254	0	64		-441	-4	-104	0	-226	-10	-236	-205	-441
2019		-10	508	166	65		-714	-6	-356	0	-346	-25	-371	-441	-812
2020		-10	289	57	67		-715	-5	-402	0	-720	-68	-788	-812	-1,601
2021		-10	45	58	68		-445	-4	-220	0	-508	-116	-624	-1,601	-2,225
2022		-10	0	59	69		-452	-5	-179	0	-518	-155	-673	-2,225	-2,898
2023			0	60	71		-231	-3	-58	0	-162	-185	-346	-2,898	-3,244
2024	465		0	61	72	-923	0	38	0	16	-270	-181	-451	-3,244	-3,696
2025			0	62	74		0	0	0	34	170	-223	-52	-3,696	-3,748
2026			0	64	75		0	0	0	47	186	-225	-39	-3,748	-3,787
2027			0	65	77		0	0	0	54	196	-227	-31	-3,787	-3,818
2028			0	66	78		0	0	0	62	207	-229	-22	-3,818	-3,840
2029			0	68	80		0	0	0	70	218	-229	-12	-3,840	-3,851
2030			0	69	81		0	0	0	79	229	-230	0	-3,851	-3,852
2031			0	70	83		0	0	0	88	241	-229	12	-3,852	-3,840
2032			0	72	85		-42	0	0	97	211	-229	-18	-3,840	-3,858
2033			0	73	86		0	0	0	107	267	-229	38	-3,858	-3,820
2034			0	75	88		0	0	0	118	281	-226	55	-3,820	-3,765
2035			0	76	90		0	0	0	129	295	-222	73	-3,765	-3,692
2036			0	78	92		0	0	0	141	310	-217	93	-3,692	-3,599
2037			0	79	94		0	0	0	144	316	-211	105	-3,599	-3,494
2038			0	81	95		0	0	0	147	323	-205	118	-3,494	-3,375
2039			0	82	97		0	0	0	149	329	-197	132	-3,375	-3,243
2040			0	84	99		0	0	0	152	336	-189	147	-3,243	-3,097
2041			0	86	101		0	0	0	155	343	-180	163	-3,097	-2,934
2042			0	88	103		-52	-1	0	159	297	-171	126	-2,934	-2,809
2043			0	89	105		0	0	0	162	356	-162	194	-2,809	-2,614
2044			0	91	107		0	0	0	165	363	-150	213	-2,614	-2,401
2045			0	93	110		0	0	0	168	371	-137	234	-2,401	-2,167
2046			0	95	112		0	0	0	172	378	-122	256	-2,167	-1,911
2047			0	97	114		-1,612	-18	0	175	-1,244	-156	-1,400	-1,911	-3,311
2048			0	99	116		0	0	0	179	393	-190	203	-3,311	-3,108
2049			0	101	119		0	0	0	182	401	-178	223	-3,108	-2,884
2050			0	103	121		0	0	0	186	409	-164	245	-2,884	-2,639
2051			0	105	123		0	0	0	190	418	-149	269	-2,639	-2,370
2052			0	107	126		-63	-1	0	193	362	-134	228	-2,370	-2,143
2053			0	109	128		0	0	0	197	434	-118	316	-2,143	-1,827
2054			0	111	131		0	0	0	201	443	-99	344	-1,827	-1,483
2055			0	113	134		0	0	0	205	452	-78	374	-1,483	-1,109
2056			0	115	136		0	0	0	209	461	-55	406	-1,109	-703
2057			0	118	0		0	0	0	213	331	-39	293	-703	-411
2058			0	120	0		0	0	0	218	338	-21	317	-411	-94
2059			0	123	0		0	0	0	222	345	-4	340	-94	247
2060			0	0	0		0	0	0	227	227	4	231	247	477



Design and layout
Aller Client Publishing

Photos and visual models
Gottlieb Paludan Architects
Greater Copenhagen Light Rail
Jonas Normann
Lene Skytthe
Urban Creators

Text
Greater Copenhagen Light Rail

Printing
Cool Grey

-

Address
Greater Copenhagen Light Rail
Metrovej 5
DK-2300 Copenhagen S
Tel.no.: (+45) 33 11 17 00
CVR number: 36032499
ISBN number: 978-87-92378-25-5



