

Hovedstadens Letbane I/S Annual Report 2018



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Layout, e-Types
Printing, GraphicUnit ApS
ISBN number: 978-87-92378-37-8



At Glostrup Station, the Light Rail runs down and turns in a loop, allowing easy access to change to a train or bus.



Visualisation: Gottlieb Paludan Architects.

Management's Report

Foreword

2018 was the year in which the Light Rail project was finally approved by the owners, so that Greater Copenhagen Light Rail could sign contracts with the five winning contractors, as well as the operation and maintenance operator, for the Light Rail project: Aarsleff, CG Jensen, M.J. Eriksson, Siemens and Aarsleff Rail, as well as Metro Service. The contracts were signed in March, after which the contractors started on the detailed design of the 28-km Light Rail and the 29 stations extending between Lyngby in the north and Ishøj in the south.

While the detailed design was being prepared, the preparatory work to realign utility lines was visible at several places along the Ring 3 line.

After the summer holidays, the first construction machines arrived at the forthcoming Control and Maintenance Centre, and the first green construction signs, signalling ongoing work on the Greater Copenhagen Light Rail, could be seen on the streets.

Concurrently with the preparatory work and the construction activities, Greater Copenhagen Light Rail was in dialogue with hundreds of residents along the forthcoming new line. Municipal residents' meetings, expropriation transactions with affected neighbours and dialogue with the press all increased the general public's awareness that the Light Rail is on the way in Ring 3.

At year-end 2018/19, the Danish State withdrew from the Greater Copenhagen Light Rail, just as it did from the other two Light

Rail projects in Aarhus and Odense, respectively. The Danish State nonetheless maintains the required contributions to the project.

At the beginning of 2018, the time schedule for the Light Rail project was revised, so that the opening date was moved from 2024 to 2025. The revision of the time schedule was related to the fact that a number of expropriation days had to be cancelled and rescheduled to a later stage of the project as a consequence of the longer process for the owners' approval of the Light Rail.

In 2018, the invitation to tender for the Light Rail construction and operation contracts showed an increase of DKK 725 million in the total capital expenditure. In this context, the company's Board of Directors decided to hedge the interest rates for up to two thirds of the company's expected realised net debt. The hedging of interest rates reduced the company's financing costs by approximately DKK 1 billion. It was therefore not necessary to use funds from the allocated adjustment reserve to cover the higher capital expenditure.

Thank you to all partners and employees.

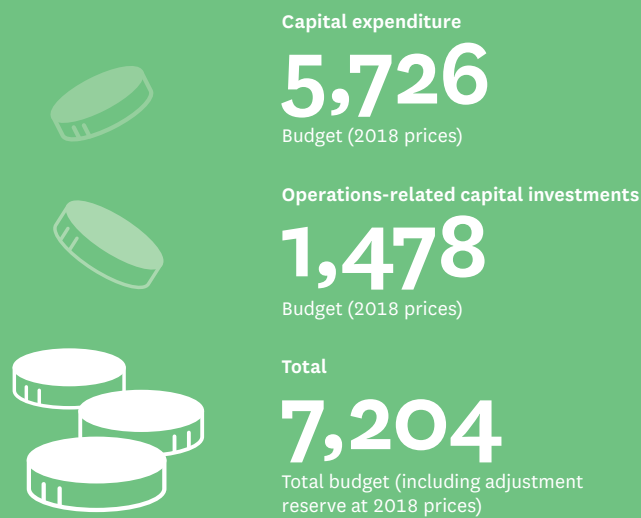
We hope you enjoy reading the report.

Jakob Thomsen
Chairman of the Board

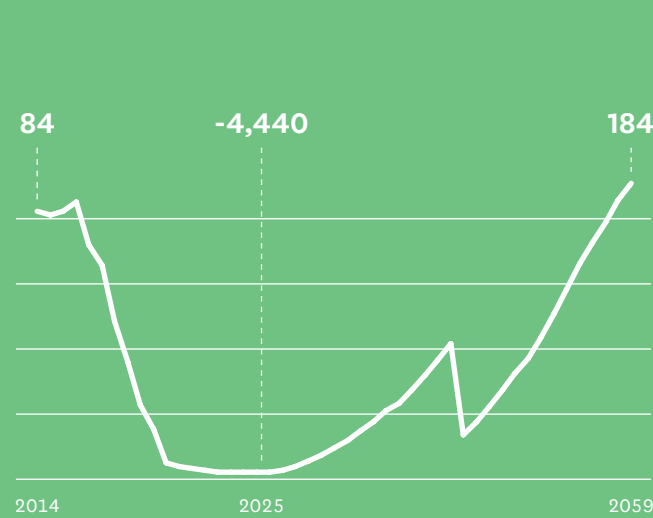
Henrik Plougmann Olsen
CEO

Key Figures for Greater Copenhagen Light Rail

Investment (DKK million)



Long-term budget (DKK million)



The Light Rail will run every five minutes during daytime hours, and every ten minutes in the evenings and on Sundays.

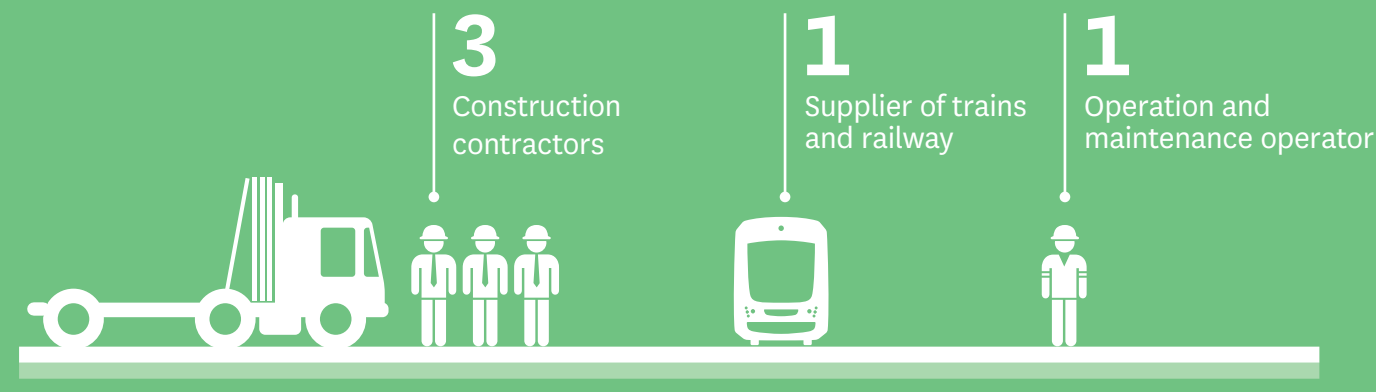


The Light Rail will have 29 stations along the 28-km line. Two extra trains have been purchased, so that now 29 trains will serve the line.

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Establishment of contracts

In 2018, Greater Copenhagen Light Rail signed contracts with:

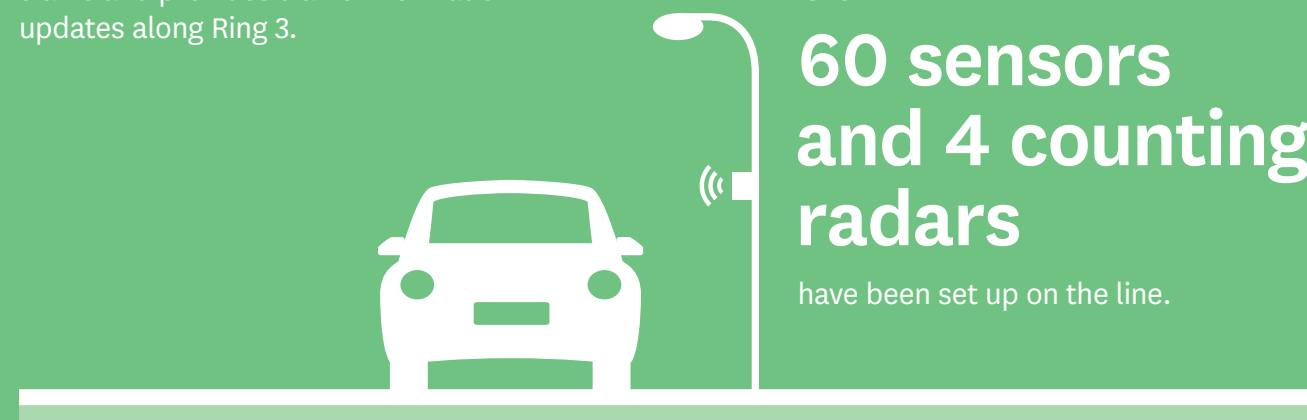


A Light Rail train can carry around 260 passengers. This corresponds to around four city buses.



Traffic monitoring

Greater Copenhagen Light Rail monitors traffic and provides traffic information updates along Ring 3.



Results and expectations

“
The result for 2018 was in accordance with expectations.”

Result for the year

Greater Copenhagen Light Rail will not have any passenger revenue until the Light Rail opens.

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 was also applied to the Great Belt Fixed Link, the Øresund Fixed Link, the Copenhagen Metro and the Fehmarn Belt Fixed Link.

The result for 2018 was in accordance with expectations.

As planned, the accounting result for 2018 is a deficit of DKK 4.5 billion. The result is influenced by the provision for the construction of the Light Rail, and also by

market value adjustments of loans and interest rate agreements.

The provision amounts to DKK 4.0 billion and is a consequence of how, in March 2018, the company entered into contracts concerning the major construction works for the Light Rail in Ring 3, imposing the obligation on the company to achieve the project – and thereby the payments. The market value adjustment can be attributed to the company's financial agreements concerning interest rate hedging and represents expenditure of DKK 75 million, as a consequence of the decrease in interest rates after the agreements were entered into and up to the end of 2018. The regulation is solely an item registered in the accounts since debt commitments are assessed at fair value. The regulation does not have any cash-flow effect since the agreements are expected to be maintained until their maturity.

Development in equity

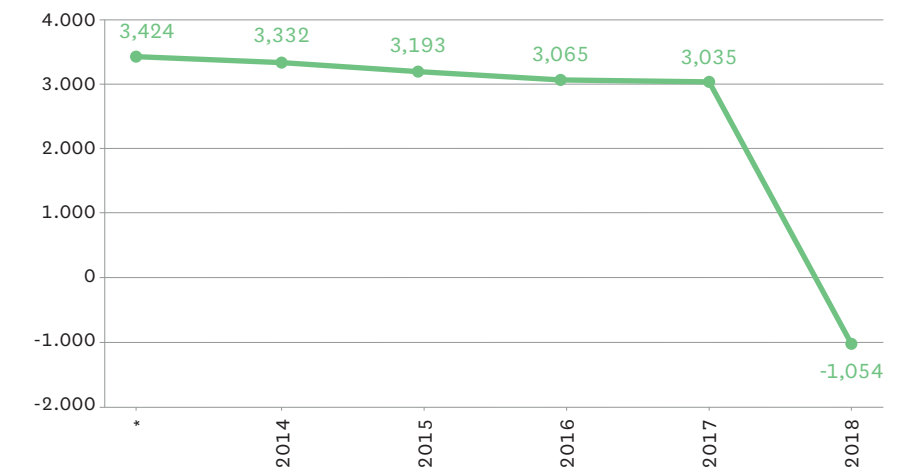
Hovedstadens Letbane I/S was established on 19 June 2014. The Danish State, represented by the Danish Ministry of Transport, Building and Housing, the Capital Region and Lyngby-Taarbæk Municipality, Gladsaxe Municipality, Herlev Municipality, Rødovre Municipality, Glostrup Municipality, Albertslund Municipality, Brøndby Municipality, Høje-Taastrup Municipality, Hvidovre Municipality, Vallensbæk Municipality and Ishøj Municipality contributed DKK 3.5 billion on the company's establishment. The company's accounting deficit of DKK 4.5 billion has been deducted from equity, which, as planned, was negative at DKK -1.1 billion at the end of 2018.

After market value adjustments, the company's adjusted equity was negative at DKK -1.0 billion at the end of 2018. The market value adjustment entailed book expenditure of DKK 75 million.

The decline in equity is in accordance with expectations and the assumptions made on the establishment of the company. As a consequence of how, in March 2018, the company entered into contracts for the major construction work, in 2018 the company recognised a liability in the accounts equivalent to the negative value of the cash flows from the project. This affected the operating result significantly in 2018, and the contributed equity has been allocated as a consequence.

Hovedstadens Letbane I/S is a partnership in which the owners are 100 per cent liable for the company. Any negative equity capital in the company would thus not as such entail a need for further contributions from the owners, since Hovedstadens Letbane I/S would still be able to service its debt as planned.

Equity (DKK million)



*Opening balance sheet, 1 January 2014

Capital and long-term finances

Hovedstadens Letbane I/S prepared an updated long-term budget in December 2018. The long-term budget presents 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 in 2025, at approximately DKK 4.4 billion (in current prices). The debt is expected to be repaid by 2059, which is in accordance with the previous expectations.

The company has built up appropriate interest rate exposure, so as to lock elements of the future interest costs. The company has done this by entering into financial agreements on interest rate hedging, whereby the interest rates for a large part of the expected maximum debt have been agreed. The agreements have been established in order to increase the budget certainty of the company's long-term finances.

Each year, a finance strategy is adopted to ensure appropriate financial management

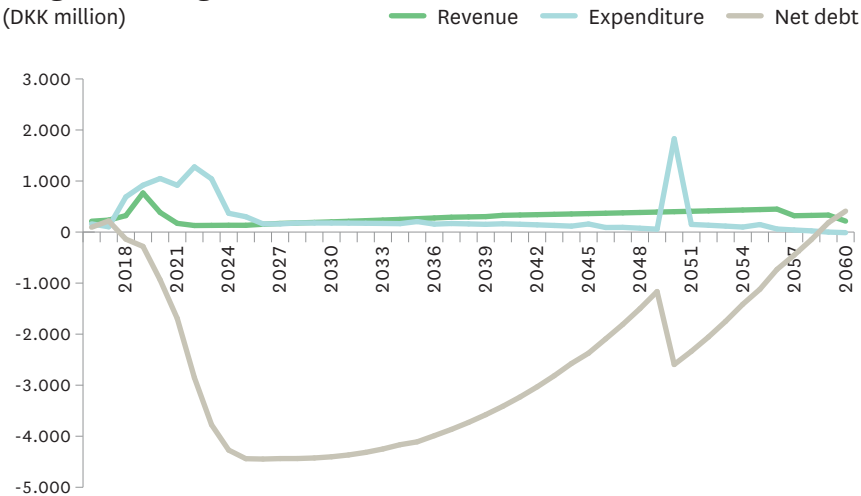
that minimises the long-term financing costs, with due consideration of financial risks. Financial management within the strategy adopted by the Board is undertaken by Sund og Bælt Partner. This is laid down and described in Greater Copenhagen Light Rail's memorandum of association.

As partners, the owners are directly, unconditionally and jointly and severally liable for all of the company's obligations, including the loans raised by the company. In addition to the terms that can generally be achieved in the capital market, the company has access to re-lending at Danmarks Nationalbank. Re-lending is a loan raised directly by the company from Danmarks Nationalbank on the basis of a specific government bond, and on the same terms as when the bond is sold in the market.

At the end of 2018, the company had raised loans totalling DKK 350 million in nominal terms. The loans are raised as re-lending at Danmarks Nationalbank. At the end of 2018, the company's long-term debt commitments totalled DKK 877 million in net terms.

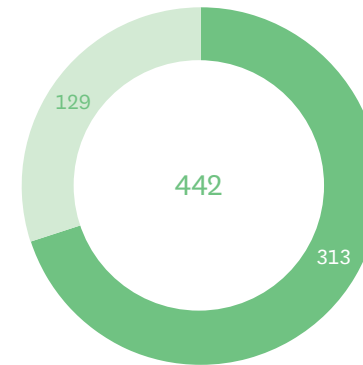
Long-term budget

(DKK million)

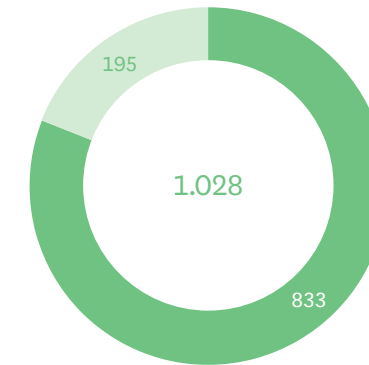


Note: In budgetary terms, reinvestment in rolling stock, mechanical and electrical installations is assumed in 2050, cf. the company's long-term budget (Appendix to the Management Report)

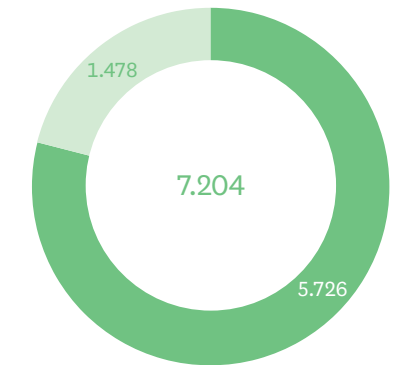
Investments in 2018 (DKK million)



Investments at 31 December 2018 (DKK million)



Total budget (2018 prices) (DKK million)



● Capital expenditure ● Operations-related capital investments

Investment in the Light Rail

In 2018, investments in the construction of the Light Rail totalled DKK 442 million, of which DKK 313 million concerned capital expenditure and DKK 129 million concerned operations-related capital investments.

The net book value of the Light Rail is stated 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 income such as passenger revenue, etc. This means that the construction of the Light Rail also requires contributions from the owners, etc., and is therefore written down on an ongoing basis to the expected recoverable

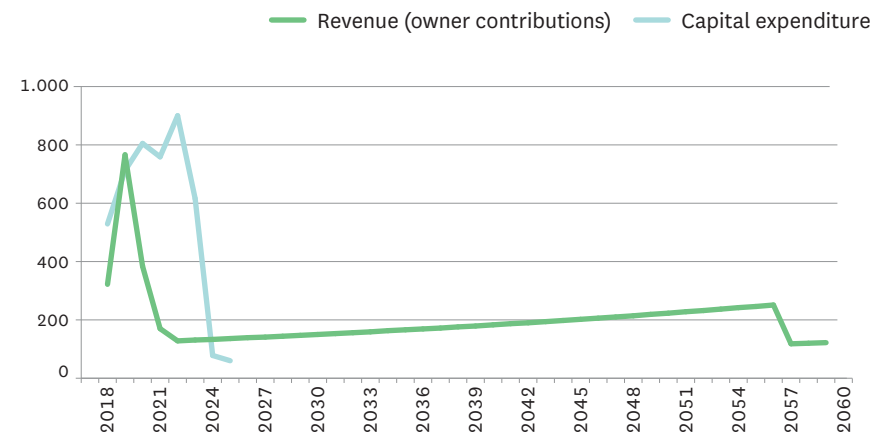
value of the Light Rail, with due consideration of the planned capital investments. The write-down that has been made is in accordance with expectations.

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).

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

In connection with the financing of the capital expenditure the owners have allocated a 30 per cent adjustment reserve in accordance with New Capital Investment Budgeting. The total adjustment reserve is DKK 1,026 million (2013 prices). On the approval of the financial basis for the establishment of the major Light Rail contracts in March 2018, the owners have released 10 per cent of the adjustment reserve of DKK 342 million (2013 prices). The remaining adjustment reserve of DKK 684 million (2013 prices) is tied to the budget, so that this can only be drawn on after submission to the owners.

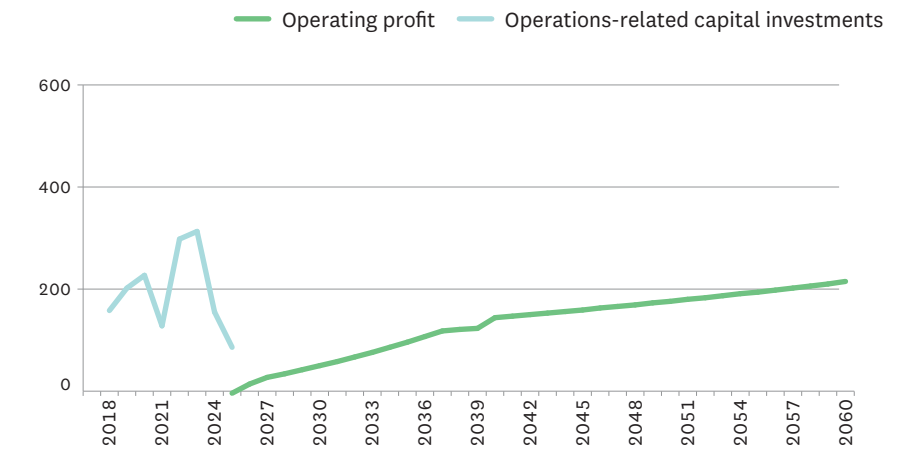
Timing difference between capital expenditure and revenue (owner contributions) (DKK million)



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 contributions for a total value of approximately DKK 1 billion during the period up to the loans' expiry, and as an expected operating surplus for a value totalling approximately DKK 0.3 billion.

Timing differences between operations-related capital expenditure and revenue (DKK million)



The tables show that both the company's capital expenditure and the operations-related capital investments are expected to be defrayed during the period up to and including 2025, while the related financing (as the owners' instalment payments of owner contributions and operating contributions, and as passenger revenue from the operation of the Light Rail) is expected

to be contributed as annual payments to the company. 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 Management Report, the company expects the loans to be repaid in full by 2059.

Financial Highlights and Key Figures 2018

All figures in DKK million	2014	2015	2016	2017	2018
Result before depreciation and write-downs	-1.8	-2.0	-2.3	-2.5	-3.2
Write-downs and provisions	-90.3	-204.6	-158.3	-99.3	-4,479.4
Result before financial items	-92.1	-206.6	-160.6	-101.8	-4,482.6
Result for the year	-92.1	-140.2	-128.0	-30.4	-4,466.3
Balance Sheet total	3,740	3,725	4,004.3	3,923.7	3,903.9
The year's investment in the Light Rail	90.3	208.0	160.6	101.8	441.9
Equity	3,332.0	3,193.0	3,065.3	3,034.9	-1,054.2
Adjusted equity	3,332.0	3,193.0	3,065.3	3,034.9	-978.8
Solvency ratio	89%	86%	77%	77%	-27%
Adjusted solvency ratio	89%	86%	77%	77%	-25%

Note: Key figures
Solvency ratio = Equity at the end of the year x 100/total assets.

Adjusted solvency ratio = Equity excluding market value adjustment x 100/total assets.

Risk management

The risks to which the company is exposed are determined via the company's risk management activities. The objective of the company's risk management is systematic risk identification both across the organisation and locally within the organisation, enabling the company to achieve an overview of the overall risk exposure and thereby to handle risks on the most appropriate basis.

Systematic reporting

Risks are reported at several different levels. Each risk has a designated risk owner, who ensures that risks are prevented, handled and reported within the individual professional areas, thereby ensuring a high standard of reporting. The company is focused on ensuring systematic risk management across all of its activities. For the Light Rail project, a special risk management process has been built up. This process involves the contractors during the construction work, thereby ensuring that risks are handled on the most appropriate basis.

Risks are reported to the Executive Management, which assesses proposals for changes to the current risk exposure from all of the company's activities. The Executive Management evaluates the proposals received and ensures that ongoing risks are handled and assessed on a uniform basis, with due consideration of probability and consistency across the organisation. On this basis, the Executive Management prepares a comprehensive list and a current risk list comprising the company's overall risk exposure.

The Executive Management presents a quarterly risk report to the Board of Greater Copenhagen Light Rail. At quarterly meetings with the company's owners, the company reports on the risk exposure, based on the Board's consideration of the risk report.

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For the Light Rail project, a special risk management process has been built up.

Approval of the project

On Monday, 12 March 2018, the Danish State, the Capital Region and the 11 Light Rail municipalities approved that Greater Copenhagen Light Rail could sign contracts with the five winning contractors and ask them to commence the work on the Light Rail.

The Light Rail will be constructed by the three contractors Aarsleff, CG Jensen and M.J. Eriksson. The transport system (train and railway infrastructure) will be delivered by Siemens and Aarsleff Rail, and operation and maintenance will be undertaken by Metro Service in cooperation with the train supplier.

The map on page 17 shows which contractors are working on the various different

parts of the Light Rail line between Ishøj and Lundtofte.

Siemens will deliver 29 trains of the Avenio make. Today, these trains run in The Hague and Munich. Each train consists of four wagons and accommodates around 260 passengers. The new Light Rail trains will be approximately 2.65 metres wide, 37 metres long and 3.5 metres high. The trains can run at 80 km/h, but in practice they will run at a maximum of 70 km/h on the line between Lyngby and Ishøj. The Light Rail trains will be powered via a catenary line and the trains will mostly run in their own fixed track. At crossroads and a few other places they will mingle with other traffic.



This is a visualisation of the coming Gladsaxevej station, located in the “Tobaksbyen” development area in Gladsaxe Municipality. Visualisation: Gottlieb Paludan Architects.

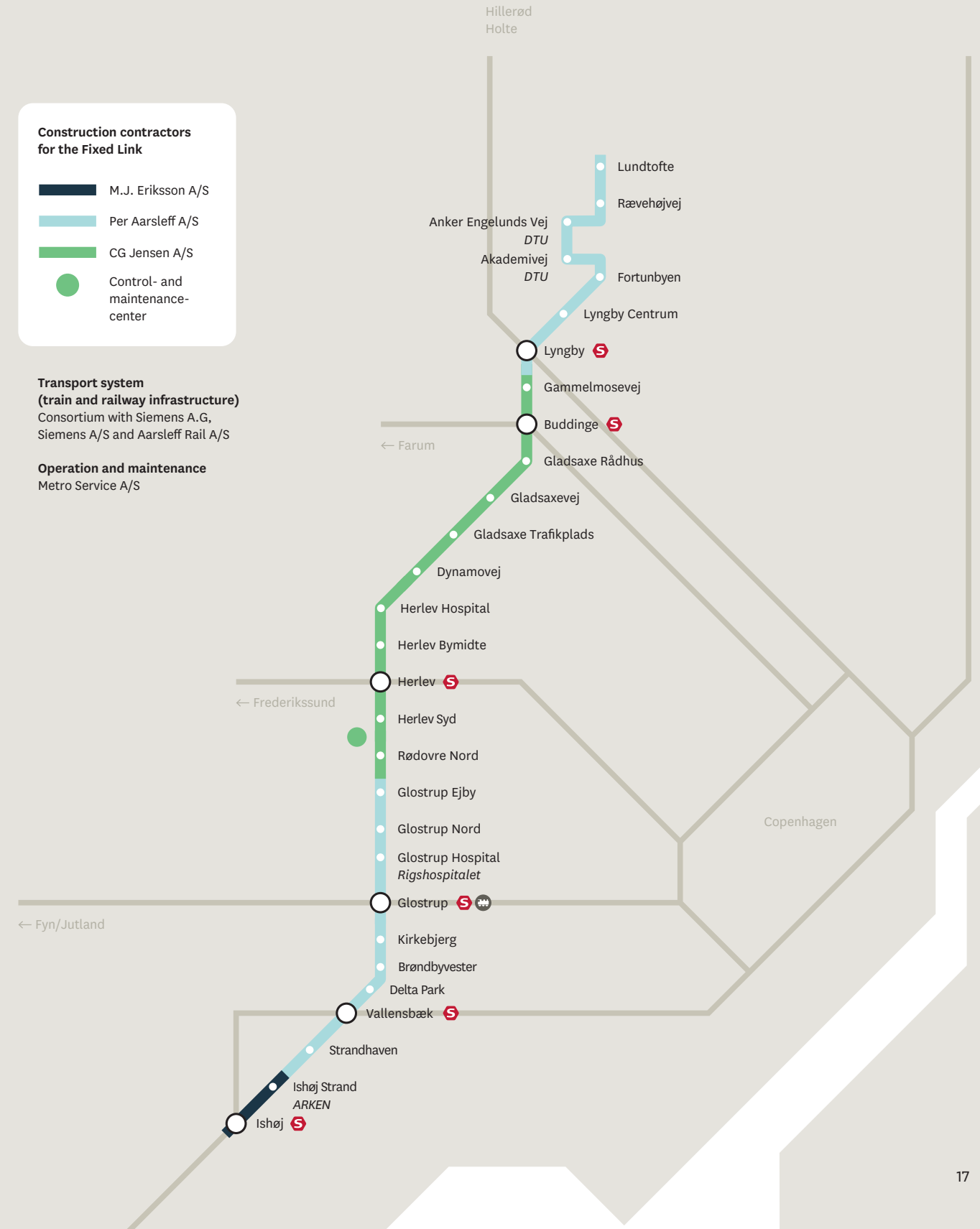
Changes to the project

On the basis of the invitation to tender for the construction and operating contracts for the Light Rail, the total capital expenditure was increased by DKK 725 million (2017 prices). The company's Board of Directors also decided to hedge the interest rates for up to two thirds of the company's assumed realised net debt, in order to minimise its financial risk. The hedging of interest rates reduced the company's financing costs by around DKK 1 billion (2017 prices), so that it was not necessary to use funds from the allocated adjustment reserve to cover the higher capital expenditure.

In February 2018, the Minister for Transport, Building and Housing notified the partners in Hovedstadens Letbane I/S that the Danish State – after discussion by the parties to the settlement – would withdraw from Hovedstadens Letbane I/S. In this context, the time schedule for the Light Rail project was revised, so that the opening date was moved from 2024 to 2025. The revised time schedule was due, among other things, to how a number of expropriation days had to be cancelled and assigned to a later stage of the project, as a consequence of an extended process for the owners' approval of the Light Rail. The economic consequences of the revised time schedule resulted in total additional costs of 140 million for the contractors. Like the

increased capital expenditure, these costs were financed by the hedging of interest rates. As a consequence of the Danish State's withdrawal, the composition of the Board of Greater Copenhagen Light Rail was also changed. Going forward, the Board thus consists of three regional Board members, three municipal Board members and up to three other members. There is still one chairman and two vice-chairmen.

In November 2018, the Board approved the purchase of a further two trains for a total of approximately DKK 45 million (2017 prices). The two additional trains will generally provide for more robust operation of the Light Rail, and also improve the opportunities to restore operation after any abnormal operating situation. Finally, the two additional trains will ensure better working conditions for train drivers, who will have better opportunities for breaks when the trains turn around in Ishøj and Lundtofte.



Status of the work on the Light Rail

Time schedule for the construction work

Greater Copenhagen Light Rail cooperates with the Light Rail contractors on a detailed time schedule for the construction work. The time schedule is expected to be ready during the first half of 2019.

2019-22

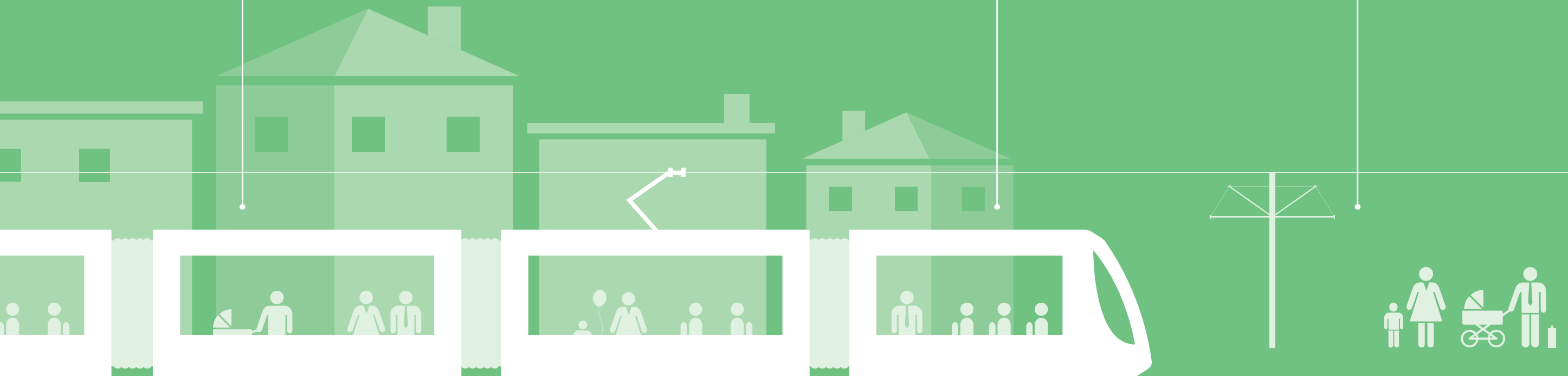
Expropriations, utility relocations and construction work

2023-24

Test runs

2025

Opening of the Light Rail for passengers



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In 2018, Greater Copenhagen Light Rail received almost 500 enquiries from the general public.

Project communication

Greater Copenhagen Light Rail's communication strategy aims to ensure relevant, consistent and responsive communication, dialogue and cooperation with the surrounding world during the construction work. The target groups must experience that the company's communication is fair and relevant, so that they can arrange their lives accordingly.

In 2018, Greater Copenhagen Light Rail received almost 500 enquiries from the general public. The enquiries concerned a wide range of different issues related to both the operation and construction of the Light Rail. A large proportion of the enquiries concerned detailed questions relating to the alignment and the issue of expropriations. Furthermore, in 2018 two meetings were held with the Light Rail Residents' Panel, while Greater Copenhagen Light Rail attended a number of residents' and information meetings during the year.

During the course of 2018, the company prepared various materials and communication deliverables for use in communication about the Light Rail. Most of this material can be accessed by the owners on Greater Copenhagen Light Rail's new communication portal, which was launched during the summer of 2018. In this way, the owners of the Light Rail can always stay updated on new communication concerning the Light Rail project.

Utility relocations

Utility relocations accounts for a significant part of the Light Rail project. To make room for the Light Rail, a large number of buried utilities need to be realigned. This includes electricity and gas utilities, and water and drainage pipes, which all need to be realigned by the utility owners themselves. Around 50 utility owners need to undertake the utility relocations along the 28-km Light Rail line.

This relocation work commenced in 2018. As a consequence, surfacing was removed, followed by excavation and the laying of new pipes. At the Control and Maintenance Centre's site, there was extensive relocation of Vestforbrænding's major district heating pipeline. It is important for the project that the neighbours to the Light Rail suffer the least possible inconvenience as a consequence of the construction work. All utility supplies are therefore maintained during the relocation operations, so that companies, commercial operators and residents do not have to manage without power or heating, for example.

Expropriations

To make room for the Light Rail and the expansion of Ring 3, it is necessary for Greater Copenhagen Light Rail to take over a number of properties and sub-areas through expropriation. Following the owners' approval of the Light Rail project, under the ordinary expropriation process Greater Copenhagen Light Rail has made expropriations in Glostrup, Gladsaxe, Lyngby-Taarbæk, Rødovre, Herlev and Brøndby Municipalities. Up to the end of 2018, a total of around 180 properties had been expropriated. There was particular focus on the expropriation of the properties requiring time-critical activities such as demolition and complicated utility relocations. It is expected that an equivalent number of properties will be expropriated in 2019 and that the expropriations for the construction of the Light Rail will be completed during 2020.



In 2018, the work began to establish a pedestrian tunnel below the suburban-train line at Buddinge Station.



In Brøndby, work began on the construction of a new bridge across the Copenhagen-Ringsted track.

Traffic challenges

The construction of the Light Rail will inevitably affect many road users along and across the line. In the autumn of 2018, the first traffic realignments with significant traffic effects commenced. In particular, motorists on the roads around the Light Rail's forthcoming Control and Maintenance Centre at Vestforbrænding in Glostrup experienced more congestion than usual during rush-hour periods, as a consequence of utility line and bridge renovation activities. Almost 20,000 cars per day use this section. Along Ring 3, there are around 30,000 motorists per day, while around 300,000 motorists cross Ring 3 every day.

Greater Copenhagen Light Rail has purchased the City Sense travel time measurement system, which makes it possible to measure motorists' travel times along and across Ring 3. Over 60 sensors and 4 counting radars have been set up along the roads in the area, where they can collect data from motorists' mobile phones or other devices with Bluetooth or the Wi-Fi signal turned on. In this way, Greater Copenhagen Light Rail can continuously monitor traffic flows as the construction work progresses.

In September 2018, the Danish Road Directorate and Greater Copenhagen Light Rail entered into an agreement for the transfer in real time of data from City Sense to the Road Directorate's map at trafikinfo.dk. Since mid-November 2018, data from City Sense could thus be used to strengthen the basis for current traffic information for the many motorists using the road network around Ring 3. A new aspect is that real-time traffic data for Lyngby can also be displayed at trafikinfo.dk.



This was also the year in which the first utility relocations commenced along Ring 3. Greater Copenhagen Light Rail has prepared templates for signs and letters to the utility line owners. The photo shows signs in Glostrup.

“
Along Ring 3, there are around 30,000 motorists per day, while around 300,000 motorists cross Ring 3 every day.

“ Safety must be an integral aspect of the work of Greater Copenhagen Light Rail.

In 2018, all employees took the Safety Academy basic module, which aims to ensure that everyone works safely and without any accidents or injuries, every day. Photo: Ditte Valente.

Safety on the Right Track

Greater Copenhagen Light Rail has a safety vision: Safety on the Right Track. Safety must be an integrated aspect of the work of Greater Copenhagen Light Rail. With this vision, the company wants to ensure that everyone in the company, and otherwise working on the company's projects, can work safely, without any accidents or injuries, every day.

As a consequence of its safety vision, in 2018 the company focused on clarifying roles and areas of responsibility in order to ensure the safety of the various technical construction functions. The company has also launched the Safety Academy, which is a comprehensive safety training course.

The aim of the Safety Academy is to hold workshops and training courses for employees and contractors, in order to increase their focus on their own and colleagues' safety and to develop a range of skills that

are assessed to be essential for good safety performance. The Safety Academy was started up during the second half of 2018 and has continued to run in 2019. In 2018, all of the company's employees took the Safety Academy's basic module, while around 30 employees also took the intervention training module. In 2018, as part of the safety vision, the management of Greater Copenhagen Light Rail, together with the management of the Light Rail contractors, visited the operational construction sites designated by the contractors as examples to follow, in safety terms.

With regard to the future safety of Light Rail passengers, personnel and the surrounding traffic, this was already in focus when the Light Rail was designed, and will continue to be an key aspect of the Light Rail project. Ultimately, the project requires safety approval by the Danish Transport, Construction and Housing Authority, before the Light Rail may carry any passengers.



Company Management

Hovedstadens Letbane I/S, 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 handles both the operation and the construction of the Light Rail in Ring 3. On 26 May 2016, the Act on a Light Rail in Ring 3 was amended to also be a Public Construction Act. The Public Construction Act was proposed on the basis of the EIA report and the engineering design for Greater Copenhagen Light Rail. In 2018, the Act was amended as a consequence of the withdrawal of the Danish State.

As from 2019, Greater Copenhagen Light Rail is owned by 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.

In accordance with the amended Light Rail Act, the municipalities and the region have the authority to appoint the Board of Greater Copenhagen Light Rail. At the extraordinary meeting of the partners on 22 February 2019, the municipalities and the Capital Region appointed a Board of Directors consisting of nine members – three municipal members nominated by the municipalities, three regional members nominated by the Region, and three other members. The other three members of the Board are appointed jointly

by the Region and the Mayors' Forum, which consists of the 11 municipalities.

In 2018, eight meetings of the Board, one Board seminar, one partnership meeting, and three quarterly meetings for Greater Copenhagen Light Rail's partners, were held.

In accordance with Greater Copenhagen Light Rail's Articles of Association, the Board submits quarterly reports to the partners (including the Danish State as a funding authority) after the end of each quarter of the financial year, and subsequently quarterly meetings are held between the company's owners and the chairmanship of the Board, which the Danish State may attend as an observer. The documents are publicly available at dinletbane.dk

On the establishment of Greater Copenhagen Light Rail, the 11 municipalities entered into an ownership agreement concerning the establishment of a Mayors' Forum. The Mayors' Forum coordinates the municipalities' election of representatives to the Board, and also prepares the municipalities' attendance of quarterly meetings, the partnership meeting and meetings of the Board. The municipalities thereby together constitute one single partner in relation to the Capital Region. In 2018, seven meetings of the Mayors' Forum were held.

Greater Copenhagen Light Rail shares an organisation with Metroselskabet, and in

accordance with legislation, Metroselskabet makes the necessary employees and other resources available to undertake the activities of Greater Copenhagen Light Rail, including for the performance of financing, administration, engineering design, procurement and contractual tasks concerning the Light Rail in Ring 3. In accordance with Order no. 279 of 25 March 2014, Greater Copenhagen Light Rail pays Metroselskabet on a cost-price basis for undertaking the aforementioned tasks.

Compliance and CSR Report

Together with the Annual Accounts for 2018, Greater Copenhagen Light Rail presented a corporate governance compliance test, as well as a CSR Report on social responsibility.

Corporate governance

Greater Copenhagen Light Rail reviewed the documents which constitute Greater Copenhagen Light Rail's corporate governance and on this basis performed a compliance test of these documents compared to the corporate governance requirements and recommendations in accordance with the Danish State's 2015 Ownership Policy and the Recommendations for Corporate Governance from the Committee on Corporate Governance, which were revised in 2018. The purpose of the compliance testing was to designate the areas in which there is scope for improvement.

The general conclusion of the corporate governance compliance test was that the company's management documents are in compliance.

The company's documents are available on the company's website: dinletbane.dk.

Social responsibility

Greater Copenhagen Light Rail has prepared the company's 2018 CSR Report, which presents Greater Copenhagen Light Rail's CSR work and future ambitions for the company's development in this area. In mid-2016, Greater Copenhagen Light Rail adopted the UN Global Compact, and its social responsibility report in accordance with Section 99a(7) of the Danish Financial Statements Act is presented in Greater Copenhagen Light Rail's 2018 CSR Report. Greater Copenhagen Light Rail's CSR Report is available at dinletbane.dk



Employees

In accordance with the Act on the Greater Copenhagen Light Rail, the company has only one employee. This is the CEO, who is the CEO of Metroselskabet I/S in office 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.

Greater Copenhagen Light Rail's use of resources in terms of Metroselskabet's employees

corresponds to approximately 24 FTEs. There are also around 180 advisers attached to – and often located at – the company's head office, and around 130 more loosely affiliated advisers who work from elsewhere in Denmark and from various parts of the world.

The overall gender distribution of the employees of Metroselskabet I/S is 41 per cent women and 59 per cent men.

The management of Metroselskabet, including the Board of Executives, comprises 41 per cent women and 59 per cent men, while the Board of Executives alone comprises 60 per cent women and 40 per cent men.

The gender distribution of the Board of Greater Copenhagen Light Rail is 78 per cent men and 22 per cent women. The Board is nominated by the company's owners.

The personnel employed under the Light Rail project have a wide range of educational backgrounds. This includes engineers in many different fields, land surveyors, geologists, architects and computer scientists, as well as a number of social sciences graduates. There is a need for knowledge-intensive resources, in the form of a large number of highly-specialised employees engaged in concrete works, electrical installations and safety, as well as environmental and risk management, and occupational health and safety.

This is a visualisation of the forthcoming Control and Maintenance Centre, which will be located in Glostrup Municipality. Visualisation: BBP Architects.

“
The general conclusion of the corporate governance compliance test was that the company's management documents are in compliance.”

Board of Greater Copenhagen Light Rail



Jakob Thomasen
Chairman of the Board
Appointed on 12 March 2019

Appointed by the Mayors' Forum and the Capital Region
CEO and founder, JBT Consult IVS
Born in: 1962
Remuneration in 2018: DKK 0

Other offices held:

- Chairman of the Board, DHI Group
- Chairman of the Board, ESVAGT A/S
- Chairman of the Board, RelyOn Nutec (formerly Falck Safety Services)
- Board member, Lundin Petroleum, Sweden
- Board member, University of Copenhagen
- Chairman, Hempel CoaST Research Center Advisory Board, DTU



Trine Græse
Vice Chairman
Appointed on 24 August 2017

Chair of the Mayors' Forum
Appointed by the Mayors' Forum
Mayor, Gladsaxe Municipality
Born in: 1961
Remuneration in 2018: DKK 200,000

Other offices held:

- Chair of LOOP CITY
- Board member of Vestforbrænding I/S
- Board member of NOVAFOS Holding A/S.
- Member of the Technology and Environment Committee of Local Government Denmark



Finn Rudaizky
Vice Chairman
Appointed on 1 February 2017

Appointed by the Capital Region
Regional Council member, Capital Region
Member of the City Council of Copenhagen
Born in: 1942
Remuneration in 2018: DKK 200,000

Other offices held:

- Member of the Health Committee, Capital Region
- Member of the Social Affairs Committee of the City of Copenhagen



Martin Geertsen
Board member
Appointed on 22 February 2019

Appointed by the Capital Region
Regional Council member, Capital Region
Born in: 1970
Remuneration in 2018: DKK 0

Other offices held:

- Political leader of the Liberal Party in the Capital Region
- Member of the Executive Committee, Capital Region
- Member of the Transport Committee, Capital Region



Birgitte Brinch Madsen
Board member
Appointed on 10 November 2016
Resigned on 31 December 2018
Re-appointed on 12 March 2019

Nominated by the Mayors' Forum and the Capital Region
Director
Born in: 1963
Remuneration in 2018: DKK 300,000

Other offices held:

- Chair of Oreco A/S
- Chair of RUM A/S
- Board member of Intech International A/S
- Board member of Metroselskabet
- Board member of Investeringsforeningen Danske Invest and related funds
- Board member of the North Sea Fund
- Board member of DEIF A/S
- Board member of Orbicon A/S
- Board member of EUDP
- Board member of Holte District Heating



Leo Larsen
Board member
Appointed on 12 March 2019

Nominated by the Mayors' Forum and the Capital Region
Born in: 1946
Remuneration in 2018: DKK 0

Other offices held:

- Chairman of all companies, BIOFOS A/S
- Chairman of all companies, HOFOR A/S
- Vice-Chairman, Children, Young People and Grief | National Grief Centre

**Jens Mandrup****Board member**

Appointed as of 1 January 2018

Appointed by the Capital Region
 Owner, CopenHistory
 Regional Council member, Capital Region
 Born in: 1977
 Remuneration in 2018: DKK 100,000

Other offices held:

- Chairman of the Transport Committee, Capital Region

**Simon Pihl Sørensen****Board member**

Appointed on 22 February 2019

Appointed by the Mayors' Forum
 Deputy Mayor, Lyngby-Taarbæk Municipality
 Born in: 1966
 Remuneration in 2018: DKK 0

Other offices held:

- Chairman of the Urban Planning Committee
- Member of the Finance Committee

**Henrik Rasmussen****Board member**

Appointed on 1 January 2018

Appointed by the Mayors' Forum
 Mayor, Vallensbæk Municipality
 Born in: 1971
 Remuneration in 2018: DKK 100,000

Other offices held:


- Chairman of Væksthus Hovedstadsregionen
- Member of the Finance Committee
- Delegate to the Municipal Political Summit
- Member of Vallensbæk Employment Forum
- Member of the Election Board for elections to the Folketing
- Member of the Election Board for referendums
- Member of the Election Board for elections to the European Parliament
- Member of the Election Board for municipal and regional elections
- Board member of Strandparken I/S
- Board member of VEKS
- Member of the Board of Representatives of HMN Naturgas I/S
- Board member of Vestforbrænding I/S
- Board member of HOFOR Vand Holding A/S and HOFOR Spildevand Holding A/S
- Board member of BIOFOS Holding A/S

Overview of attendance of Board meetings

Meetings of the Board (six meetings)	Feb	Mar	May	Aug	Nov	Dec	Total
Birgitte Brinch Madsen	1	1	1	1	1	1	6
Trine Græse	1	1	1	0	1	1	5
Finn Rudaizky	1	1	1	1	1	1	6
Niels Hald	1	1	1	1	0	1	5
John Steen-Mikkelsen	1	1	1	0	1	1	5
Helle Busck Fensvig	1	1	1	1	1	1	6
Mogens Therkelsen	1	1	0	1	1	1	5
Jens Mandrup	1	0	1	1	1	1	5
Henrik Rasmussen	1	1	0	1	1	1	5


Extraordinary meetings of the Board (two meetings)	Jan	Oct	Total
Birgitte Brinch Madsen	1	1	2
Trine Græse	1	1	2
Finn Rudaizky	1	1	2
Niels Hald	0	1	1
John Steen-Mikkelsen	1	1	2
Helle Busck Fensvig	1	1	2
Mogens Therkelsen	1	0	1
Jens Mandrup	1	1	2
Henrik Rasmussen	1	1	2

Former members of the Board

 **Helle Busck Fensvig**
Board member
Resigned on 31 December 2018


Appointed by the Danish State
CEO, Arnold Busck A/S
Born in: 1965
Remuneration in 2018: DKK 100,000

Other offices held:
— Chair of the Board of Neptun Ejendomme A/S
— Board member of Detail Forum
— Board member of Boghandlerforeningen

 **Mogens Therkelsen**
Board member
Resigned on 31 December 2018


Appointed by the Danish State
Owner of Mt Holding ApS af 12. Sep 2012
Born in: 1946
Remuneration in 2018: DKK 100,000

Other offices held:
— Chairman of the Board of H.P. Therkelsen A/S
— Member of the DI Infrastructure, DI Transport and DI Freight committees
— Board member of Flensborg Avis
— Board member of Frøslevlejrens Efterskole
— Member of the Danish/German Transport Commission
— Member of the Military Road Commission
— Member of the Als/Fyn Commission
— Member of the Danish/German Business Forum
— Member of the Mobility Council, Southern Denmark Region

 **John Steen-Mikkelsen**
Board member
Resigned on 31 December 2018

Appointed by the Danish State
CEO, Bornholmstrafikken Holding A/S
Born in: 1955
Remuneration in 2018: DKK 100,000

Other offices held:
— Chairman of the Board of Interferry
— Chairman of the Board of Samsø-Linien A/S
— Chairman of the Board of Stena RoRo AB

 **Niels Hald**
Board member
Resigned on 31 December 2018

Appointed by the Danish State
CEO, Danish Brewers' Association
Born in: 1952
Remuneration in 2018: DKK 100,000

Other offices held:
— Board member of Dansk Retursystem A/S
— Board member of Den Skandinaviske Bryggerhøjskole ApS
— Brewers of Europe, Unesda and EFBW
— Member of the Employer Panel for Nutrition, Exercise and Sports, University of Copenhagen

Executive Management of Greater Copenhagen Light Rail

 **Henrik Plougmann Olsen**
CEO

Hovedstadens Letbane I/S and Metrosekskabet I/S

Other offices held:
— Board member of Rejsekort A/S
— 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**
Director

 **Erik Skotting**
Technical Director

 **Rebekka Nymark**
Customer Director

 **Louise Høst**
Planning and Labour Market Director



The Light Rail will have two stops at DTU, including at the main entrance at Anker Engelunds Vej.
Visualisation: Gottlieb Paludan Architects.

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 2018. The Annual Report is presented in DKK (thousands). The accounting policies applied are unchanged from the previous year.

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, debt 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.

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

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.

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

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 made, as an expression of the use thereof.

Current assets

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 three 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.

Liabilities

Long-term debt

Long-term debt is measured at cost at the time of raising the loans, equivalent to the proceeds received less transaction costs defrayed. The debt is subsequently measured at amortised cost, unless the fair value of the debt 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 Rail is depreciated with due consideration of the calculated recoverable value of the Light Rail. 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 start 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 Rail and investments in securities.

Cash flows relating to financing activities include changes in accounts receivable, trade creditors and other debt, 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 2018

All figures in DKK thousands	Note	2018	2017
Income			
Value of own work		29,024	22,091
Total income		29,024	22,091
Expenses			
Staff costs	1	-1,304	-1,301
Other external costs		-30,918	-23,266
Total expenses		-32,221	-24,567
Earnings before write-downs and provisions		-3,197	-2,476
Write-downs and provisions			
Write-downs	2	-438,714	-99,355
Provisions	2	-4,040,710	0
Total write-downs and provisions		-4,479,424	-99,355
Result before financial items		-4,482,621	-101,831
Financial items			
Financial income	3	124,713	92,271
Financial expenses	3	-33,000	-20,871
Total financial items		91,713	71,400
Result before market value adjustment		-4,390,908	-30,431
Market value adjustment			
Market value adjustment	3	-75,426	0
Result for the year		-4,466,334	-30,431

Balance Sheet

Assets as at 31 December 2018

All figures in DKK thousands	Note	2018	2017
Fixed assets			
Tangible fixed assets			
Construction of the Light Rail	4	0	0
Total tangible fixed assets		0	0
Financial fixed assets			
Derivative financial instruments	15	17,522	0
Total financial fixed assets		17,522	0
Total fixed assets		17,522	0
Current assets			
Receivables, Danish State	5	828,898	1,050,552
Receivables, Capital Region	5	1,275,864	1,233,209
Receivables, municipalities	5	1,387,814	1,411,632
Other receivables	5	21,245	11,066
Securities	6	150,448	0
Liquid resources	6	222,115	217,261
Total current assets		3,886,384	3,923,719
Total assets		3,903,906	3,923,719

Liabilities as at 31 December 2018

All figures in DKK thousands	Note	2018	2017
Equity			
Start of the year		3,034,872	3,065,303
Additions for the year		-4,089,053	-30,431
Total equity		-1,054,179	3,034,872
Long-term debt			
Long-term debt	7	894,887	803,157
Provisions	2	4,040,710	0
Total long-term debt		4,935,597	803,157
Short-term debt			
Short-term element of long-term debt	7	0	0
Trade creditors		17,337	6,993
Accrued items		208	339
Prepaid purchases	8	0	78,217
Other debt	9	4,942	139
Total short-term debt		22,487	85,688
Total debt		4,958,085	888,845
Total liabilities		3,903,906	3,923,719
Proposed distribution of profit	10		
Events occurring after the balance sheet date	11		
Contingent liabilities	12		
Auditors' and consulting fees	13		
Related parties	14		
Currency, interest and counterparty risk	15		
Specification of loans and financial instruments	16		

Statement of Changes in Equity

All figures in DKK thousands	Owner contributions	Result carried forward before MVR	Equity excluding MVR	Market value adjustment (MVR)	Total
Start of the year 2017	3,451,784	-386,480	3,065,303	0	3,065,303
Result for the year carried forward	0	-30,431	-30,431	0	-30,431
Start of the year 2018	3,451,784	-416,911	3,034,872	0	3,034,872
Participating interests	377,281	0	377,281	0	377,281
Result for the year carried forward	0	-4,390,908	-4,390,908	-75,426	-4,466,334
End of the year	3,829,065	-4,807,820	-978,754	-75,426	-1,054,179

Specification of owner contributions

	Ownership interest	Contribution
Danish State	40%	1,531,252
Capital Region	26%	995,843
Lyngby-Taarbæk Municipality	7.48%	286,429
Gladsaxe Municipality	7.51%	287,726
Herlev Municipality	4.01%	153,624
Rødovre Municipality	1.19%	45,565
Glostrup Municipality	4.28%	164,033
Albertslund Municipality	1.94%	74,200
Brøndby Municipality	2.48%	95,055
Høje-Taastrup Municipality	0.51%	19,523
Hvidovre Municipality	0.54%	20,856
Vallensbæk Municipality	1.87%	71,609
Ishøj Municipality	2.18%	83,350
Total owner contributions	100%	3,829,065

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
Released adjustment reserve (2018)	150,776	98,276	128,229	377,281
Total contributions	1,531,252	995,843	1,301,970	3,829,065

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 expenditure. The financing of the capital expenditure 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. The municipalities have not yet agreed on the distribution of the contributions to operations, cf. the agreement in principle. 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, 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 reserve to 30 per cent, equivalent to the Danish 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:

A capital contribution of DKK 377 million was made in 2018. The capital contribution comprises the release of the 10-per-cent adjustment reserve in connection with the owners' approval of the financial basis for entering into the major contracts for the Light Rail in Ring 3, in March 2018.

Greater Copenhagen Light Rail is a partnership in which the owners are 100 per cent liable for the company. Any negative equity capital in the company does not entail any need for further contributions from the owners, since Greater Copenhagen Light Rail can still service its debt as planned.

Cash Flow Statement

All figures in DKK thousands	Note	2018	2017
Cash flows from operating activities			
Staff costs		-1,304	-1,301
Other external costs		-30,918	-23,266
Total cash flows from operating activities		-32,222	-24,567
Cash flows from investment activities			
Investment in the construction of the Light Rail	17	-409,690	-77,264
Investment in securities (excluding market value adjustment)		-149,346	0
Total cash flows from investment activities		-559,036	-77,264
Cash flows from financing activities			
Loans raised, net (excluding market value adjustment)		349,094	0
Contributions from owners		377,281	0
Long-term debt		-350,147	-84,619
Accounts receivable		192,638	99,714
Short-term debt		-63,201	34,467
Net financing costs		90,447	71,400
Total cash flows from financing activities		596,110	120,961
Change in available funds		4,852	19,131
Available funds, start of the year		217,263	198,131
Available funds, end of the year		222,115	217,263

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

Notes

Note 1 Staff costs

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

During the year the company has not employed any other employees than the Executive Management. 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 1,300.

Note 2 Impairment losses and provisions

All figures in DKK thousands	2018	2017
Write-down of capital expenditure	310,363	90,653
Write-down of operations-related capital investments	128,351	8,701
Provisions for the year	4,040,710	0
Total write-downs and provisions	4,479,424	99,355
Provision for the conclusion of contracts in 2018		4,300,000
Depreciation for the year for plant A and plant D in 2018		-438,714
Book value before adjustment		3,861,286
Adjustment for the year		179,424
Total provision, 31.12.2018 (recoverable amount)		4,040,710

The net book value of the Light Rail in Ring 3 is reviewed annually in order to determine whether there are indications of impairment.

The future cash flows included in the recoverable value are based on the company's current long-term budget and its incorporated future expectations, cf. the Appendix to the Management's Report. The calculation of the recoverable value is based on the capital asset value method. On the calculation of the capital asset value, the estimated future cash flows are discounted back to present value. In March 2018, the company entered into the major construction contracts for the construction of the Light Rail in Ring 3, thereby gaining a "legal or actual obligation" to construct the Light Rail in Ring 3. As a consequence, a provision of DKK 4.0 billion was made at the end of 2018 in order to provide for future investments in the Light Rail in Ring 3.

The assumed level of interest rates (the discounting factor) constitutes the principal uncertainty regarding the estimated value of the Light Rail in Ring 3. The company has applied a conservative expectation of the development in interest rates to this valuation, whereby a risk supplement is included to cover the uncertainty of the development in interest rates. If the company had instead applied the current lower market interest rate, the value of the fixed assets would have been higher and the result for the year would have improved. In the same way, the result would have been lower if an expectation of higher interest rates had been applied. The sensitivity calculations concerning the interest rate expectations are shown in Note 4.

Note 3 Financial items

All figures in DKK thousands	2018	2017
Financial income	124,713	92,271
Financial expenses	-33,000	-20,871
Total financial items	91,713	71,400
Market value adjustment	-75,426	0
Total market value adjustment	-75,426	0

The market value adjustment can be attributed to the company's financial agreements on the hedging of interest rates that are concluded in order to increase the budget certainty of the company's long-term finances. The market value adjustment depends on the development in interest rates and is solely an item registered in the accounts without any impact on liquidity, since the loans are held until maturity.

The accounting exposure concerning the market value adjustment can be expressed as a basis point value (BPV). With the company's current financial portfolio (SWAP), BPV is DKK 5 million, which means that a decrease in the level of interest rates by 1 per cent would entail an increase in the market value adjustment, and thereby a decrease in the result, of DKK 500 million. In the same way, an increase in the level of interest rates by 1 per cent would improve the result by DKK 500 million.

Note 4 Construction of the Light Rail

All figures in DKK thousands	Capital expenditure	Operations-related capital investments	Total
Acquisition sum			
Start of the year	512,836	65,216	578,051
Net additions for the year	310,363	128,351	438,714
End of the year	823,199	193,567	1,016,765
Depreciation and write-downs			
Start of the year	-512,836	-65,216	-578,051
Net additions for the year	-310,363	-128,351	-438,714
End of the year	-823,199	-193,567	-1,016,765
Book value at the start of the year	0	0	0
Book value, end of the year	0	0	0

The capitalised costs consist of the costs incurred for the construction of the Light Rail in Ring 3. The total capital investments also include the result for the year, which comprises the costs that cannot be capitalised during the construction phase (company-related costs).

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 expenditure.

The recoverable value is calculated on the basis of the incorporated future expectations in the company's long-term budget. This includes the application of an average real interest rate of 2.4 per cent in the first 20 years, increasing to 4.0 per cent in the longer term. The rate of interest applied to the calculation exceeds the current level of interest rates in the market, as an interest supplement is included. The use of a lower current market interest rate would increase the stated recoverable value and thereby improve the result for the year. For illustration, the use of a 1-per-cent lower interest rate in the first 20 years would mean that the recoverable value, and thereby the result for the year, would be DKK 100 million higher. On the other hand, the use of a 1-per-cent higher interest rate in this period would have led to a DKK-65 million lower result.

Note 5 Accounts receivable, current assets

All figures in DKK thousands	Danish State	Capital Region	Municipalities	Total
Start of the year	1,050,552	1,233,209	1,411,632	3,695,392
Additions for the year (interest credit)	35,492	41,662	47,690	124,844
Additions for the year (purchase agreements)	0	993	0	993
Disposals for the year (repayment of principal)	-257,146		-71,508	-328,654
End of the year	828,898	1,275,864	1,387,814	3,492,575
Specification of receivables				
Danish State			2017	2018
Capital Region			1,050,552	828,898
Municipalities			1,233,209	1,275,864
			1,411,631	1,387,814
Total receivables			3,695,392	3,492,575

On the establishment of the partnership, Greater Copenhagen Light Rail has established payment agreements with the company's owners, which are the Danish State, the Capital Region and the 11 municipalities, concerning the payment of annual contributions. The contributions are paid by the owners under the payment agreements concluded.

The Danish State has entered into a payment agreement for the payment of their contributions in eight instalments during the 2014-2021 period. The Capital Region has entered into a payment agreement for a large payment in 2019, and a fixed annual payment during the 2020-2059 period. Finally, the 11 municipalities have entered into payment agreements for a large payment in 2014-2016, and a fixed annual payment during the 2017-2056 period. It has been agreed that the annual payments are subject to adjustment according to the assumption index under the Danish Finance Act for construction up to the start of operations, and thereafter according to the net price index. The net book value of the payment agreements is compiled at amortised cost, in accordance with the accounting policies.

Accounts receivable also include purchase agreements, cf. Note 8.

Of the receivable as at 31 December 2018, DKK 1,916 million will fall due for payment later than 31 December 2019.

Receivables also include VAT receivable at DKK 12 million and accrued interest at DKK 4 million.

Note 6 Securities and liquid resources

All figures in DKK thousands	2018	2017
Securities over 3 months	150,448	0
Total liquid resources	150,448	0
Cash and bank deposits	222,115	217,261
Total liquid resources	222,115	217,261

Securities concern the purchase of bonds as collateral for the market values of the company's financial instruments. As at 31 December 2018, DKK 84 million has been pledged as collateral.

Note 7 Long-term debt

All figures in DKK thousands	Loans (long-term)	Derivative financial instruments (negative value)	Contributed adjustment reserve	Total
Acquisition sum				
Start of the year	0	0	803,157	803,157
Additions for the year (interest credit)	349,093	92,785	27,134	469,011
Disposals for the year (loan redemption)	0	0	-377,281	-377,281
End of the year	349,093	92,785	453,010	894,887
Value adjustments				
Start of the year	0	0	0	0
Value adjustment for the year	0	0	0	0
End of the year	0	0	0	0
Net book value at the beginning of the year	0	0	803,157	803,157
Net book value at the end of the year	349,093	92,785	453,010	894,887
Specification of contributed adjustment reserve			2018	2017
Danish State			0	145,849
Capital Region			196,552	285,193
Municipalities			256,458	372,116
Total contributed adjustment reserve			453,010	803,157

In 2018, the company raised loans for DKK 350 million in nominal terms. The value of the company's financial instruments is recognised in the total value of the debt as at 31 December 2018. The market value adjustment of financial instruments is recognised in the Profit and Loss Account.

The company's loans, financial instruments, etc., are in accordance with the "list of acceptable loan types" in the agreement established between Danmarks Nationalbank, the Ministry of Finance, the Ministry of Transport, Building and Housing, and Greater Copenhagen Light Rail.

Of the company's long-term debt, DKK 349 million falls due after five years.

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 reserve to 30 per cent, equivalent to the Danish State, and contributed a further DKK 395.0 million (DKK 379.3 million in 2013 prices) to the company. The Capital Region and the municipalities' adjustment reserve, as well as 10 per cent of the Danish State's 30 per cent adjustment reserve, have been contributed to the partnership together with the contribution to the financing of the capital expenditure.

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. In connection with the owners' approval of the financial basis for the conclusion of the major contracts for the Light Rail in Ring 3 in March 2018, the owners of the company have released a 10 per cent adjustment reserve, which has thus been transferred to equity.

On the final compilation of the total capital expenditure, the unutilised element of the adjustment reserve will be required to be repaid to the owners in the same ratio as their respective ownership interests and contributed adjustment reserves.



Note 8 Prepaid purchases

The company has entered into a number of purchase agreements with the company's owners. At 31 December 2017, the purchase agreements were incorporated as prepaid purchases. In March 2018, the company entered into agreements concerning the major construction contracts. In 2018, prepaid purchases were transferred to the construction of the Light Rail.

Note 9 Other debt

All figures in DKK thousands	2018	2017
Payable PAYE tax, etc.	150	139
Interest accruals	4,792	0
Total other debt	4,942	139

Note 10 Proposed distribution of profit

All figures in DKK thousands	2018	2017
Carried forward to the following year	-4,466,334	-30,431

Note 11 Events occurring after the Balance Sheet date

After the close of the financial year, no events of significance to the Annual Report for 2018 have occurred.

Note 12 Contractual commitments and contingent liabilities

Contractual commitments

The current ongoing contracts with the contractors concerning the construction of the Light Rail in Ring 3 have a total residual value of DKK 3,773 million.

Concerning the operation of the Light Rail in Ring 3, a contract has been concluded for a total value of DKK 2,438 million during a 15-year period as from the commencement of the Light Rail's operation.

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.

As a natural element of the company's major civil engineering projects, in the contractual relationship between Greater Copenhagen Light Rail and its contractors a number of claims are notified concerning extra payment, etc. in addition to what is already agreed in the contracts established. There are thus minor outstanding claims vis-à-vis the company's contractors. The claims are discussed and clarified with the contractors on an ongoing basis. The size of these claims is subject to uncertainty.

Note 13 Auditing and consulting fees

All figures in DKK thousands	2018	2017
Office of the Auditor General	45	65
Deloitte	198	44
Statutory audit in total	243	109
Deloitte	12	12
Other endorsements in total	12	12
Deloitte, VAT and tax advisory services	0	0
Deloitte, other advisory services	0	0
Consulting fees in total	0	0

Note 14 Related parties

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

Transactions with related parties take place on market terms.

In 2018, Hovedstadens Letbane I/S paid administration fees to Metroselskabet I/S concerning Metroselskabet's administration and running of the client organisation for 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.

Note 15 Currency, interest and counterparty risk

Financial risks

Greater Copenhagen Light Rail handles a number of financial risks. Greater Copenhagen Light Rail's borrowing and use of financial instruments (interest rate hedging, swaps, etc.) are governed by an agreement between Danmarks Nationalbank, the Ministry of Finance, the Ministry of Transport, Building and Housing, and Greater Copenhagen Light Rail.

Currency risks

The agreement sets out guidelines for the types of financial instruments and loan agreements that may be included in the loan portfolio. According to these guidelines, loans may only be exposed in DKK and EUR.

Interest rate risks

Interest rate risks are managed by both borrowing and investing money at variable and fixed interest rates. The result for the year is affected by fluctuations in the market value adjustment, which is determined overall by the development in the general level of interest rates. If the interest rate falls, for example, the market value of a fixed-interest bond rises, and vice versa. BPV (Basis Point Value) indicates the price exposure. BPV at the end of 2018 is DKK 5 million, which means that a decrease in the level of interest rates by 1 per cent will entail an increase in market value of DKK 500 million, and vice versa.

Counterparty risks

The company only places liquidity with the most creditworthy Danish and foreign institutions, so that the counterparty risk is limited as far as possible. This risk is managed and monitored continuously via a special line and limit system, which determines the principles for the specification of these risks, as well as a maximum limit to the risks that may be accepted concerning an individual counterparty. The latter is measured in relation to the counterparty's ratings from the international rating agencies. The company also seeks to reduce risk by using appropriate agreement documentation. In this connection, special agreements concerning the provision of security – CSA agreements – are concluded with counterparties.

Rating

International credit-rating agencies allocate companies a rating as an expression of their credit standing. The ratings are part of a scale in which AAA is the top rating, AA the next rating, and so on. Due to the joint and several liability of the Danish State, Greater Copenhagen Light Rail is indirectly subject to the same credit rating as sovereign risk, which is AAA.

Net financial liabilities

All figures in DKK thousands	Nominal value	Net book value 2018	Net book value 2017
Securities and fixed-term deposits	149,346	150,448	0
Accrued interest, securities and fixed-term deposits	0	0	0
Securities and fixed-term deposits in total	149,346	150,448	0
Loans	-350,000	-349,093	0
Accrued interest, loans	0	-225	0
Loans in total	-350,000	-349,318	0
Financial instruments, assets		17,522	0
Derivative financial instruments, liabilities		-92,785	0
Accrued interest, financial instruments		-220	0
Financial instruments in total		-75,483	0
Net liabilities in total	-200,654	-274,353	0

Accrued interest is stated in the Balance Sheet under assets, receivables, at DKK 4 million, and liabilities, other debt, at DKK 5 million, respectively.

Currency risk

Currency distribution, as at 31 December 2018, net book value

All figures in DKK 1,000,000	Securities and fixed-term deposits	Loans	Financial instruments	Net position
DKK < 1 year	0	0	0	0
DKK > 1 year	0	-349	-75	-425
EUR < 1 year	0	0	0	0
EUR > 1 year	150	0	0	150
				0
Total	150	-349	-75	-274

Interest rate risk

Interest rate fixing as at 31 December 2018, net book value

All figures in DKK 1,000,000	DKK	EUR	Total
0-1 years	0	0	0
1-5 years	-4	150	146
6-10 years	-349	0	-349
10-20 years	-12	0	-12
> 20 years	-60	0	-60
Total	-425	150	-274

Counterparty risk

Liquidity investments and the use of financial instruments involve a risk on the counterparty, in the form of either a credit risk or a liquidity risk. This risk is managed and monitored continuously via a special line and limit system which determines the principles for the specification of these risks, as well as a maximum limit to the risks that may be accepted for an individual counterparty. The latter are measured by the international rating agencies (Moody's, Standard & Poor's and Fitch/IBCA). The company also seeks to reduce risks by using appropriate agreement documentation.

Counterparty risk distributed by rating category, as at 31 December 2018.

Total counterparty exposure

Net book value

All figures in DKK 1,000,000	Securities and fixed-term deposits	Loans	Financial instruments	Net position
AAA	150	-349	0	-199
AA	0	0	0	0
A	0	0	18	18
A	0	0	-93	-93
Total	150	-349	-75	-274

The counterparties to the agreements are subject to collateral agreements. The net provision of security by Metroselskabet at 31.12.18 is DKK 84 million.

Note 16 Specification of loans and derivative financial instruments

As part of Greater Copenhagen Light Rail's financial strategy, the company has hedged the interest rates (fixed nominal interest rate and real interest rate) for approximately two thirds of the expected maximum net debt. Interest rates have been hedged in order to cover part of the interest rate risk in the project, thereby reducing the overall project risk.

The schedule shows the company's total borrowing by maturity, and the proportion of the loans that has been swapped to variable interest rates in order to match the hedging of interest rates. The proportion of the loans that has not been swapped is stated at amortised cost.

All figures in DKK 1,000,000	CIBOR 6M	CPI + Fixed	Fixed	Net book value 31.12.18
Duration 6-10 years				
Loans			-350	-349
Net exposure			-350	-349
Duration 1-10 years				
Interest rate swap (real to fixed)		503	-503	-4
Net exposure		503	-503	-4
Duration 11-20 years				
Interest rate swap (variable to fixed)	500	0	-500	-12
Net exposure	500	0	-500	-12
Duration 21-30 years				
Interest rate swap (variable to fixed)	1,000	-	-1,000	-46
Interest rate swap (fixed to real)	-	-483	483	21
Net exposure	1,000	-483	-517	-24
Duration 31-40 years				
Interest rate swap (variable to fixed)	700	-	-700	-35
Net exposure	700	-	-700	-35
		DKK	EUR (in DKK)	Net book value 31.12.18
Forward contracts with expiry < 1 year		112	-112	0
Loans in total				-349
Total financial agreements				-75

Note 17 Investment in the construction of the Light Rail in Ring 3

All figures in DKK thousands	2018	2017
Investment in the construction of the Light Rail in Ring 3, cf. Note 4	438,714	99,355
Value of own work	-29,024	-22,091
Total investment in the construction of the Light Rail	409,690	77,264

Endorsements

Management Endorsement

The Board and the Executive Management have today examined and approved the Annual Report for 2018 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 Management's 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, 12 March 2019

Board of Directors

Jakob Thomasen
Chairman of the Board

Trine Græse
Vice Chairman

Finn Rudaizky
Vice Chairman

Martin Geertsen
Board member

Jens Mandrup
Board member

Leo Larsen
Board member

Simon Pihl Sørensen
Board member

Birgitte Brinch Madsen
Board member

Henrik Rasmussen
Board member

Executive Management

Henrik Plougmann Olsen

The Independent Auditors' Report

Auditors' 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 2018, 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 Hovedstadens Letbane's financial position at 31 December 2018 and of the results of its operations and its cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

The auditor general is independent of Hovedstadens Letbane in accordance with Section 1(6) of the Danish Auditor General Act and the approved auditor is independent of Hovedstadens Letbane 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 mis-statement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing Hovedstadens Letbane's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate

Hovedstadens Letbane or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 and generally accepted public accounting standards, see the Danish Act on a Light Rail on Ring 3 and the Danish Auditor General Act, 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 and generally accepted public accounting standards, see the Danish Act on a Light Rail on Ring 3 and the Danish Auditor General Act, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risk 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 Hovedstadens Letbane's internal control.

- 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 Hovedstadens Letbane's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Hovedstadens Letbane to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including 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.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions covered by the financial statements are in accordance with the appropriations, laws and other regulations, agreements and usual practice, and that financial consideration has been made when managing the funds and operations covered by the financial statements. Management is also responsible for setting up systems and processes supporting economy, productivity and efficiency.

As part of our audit of the financial statements, it is our responsibility to perform compliance audit as well as performance audit of selected subject matters in accordance with the public auditing standards. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the examined transactions covered by the financial statements comply with the appropriations, laws and other regulations, agreements and usual practice. In our 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 operations 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 in this statement.

We have no significant critical comments to report in this connection.

Office of the Auditor General

CVR: 77806113
Copenhagen, 12 March 2019

Lone Lærke Strøm
Auditor General

Malene Sau Lan Leung
Head of Department

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR: 33963556

Erik Lynge Skovgaard Jensen
State-Authorised Public Accountant
MNE number: 10089

Bryndís Símonardóttir
State-Authorised Public Accountant
MNE number: 40064

Appendix to the Management's Report

Long-term budget

The following long-term budget for 2019 was adopted in December 2018.

Long-term budget assumptions

The long-term budget is stated in current prices.

Capital expenditure

- The capital expenditure for the establishment of a Light Rail in Ring 3 is determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail in Ring 3. The total expenditure is DKK 5.9 billion in 2019 prices (DKK 5.3 billion in 2013 prices). The capital expenditure is adjusted upwards to 2019 prices on the basis of contract indexes.
- The annual payments to finance the capital expenditure are index-linked according to the Danish Finance Act's assumption index. The difference between the index-linking of capital expenditure and the payments made for the financing thereof is assumed to be settled once the construction project has been completed.
- The reinvestments concerning the Light Rail in Ring 3 are based on the assumptions in the agreement in principle and amount to DKK 30 million for every 10th year, and to DKK 834 million in 2013 prices for every 25th year. The reinvestments are listed at 2019 prices on the basis of the Ministry of Finance's capital investment index.

Operations-related capital investments

- The operations-related capital investments for the establishment of a Light

Rail in Ring 3 have been determined on the basis of the owners' approval of the financial basis for the establishment of the Light Rail in Ring 3. This budget estimate is DKK 1.6 billion in 2019 prices (DKK 1.4 billion in 2013 prices). The budget estimate is adjusted upwards to 2019 prices on the basis of contract indexes.

Operating result

- The 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.
- The basis for the fare assumptions is the agreement in principle. Operations are assumed to commence in 2025. The price per new passenger is based on the expectations of the tariff development in the 2009-2020 period (the investigation report). The tariff is projected at DKK 8.81 per passenger in 2025, in 2013 prices. On the same basis, the average fare income per passenger in 2037 is calculated at DKK 10.14 in 2013 prices. The fare income is adjusted to 2019 prices on the basis of a general price projection of 2 per cent p.a.

- On the Light Rail's transition to passenger operation, an annual operating contribution to cover the annual operating costs is incorporated, including operations-related capital investments after deduction of passenger 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 2019 prices on the basis of a general price projection of 2 per cent p.a.

- Operating costs are determined on the basis of the operating contracts concluded. The operating costs are adjusted to 2019 prices on the basis of a general price projection of 2 per cent p.a.

Other conditions

- 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 expenditure. The payments are listed at 2019 prices, based on the Danish Finance Act's assumption index for capital investments.
- 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.
- 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.
- It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a. Interest on the debt takes account of the company's established interest rate hedging agreements. Debt in addition to the interest rate hedging accrues interest at a real interest rate of 4 per cent p.a. In the short term, account is furthermore taken of the company's actual interest rate expectations. The interest rates include the interest on the company's loans raised and liquid resources.
- It is assumed that as from 2019 all prices will increase by 2 per cent p.a.

Long-term budget for 2019 for Greater Copenhagen Light Rail – December 2018 (current prices)

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

All figures in DKK million	Accounts receivable	Other debt	Contributions to the financing of capital expenditure			Adjustment reserve	Capital expenditure	Index difference	Operational investments	Operating result	Liquidity	Interest	Movement	Net debt, start of the year	Net debt, end of the year
			Danish State	Region	Municipalities										
End of the year 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	15	-21	144	0	68	-	-143	0	-17	0	46	0	46	48	94
2017	2	-10	171	0	63	-	-93	0	-9	0	124	-1	123	94	217
2018		10	257	0	65	-	-527	-2	-158	0	-354	-2	-356	217	-139
2019		10	507	194	65	-	-696	-16	-202	0	-138	-4	-142	-139	-281
2020		10	288	29	67	-	-783	-23	-227	0	-639	-17	-656	-281	-937
2021		-10	45	58	68	-	-736	-23	-128	0	-726	-30	-757	-937	-1,694
2022		-10	0	59	69	-	-876	-24	-298	0	-1,079	-80	-1,159	-1,694	-2,853
2023		-10	0	60	71	-	-603	-14	-313	0	-809	-113	-922	-2,853	-3,775
2024	798		0	61	72	-1,061	-186	108	-155	0	-362	-135	-497	-3,775	-4,272
2025			0	62	74		-60	0	-86	-4	-14	-155	-169	-4,272	-4,440
2026			0	64	75		0	0	0	14	153	-160	-7	-4,440	-4,447
2027			0	65	77		0	0	0	27	169	-160	9	-4,447	-4,438
2028			0	66	78		0	0	0	34	179	-178	1	-4,438	-4,438
2029			0	68	80		0	0	0	42	189	-178	11	-4,438	-4,426
2030			0	69	81		0	0	0	50	200	-177	23	-4,426	-4,403
2031			0	70	83		0	0	0	58	211	-175	36	-4,403	-4,367
2032			0	72	85		0	0	0	67	223	-172	51	-4,367	-4,316
2033			0	73	86		0	0	0	76	235	-169	66	-4,316	-4,250
2034			0	75	88		0	0	0	86	248	-165	84	-4,250	-4,166
2035			0	76	90		-45	0	0	96	217	-161	56	-4,166	-4,110
2036			0	78	92		0	0	0	107	276	-155	121	-4,110	-3,990
2037			0	79	93		0	0	0	118	291	-167	123	-3,990	-3,866
2038			0	81	95		0	0	0	121	297	-160	137	-3,866	-3,729
2039			0	82	97		0	0	0	123	303	-151	151	-3,729	-3,578
2040			0	84	99		0	0	0	144	327	-163	165	-3,578	-3,413
2041			0	86	101		0	0	0	147	334	-153	181	-3,413	-3,232
2042			0	87	103		0	0	0	150	341	-142	199	-3,232	-3,033
2043			0	89	105		0	0	0	153	348	-129	218	-3,033	-2,815
2044			0	91	107		0	0	0	156	354	-116	238	-2,815	-2,576
2045			0	93	109		-55	0	0	159	307	-103	203	-2,576	-2,373
2046			0	95	112		0	0	0	163	369	-89	280	-2,373	-2,093
2047			0	96	114		0	0	0	166	376	-92	284	-2,093	-1,809
2048			0	98	116		0	0	0	169	384	-75	309	-1,809	-1,501
2049			0	100	118		0	0	0	173	391	-56	335	-1,501	-1,166
2050			0	102	121		-1,707	-6	0	176	-1,314	-115	-1,429	-1,166	-2,595
2051			0	104	123		0	0	0	180	407	-150	258	-2,595	-2,337
2052			0	106	126		0	0	0	183	415	-134	281	-2,337	-2,056
2053			0	109	128		0	0	0	187	424	-117	307	-2,056	-1,749
2054			0	111	131		0	0	0	191	432	-98	334	-1,749	-1,415
2055			0	113	133		-67	0	0	194	374	-80	294	-1,415	-1,121
2056			0	115	136		0	0	0	198	450	-60	390	-1,121	-731
2057			0	118	0		0	0	0	202	320	-40	279	-731	-452
2058			0	120	0		0	0	0	206	326	-23	303	-452	-149
2059			0	122	0		0	0	0	210	333	1	333	-149	184
2060			0	0	0		0	0	0	215	215	12	226	184	411

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