

# Ring 3 Letbane I/S

## Annual Report 2015





**Ishøj Station**  
The light rail will start and end at Ishøj Station, with transfer to the S-train network.

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# Welcome

## Dear reader,

2015 was a year with several important milestones for the Greater Copenhagen Light Rail. The key theme was involvement, dialogue and adjustment to the surrounding world – by individual residents, neighbours, suppliers, collaboration partners, authorities and decision-makers alike.

Residents were consulted when the environmental assessment of the light rail project (the EIA Report) was submitted for public consultation. Meetings for residents were held in seven municipalities, and several inputs led to changes to the project – such as the wish to adjust the alignment in Ishøj and Lyngby-Taarbæk Municipalities. In overall terms, the project was improved by the many inputs and the dialogue that took place.

Later in the year, the Act to Construct the light rail was also submitted for consultation. In their response, the utility grid owners expressed the wish for realignment of utility lines to take place at a slightly later time, which was accommodated. As a consequence, the light rail is not expected to be completed before 2023/2024. The Act to Construct the light rail was submitted to the Folketing (Parliament) in January 2016 and is expected to be adopted during the spring of 2016.

The public procurement process also commenced. In October 2015, Greater

Copenhagen Light Rail held a "Supplier Information Day" at which interested companies could obtain more knowledge about the project and the working environment activities, and information from the labour-market parties on Danish pay and working conditions, besides engaging in dialogue with other companies at an early stage. The meeting was attended by representatives of around 150 Danish and foreign companies.

The prequalification process commenced in the autumn of 2015, and was concluded in the spring of 2016, after which the companies that had been prequalified to take part in the actual procurement process were nominated.

Openness and visibility were the keywords for the Greater Copenhagen Light Rail in 2015. This is emphasised by the new visual identity and the new website, [www.dinletbane.dk](http://www.dinletbane.dk), which were also presented during the year.

This Annual Report presents deeper insights into the many activities during the year.

We hope you enjoy reading the report.

**Anne Grete Holmsgaard**  
Chairman of the Board

**Henrik Plougmann Olsen**  
CEO

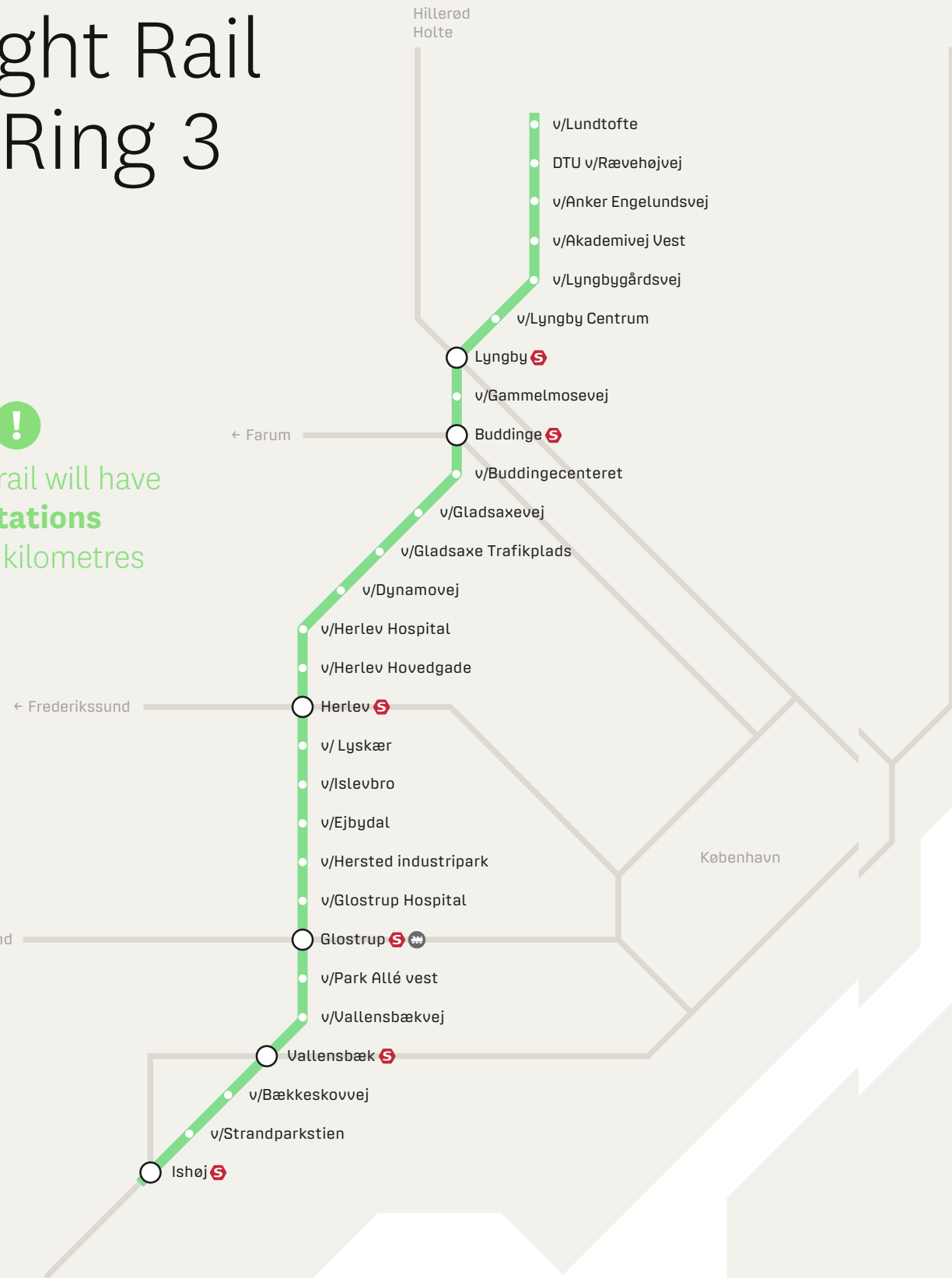


**Glostrup**  
Glostrup Station will be the largest light rail station, with more than 6,000 passengers on ordinary weekdays.

# The Light Rail along Ring 3

! The light rail will have **28 stations** over 28 kilometres

! The light rail is planned to **open in 2023**



! There will be stations at e.g. **DTU** (the Technical University of Denmark), and **Herlev** and **Glostrup Hospitals**

! In 2015, seven **residents' meetings** were held, with 1,300 participants in total

## Expected journey times

- Lyngby Station → Buddinge Station  
6 minutes
- Buddinge Station → Herlev Station  
11 minutes
- Herlev Station → Glostrup Station  
14 minutes
- Lyngby Station → Glostrup Station  
31 minutes
- The entire line will take approximately **58 minutes**

! The Act to Construct the light rail was submitted to the Folketing (Parliament) on **13 January 2016**

! **Eight procurement contracts** were announced in November 2015

# Directors' Report



**Rødovre**  
The light rail will have a station in the northern part of Rødovre Municipality at Islevbro, which is adjacent to the Islev urban development area.

# Report

The Greater Copenhagen Light Rail is tasked with building and operating the light rail along Ring 3. The construction of the light rail along Ring 3 will make it easy to travel rapidly across Greater Copenhagen. The distance from Lyngby in the north to Ishøj in the south is 28 km and the journey will take around 58 minutes from start to finish. The light rail will give a great boost to public transport and to the respective municipalities' development. The light rail will also improve public transport connections to and from the two large hospitals, Herlev Hospital and Glostrup Hospital, which today are only served by buses as part of the public transport network.

For most of its alignment, the light rail will run on its own fixed track, separated from the rest of the traffic at the side or middle of the road. Due to the lack of space it will mingle with other traffic at a few locations. A light rail system makes little noise and is highly eco-friendly, running on electricity and with plenty of space for around 230 passengers in each train, which corresponds to the number of passengers in three-four city buses.

The Greater Copenhagen Light Rail will provide the basis for a new 28-kilometre development area between Lyngby and Ishøj. The light rail will increase the areas' accessibility and help to attract private investment, because many companies and individual residents will be keen to be located close to this sustainable and effective public transport system. It is

assessed that by 2032 the Greater Copenhagen Light Rail will help create up to 20,000 new workplaces and attract up to 40,000 new residents.

Light rail systems are being established in many cities, both in Denmark and in other European countries with a need to upgrade their public transport facilities. The Greater Copenhagen Light Rail is one of three new light rails that are being established in Denmark. Denmark's first light rail will open in Aarhus in 2017. Odense light rail is planned to open in 2020, while the Greater Copenhagen Light Rail is planned to open in 2023/2024.

In order to commence the construction of the light rail, the design of the light rail has been analysed. The light rail's environmental impact was assessed in an EIA Report, and procurement documents are being prepared. The Act to Construct the light rail was submitted to the Parliament (Folketinget) in January 2016.

The light rail will have 28 stations. At six stations it will be possible to transfer to and from S-trains: Lyngby, Buddinge, Herlev, Glostrup, Vallensbæk and Ishøj. The light rail will thus interconnect the public transport network across the region, creating a number of new traffic hubs. Around half of the 13-14 million annual passengers will be people transferring from trains and buses.



**Lyngby-Taarbæk**

The light rail will run along Klampenborgvej and will have a station at Lyngby Centrum, giving access to Lyngby's many shops.

# Result for the year

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

For the first few years the company will thus have a financial deficit, due to the significant investments in the construction of the light rail, without any passenger revenue being generated.

The company's finances are planned on the basis of the same method as for the construction of the Great Belt Bridge (Storebæltsbroen), the Øresund Bridge (Øresundsbroen), the Metro and the Fehmarnbelt Project (Femern Bælt-forbindelsen).

The result for 2015 was in accordance with expectations.

If the company's finances deviate from expectations, this will be stated as changes in the payments made by the group of owners during the construction period, and/or the subsequent operating contributions.

The result for 2015 before depreciation and write-off was a loss of DKK 2 million. Depreciation and write-off totalled DKK

205 million in 2015, and relates to write-off on the construction of the light rail. The result before financial items is a loss of DKK 207 million. Financial items comprise an income of DKK 66 million. The result for the year is therefore a loss of DKK 140 million.

### Development in equity

The Greater Copenhagen Light Rail was established as Ring 3 Letbane I/S on 19 June 2014. In connection with its establishment, the Danish State, represented by the Ministry of Transport and Building, and the Capital Region, 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. The company's book loss of DKK 140 million has been deducted from equity, which amounts to DKK 3.2 billion as at year-end 2015.

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

This is when a considerable accounting provision will be made. This provision will affect the operating result for the year in question significantly, just as most of the equity contributions can be expected to have been allocated at this time. The Greater Copenhagen Light Rail is a partnership in which the owners are 100 per cent liable for the company. Any negative equity capital would thus not as such entail a need for further contributions from the owners, as the Greater Copenhagen Light Rail would still be able to service its debt as planned.

### Financing, including long-term finances

The Greater Copenhagen Light Rail drew up an updated long-term budget in December 2015. The long-term budget shows the expectations of the long-term economic development in the company. The long-term budget shows that the company's net debt is expected to reach its maximum level, at approximately DKK 4 billion, in 2030 (in current prices). The debt is expected to be repaid in 2059, which is in accordance with previous expectations.

### Investment in the light rail

Investments in the construction of the light rail totalled DKK 208 million in

Around 500 geotechnical drillings took place in 2015-2016, as part of the preliminary investigations for the light rail



**Ishøj**  
From the light rail station on Ishøj Strandvej there will be a short walk to Ishøj beach and Arken Museum of Modern Art.

2015, of which DKK 179 million relates to capital investments and DKK 29 million relates to operations-related capital investments. In 2015 a write-down of DKK 205 million was made concerning the construction of the light rail, and the book value of the light rail is carried at DKK 0 in the Balance Sheet. This is a consequence of how the investment in the light rail will not be fully recovered via future revenue, such as passenger revenue, etc., and is therefore written down on an ongoing basis to the expected recoverable value of the light rail, with due consideration of the planned capital investments, cf. below. The write-down that has been made is in accordance with expectations.

The write-down is based on an estimate of the value of the light rail according to the assumptions applied by the company in the current long-term budget, as well

as the expectations of the future level of interest rates (discounting factor).

### Value of the light rail

The net book value of the light rail is re-viewed 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 Directors' Report. The recoverable value is calculated according to the capital asset value method. On the calculation of the capital asset value, the estimated future cash flows are discounted back to present value. The calculation of the recoverable value of the light rail shows a negative value, so that the value in the Balance Sheet is stated as DKK 0.

## Investment budget for the Greater Copenhagen Light Rail

All figures in DKK million

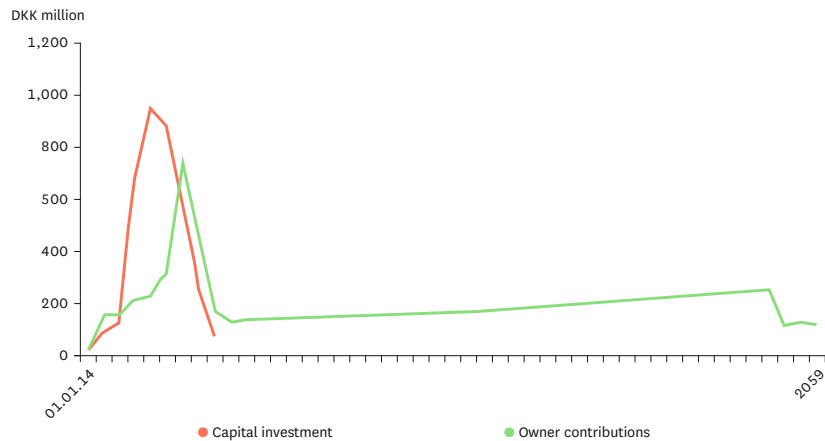
	Investments in 2015	Investments as at 31 Dec. 2015	Overall budget (2015 prices)	Overall budget (2013 prices)
Capital investments	179	283	3,513	3,418
Operations-related capital investments	29	42	1,377	1,339
<b>Total</b>	<b>208</b>	<b>325</b>	<b>4,890</b>	<b>4,757</b>

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

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

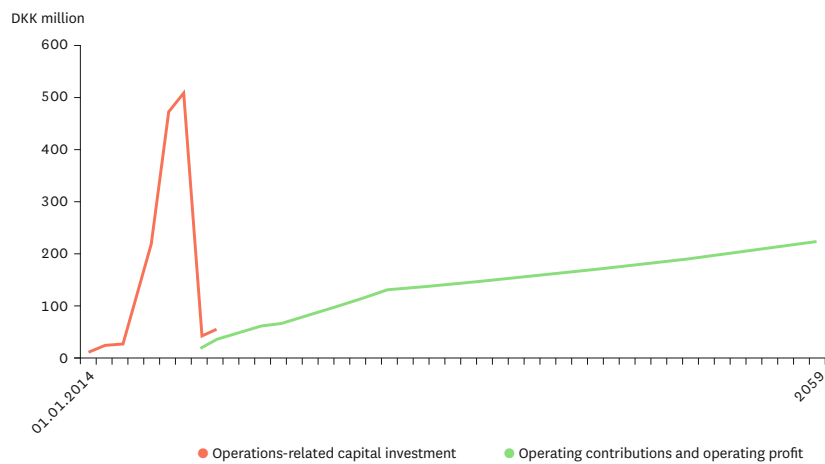
The tables show that both the company's capital investments and the operations-related capital investments are expected to be defrayed during the period 2014-2023, while the related financing, from the owners as instalments of owner contributions and operating contributions, and as passenger revenue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

### Timing differences between capital expenditure and revenue (owner contributions)



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

### Timing differences between operations-related capital expenditure and revenue (operating contributions and operating profit)



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

## Financial Highlights and Key Figures

All figures in DKK million

	2015	2014	Opening Balance Sheet 01.01.2014
Result before depreciation and write-off	-2.0	-1.8	0
Depreciation and write-off	-204.6	-90.3	0
Result before financial items	-206.6	-92.1	0
Result for the year	-140.2	-92.1	0
Balance Sheet total	3,725	3,740	3,804
Investment in the light rail for the year	208.0	90.3	25.5
Equity	3,193.0	3,332.0	3,424
Equity ratio	86%	89%	90%

### Financial highlights

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



**Herlev Hospital**  
The light rail will stop at Herlev Hospital, which is one of the Capital Region's four large emergency hospitals. The hospital serves more than 400,000 people, and the hospital staff numbers more than 4,000.



# Company Management

## Organisation

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

On the recommendation of the company's Board, which was approved by the Partnership at the ordinary meeting of the partners on 29 April 2015, the company has changed its name from Ring 3 Letbane to "Hovedstadens Letbane" (Greater Copenhagen Light Rail). The name change requires amendment of the Act on the light rail in Ring 3. This amendment is expected to be made in conjunction with the adoption of the Act of Construction the light rail, which is expected to take place during the spring of 2016. The Greater Copenhagen Light Rail is used on a day-to-day basis, and therefore also primarily in this Annual Report.

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

The municipalities jointly – within Borgmesterforum (Mayors' Forum) – also

appoint two members. During 2015, six meetings of the Board were held, as well as one Board seminar and a meeting of the Partnership. In addition, three quarterly meetings for the partners of the Greater Copenhagen Light Rail were held. The Board comprises four women and three men. During 2015, one new member was appointed to the Board. Kenneth Kristensen Berth, appointed by the Capital Region, resigned and was replaced by Henrik Thorup.

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

On the establishment of the company, the 11 municipalities entered into an agreement on the establishment of Borgmesterforum (Mayors' Forum). Borgmesterforum coordinates the municipalities' election of representatives to the Board and also prepares the municipalities' attendance of quarterly meetings, the meetings of the Partnership and meetings of the Board. In 2015, four meetings of Borgmesterforum were held.

The Executive Management of the company consists of CEO Henrik Plougmann

Olsen. By agreement Metroselskabet I/S makes the necessary employees and other resources available to undertake the activities of the Greater Copenhagen Light Rail, including administration, engineering design, procurement and contractual tasks concerning the light rail in Ring 3. Pursuant to the Act, Greater Copenhagen Light Rail pays Metroselskabet to undertake the aforementioned tasks, on a cost-price basis. Greater Copenhagen Light Rail is located together with Metroselskabet in premises at Metrovej 5 in Ørestad.

## Procedures for the presentation of financial statements and use of IT

The Board has laid down the overall procedures and controls for the most important areas relating to the presentation of the financial statements.

The current accounting instructions describe the organisation of accounting activities and the planning of accounting routines, including information on the distribution of responsibility and authority. A reporting process has been established involving quarterly financial reporting and updates to the outlook for the year. In addition to the Profit and Loss Account, Balance Sheet, Cash Flow Statement and Notes, reporting also includes a description of the current status on the construction of the light rail and the company's financial conditions.

The financing instructions define the framework for the handling of financial transactions, among other things to ensure the required risk profile.

The EIA Report was subject to public consultation from May to July 2015. An EIA supplement was submitted for consultation in October-November.

## Capital

In connection with the company's budgeting for 2016 an updated long-term budget has been drawn up, including the expected repayment term for the debt. The long-term budget presents the expectations of the long-term economic development in the light rail. The long-term budget is based on a number of assumptions for which the starting point is the long-term budget prepared in connection with the agreement in principle. The description is based on a number of assumptions and is subject to the uncertainty that will always apply to assessments of future circumstances. The budget is based, among other things, on assumptions concerning the development in the number of passengers, as well as the development in interest rates and indexes.

In the current 2016 long-term budget, the company's net debt is expected to reach its maximum in 2030 at approximately DKK 4 billion (in current prices). The debt is expected to be repaid in 2059, which is in accordance with the previous expectations. The date of the commissioning of the light rail influences

the conditions for the repayment of the company's debt. For the further information concerning the company's long-term budget, reference is made to the Appendix to the Directors' Report.

Each year a financial strategy is determined so as to ensure appropriate financial management that minimises the long-term financial costs, with due consideration of financial risks. Financial management within the stated strategy is undertaken by Sund og Bælt Partner, which is laid down and described in the Memorandum of Association.

The owners of the Greater Copenhagen Light Rail, the Danish State, represented by the Ministry of Transport and Building, and the Capital Region, 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 are directly, unconditionally and severally liable for all of the obligations of the company, including the loans raised by the company. Due to the joint and several liability of the Danish State, the company is indirectly subject to the same credit rating as sovereign risk, which is AAA. This means that the company can generally achieve terms in the capital market that are comparable with those available to the Danish State. In addition, the company is able to raise re-lending loans at Danmarks Nationalbank. A re-lending loan is a loan raised directly for the company from The Central Bank of Denmark (Danmarks Nationalbank) on behalf of the Danish State, based on a specific government bond, and on the same terms as those that apply when the bond is sold in the market.

## Financial risks

Greater Copenhagen Light Rail handles a number of financial risks. Borrowing and use of financial instruments (interest rate hedging, swaps, etc.) are governed by a tripartite agreement between The Central Bank of Denmark, the Ministry of Transport and Building, and Greater Copenhagen Light Rail.

## Currency risks

The tripartite 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, the company's loan portfolio 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.

## Counterparty risks

The company may only place 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 for 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, the Greater Copenhagen Light Rail is indirectly subject to the same credit rating as sovereign risk, which is AAA.

# Social Responsibility

Greater Copenhagen Light Rail takes responsibility for creating good and secure future public transport in Greater Copenhagen, yet Greater Copenhagen Light Rail's responsibility extends beyond providing public transport. In the coming years, the Greater Copenhagen Light Rail will also focus on its social responsibility to develop a light rail that ensures the fewest possible adverse effects for the environment and its surroundings in general.

## Environment and climate

In 2015, on behalf of the Ministry of Transport and Building, the company drew up a proposed EIA Report for the project. The EIA Report was drawn up under the "Act on a light rail in Ring 3" of 26 February 2014. The EIA Report gives an account of the project's expected significant environmental and climate impacts from the construction and subsequent operation of the light rail, and of remedial measures.

The EIA Report has been subject to public consultation, and the responses have been compiled in a White Paper which also includes the remarks of the Ministry of Transport and Building.

The EIA Report and the Supplement to the EIA Report, and the related White Papers, are part of the basis for the consideration by the Parliament (Folketinget) of a proposed Act of Construction the Greater Copenhagen

Light Rail. The proposed Act has been prepared as an amendment proposal to the current Act on a light rail in Ring 3.

One of the objectives of establishing the light rail is to achieve greater continuity in the overall high-class public transport system in Greater Copenhagen, and thereby also contribute to reducing the traffic's climate impacts. The Greater Copenhagen Light Rail also considers it important that the construction of the light rail is undertaken and operated in a way that, as far as possible, limits the consequences of future climate changes for both the light rail and its surroundings. These considerations, which are described in the EIA Report, will be included in the design of the requirements in the invitations to tender for the civil engineering works, and the operation and maintenance of the light rail.

## Labour clauses and social clauses

In the spring of 2015, the Board of the Greater Copenhagen Light Rail decided that the company will include labour clauses and social clauses in the contracts for the establishment and operation of the light rail. The aim is to ensure decent working conditions, and to ensure that apprenticeships are established in conjunction with the construction and operation of the light rail. The Board has decided that the clauses will include requirements for the documentation of compliance, control measures and applicable sanctions.

These requirements will not only apply to the contractors with which Greater Copenhagen Light Rail establishes contracts, but throughout the total supply chain of the light rail. To the greatest possible extent, labour clauses and social clauses must take account of the current and future development in the labour market, as well as experience from other major construction projects. The contracts' clauses must be based upon the new state and municipal regulations.

In the design of the contractual and enforcement basis, the Greater Copenhagen Light Rail is in active dialogue with the labour-market parties and other clients in the public sector. For example, together with Metroselskabet, the Greater Copenhagen Light Rail has taken the initiative to establish an experience-sharing group at practitioner level – "Labour Market and Industry". The group consists of practitioners from other clients in the public sector and discusses current topics such as the wording of social clauses, enforcement of contractual requirements of pay and working conditions and apprenticeships, cooperation with the authorities, recruitment of local manpower, cooperation with the labour-market parties, accommodation, apprentices, etc. The invitation to tender for consulting services included a social clause concerning practical traineeships. Agreements have been made to employ eight practical trainees in total in connection with the design period. This

required is fulfilled by the providers of consulting services.

## Supplier Information Day

Together with Metroselskabet, in October 2015 the Greater Copenhagen Light Rail held a "Supplier Information Day", with more than 317 participants from over 150 companies, embassies and other stakeholders. The aim was to promote the coming invitations to tender and to make the projects accessible to the business community. The procurement and construction process for the Greater Copenhagen Light Rail were therefore presented in detail during the "Supplier Information Day". The labour market parties were invited to present the Danish model and elements that foreign companies should be particularly aware of in Denmark. During the "Supplier Information Day", the Greater Copenhagen Light Rail presented the company's expectations of a good working environment.

## Anti-corruption

Metroselskabet's employees who undertake work for the Greater Copenhagen Light Rail are subject to the Charter for Social Responsible Danish Property and Construction (Charter for samfundsansvar i ejendoms-, bygge- og anlægsbranchen i Danmark). The Charter sets out the principles for social responsibility and is based on the UN Global Compact, as a specification for construction and civil engineering projects in Denmark. The company has thus undertaken an obligation to demonstrate impartiality and anti-corruption in practice. On this basis, the employees in Metroselskabet who undertake work for the Greater Copenhagen Light Rail are also subject to a number of internal administrative policies, to which subcontractors' employees are also subject.



**Vallensbæk**  
In Vallensbæk there will be two light rail stations, of which one will be Vallensbæk Station, with the opportunity for transfer to the S-train network,

317 representatives of more than 150 companies attended the "Supplier Information Day" for the light rail in October

This applies, for instance, to guidelines for invitations to tender for the work, approval of collaboration partners, and guidelines for the management of expenses and approval of payments. A gift policy has also been drawn up, to ensure clear guidelines in this area, by setting guidelines for offering and receiving gifts. Whistleblowing guidelines have also been prepared and implemented, among

other things in order to foster respect concerning the employees' obligations to comply with laws and regulations, as well as internal guidelines and policies. This will also help to ensure that the employees have clear reporting opportunities, and protect any employees who do file reports, if the rules are infringed.

## Respect for human rights

The Greater Copenhagen Light Rail focuses on respecting human rights. The Greater Copenhagen Light Rail will thus work to ensure that contracts with contractors and suppliers, and the derived subcontractor contracts, are designed so as to prevent discrimination and ensure equal opportunities, irrespective of disability, ethnic origin, religion, sexual orientation, gender and age. In 2016, the Greater Copenhagen Light Rail will therefore draw up a Code of Conduct with the company's guidelines for the environment, climate, social conditions and employee conditions, anti-corruption and respect for human rights.

## Construction of the light rail in Ring 3

The EIA process ran throughout most of 2015. At the beginning of the year, a draft EIA Report was sent for consultation to the 11 municipalities through which the light rail will run, and to the Capital Region. The EIA Report was subject to public consultation during the period from 12 May to 10 July 2015. Most of the municipalities held residents' meetings during this period. Overall, around 1,300 residents attended these meetings.

There were 175 consultation responses to the EIA Report's consultative process. The responses led to a number of changes to the project, of which some were covered by the assessments in the EIA Report. The adjustments to the alignment in Ishøj and Lyngby were assessed in a supplement to the EIA Report. The supplement was submitted for consultation in the autumn, and in this connection an extra, well-attended residents' meeting was held in Lyngby.

In parallel with the EIA process, the work in 2015 included further detailed specification and concretisation of the project. In the early summer, the owners considered the proposed design, which among other things describes the light rail's elements, alignment and station locations. In the autumn, the Danish State, Lyngby-Taarbæk Municipality and the Capital Region decided jointly to acquire the alternative alignment via DTU (the Technical University of Denmark).

The proposed design with subsequent changes, together with the EIA Report, constitutes the basis for the Act of Construction of the light rail.

At the end of October, the Ministry of Transport and Building submitted a Bill for consultation among the affected parties. The consultation gave a basis to defer the realignments of utility grids, so that these will generally not be initiated until after the decision by the owners in the spring of 2017. As a consequence, the expected opening of the light rail has been deferred until 2023, with the possibility of further deferral until 2024.

During the spring, the company's Board of Directors decided to propose to the owners that the procurement strategy be adjusted, to allow for broader competition by, for instance, dividing the road and bridge works into a slightly larger number of contracts. The owners subsequently accepted the Board's procurement strategy.

In the second half of 2015, the work of preparing the procurement documents picked up momentum. The prequalification of possible bidders commenced in November.

### Expectations of 2016

On 13 January 2016, the Bill for the Construction Act of the light rail was proposed to the Parliament (Folketinget).

The Bill is expected to become law in the spring of 2016. The Bill has been drawn up as a proposal to amend the current Company and Engineering Design Act. The Act is a key precondition for the ongoing work of achieving the light rail project.

The invitations to tender for the light rail's civil engineering works will be the principal activity in 2016. The civil engineering works for roads and bridges will be subject to invitations to tender as five section-based packages. Delivery of the transport system, including trains and infrastructure, building the Control and Maintenance Centre, and operation and maintenance, will be subject to invitations to tender as three separate packages. The prequalification of the bidders will be completed during the spring, after which the procurement documents will be issued.

Adjusting the organisation up to the decision by the owners, as well as the authorities' framework for the project, will be other important tasks in 2016. The latter will take place in close cooperation with authorities and owners.

Finally, such tasks as the dialogue with the affected land owners and preparation of the coming site acquisitions will continue in 2016. However, the Expropriation Commission's inspection of the project is not expected to take place until from the early summer of 2017.



### Gladsaxe

In 2015, seven residents' meetings were held, at which interested parties could ask questions about the EIA process. This photo is from the meeting at the old tobacco factory in Gladsaxe, attended by more than 200 residents.

## Communication

Communication with neighbours, residents and stakeholders is a high priority for the Greater Copenhagen Light Rail, both before and during the civil engineering work.

In 2015, several communication initiatives were launched, to increase the visibility of the project.

In the spring, the company's new visual identity, with a summer-green logo and the name Greater Copenhagen Light Rail, was presented. The design was implemented on the light rail's new

website, [www.dinletbane.dk](http://www.dinletbane.dk), which is also available in English, and in other presentation material. The website presents the visions for the light rail, as well as information on its alignment, the process and local development plans.

During the year, the new communication products were used to build familiarity with the light rail, for example at residents' meetings concerning the EIA Report and during the Culture Night in Copenhagen, when the Greater Copenhagen Light Rail had a stand at the Ministry of Transport and Building.

2015 was also the year in which the company engaged in dialogue with a number of relevant stakeholders. The residents' panel, which consists of 15 residents who live along the alignment, met for the first time to discuss and give their input to the project. Researchers, public operators and company executives were also interviewed about their expectations of the light rail. These interviews have been published on the website.

# Annual Accounts



### Lyngby Station

Lyngby Station will be an important traffic hub, with almost 4,700 new passengers on ordinary weekdays. In overall terms, around 15,700 S-train and light rail passengers per ordinary weekday are expected, which generally corresponds to the passenger numbers at Valby or Roskilde Station.

# Accounting Policies

## Basis of accounting

The Annual Report for Ring 3 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 2015. The Annual Report is presented in DKK (thousands). The accounting policies applied are unchanged from the previous year.

The Danish Financial Statements Act has been amended with effect from the financial year commencing on 1 January 2016. The company has implemented the amendments to the annual financial statements as from the 2015 financial year. The most significant amendments concern requirements of the notes.

### 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.

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

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

## Profit and Loss Account

### Income

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

### Staff costs

Staffs costs consist of the remuneration of the Board.

### 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 a 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-off are made in relation to the recoverable value, cf. the section on the valuation of fixed assets.

### Valuation of fixed assets

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

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

The recoverable value is either the net sales price less sales costs or the capital value, whichever is higher. On calculating the capital value, estimated future cash flows are discounted to current value.

## Current assets

### Properties

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

### Accounts receivable

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

### Liquid resources

Liquid resources include cash and deposits, short-term bank deposits and securities, with a remaining life at the time of acquisition of less than 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.

### 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.

Debt that is hedged for changes in fair value, and for which the effect of this hedging can be documented, is 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 with-

drawal 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 beginning and end of the year.

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

Cash flows relating to investment activities include payments in connection with the construction of the light 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 2015

(All figures in DKK thousands)

	Note	2015	2014
<b>Income</b>			
Value of own work		17,302	17,271
<b>Total income</b>		<b>17,302</b>	<b>17,271</b>
<b>Expenses</b>			
Staff costs	1	-1,100	-1,100
Other external costs		-18,198	-17,926
<b>Total expenses</b>		<b>-19,298</b>	<b>-19,026</b>
<b>Result before depreciation and write-off</b>		<b>-1,995</b>	<b>-1,755</b>
<b>Depreciation and write-off</b>			
Write-off	2	-204,612	-90,301
<b>Total depreciation and write-off</b>		<b>-204,612</b>	<b>-90,301</b>
<b>Result before financial items</b>		<b>-206,607</b>	<b>-92,056</b>
<b>Financial items</b>			
Financial income	3	74,426	0
Financial expenses	3	-8,038	-1
<b>Total financial items</b>		<b>66,388</b>	<b>-1</b>
<b>Result for the year</b>		<b>-140,220</b>	<b>-92,057</b>

# Balance Sheet

## Assets

As at 31 December 2015

(All figures in DKK thousands)

	Note	2015	2014
<b>Fixed assets</b>			
Tangible fixed assets			
Construction of a light rail	4	0	0
<b>Total tangible fixed assets</b>		<b>0</b>	<b>0</b>
<b>Total fixed assets</b>		<b>0</b>	<b>0</b>
<b>Current assets</b>			
Receivables, Danish State	5	1,323,532	1,386,957
Receivables, Capital Region	5	1,021,755	1,001,236
Receivables, municipalities	5	1,202,148	1,243,797
Other receivables	5	20,515	23,839
Accrued items		0	174
Liquid resources	6	157,164	84,479
<b>Total current assets</b>		<b>3,725,113</b>	<b>3,740,482</b>
<b>Total assets</b>		<b>3,725,113</b>	<b>3,740,482</b>

## Liabilities

As at 31 December 2015

(All figures in DKK thousands)

	Note	2015	2014
<b>Equity</b>			
Beginning of the year		3,331,746	3,423,803
Additions for the year		-138,422	-92,057
<b>Total equity</b>		<b>3,193,324</b>	<b>3,331,746</b>
<b>Long-term debt</b>			
Long-term debt	7	492,986	377,323
<b>Total long-term debt</b>		<b>492,986</b>	<b>377,323</b>
<b>Short-term debt</b>			
Trade creditors		38,112	29,482
Accrued items		45	0
Other debt	8	646	1,931
<b>Total short-term debt</b>		<b>38,802</b>	<b>31,413</b>
<b>Total debt</b>		<b>531,789</b>	<b>408,736</b>
<b>Total liabilities</b>		<b>3,725,113</b>	<b>3,740,482</b>
Proposed distribution of profit	9		
Events occurring after the Balance Sheet date	10		
Contingent liabilities	11		
Auditors' and consulting fees	12		
Related parties	13		

## Statement of Changes in Equity

(All figures in DKK thousands)

	Owner contribu- tions	Result carried forward	Total
Opening Balance Sheet 01.01.2014	3,451,784	-27,981	3,423,803
Result for the year carried forward	0	-92,057	-92,057
Beginning of 2015	3,451,784	-120,038	3,331,746
Establishment costs, reversed	0	1,798	1,798
Result for the year carried forward	0	-140,220	-140,220
<b>Year-end</b>	<b>3,451,784</b>	<b>-258,460</b>	<b>3,193,324</b>

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

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

In accordance with the Act on a light rail in Ring 3, Act no. L165 of 26 February 2014, the contributed equity is made up as follows:

(All figures in DKK thousands)

	Danish State	Capital Region	Municipalities	Total
Contributions, cf. Section 1(3)	1,794,738	1,001,236	1,309,308	4,105,282
Paid-in adjustment reserve	-138,087	-103,669	-135,567	-377,323
Construction reserve under State auspices	-276,174	0	0	-276,174
<b>Total contributions</b>	<b>1,380,476</b>	<b>897,567</b>	<b>1,173,741</b>	<b>3,451,784</b>

## Cash Flow Statement

(All figures in DKK thousands)

	2015	2014
<b>Cash flows from operating activities</b>		
Staff costs	-1,100	-1,100
Other external costs	-18,198	-17,926
<b>Total cash flows from operating activities</b>	<b>-19,298</b>	<b>-19,026</b>
<b>Cash flows from investment activities</b>		
Investment in the construction of the light rail	-187,310	-73,030
<b>Total cash flows from investment activities</b>	<b>-187,310</b>	<b>-73,030</b>
<b>Cash flows from financing activities</b>		
Loans raised, net (excluding market value adjustment)	100,000	0
Long-term debt	15,663	0
Accounts receivable	88,054	147,625
Short-term debt	9,187	28,913
Net financing expenses	66,388	-1
<b>Total cash flows from financing activities</b>	<b>279,291</b>	<b>176,537</b>
Change in available funds	72,684	84,479
Available funds at beginning of year	84,479	0
<b>Available funds at year-end</b>	<b>157,164</b>	<b>84,479</b>

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 the Greater Copenhagen Light Rail. The Executive Management does not receive remuneration from the Greater Copenhagen Light Rail.

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 the Greater Copenhagen Light Rail, including for the performance of administration, engineering design, procurement and contractual tasks concerning the light rail in Ring 3, and debt and asset management for the Greater Copenhagen Light Rail. An administration fee is paid for this.

Staff costs include remuneration of the company's Board at TDKK 1,100.

## Note 2

### Depreciation and write-off

(All figures in DKK thousands)

	2015	2014
Write-down of capital investments	-176,165	-78,447
Write-down of operations-related capital investments	-28,447	-11,854
<b>Total depreciation and write-off</b>	<b>-204,612</b>	<b>-90,301</b>

## Note 3

### Financial items

(All figures in DKK thousands)

	2015	2014
Financial income	74,426	0
Financial expenses	-8,038	-1
<b>Total financial items</b>	<b>66,388</b>	<b>-1</b>

Financial items in 2014 solely concern interest income and expenses concerning the company's bank deposits, etc., as the index-linked adjustment of agreements concerning the payment of the contributions from the Danish State, the Capital Region and the municipalities in 2014 are recognised in the company's opening balance sheet as at 1 January 2014.

## Note 4

### Construction of the light rail

(All figures in DKK thousands)

	Capital investments	Operations-related capital investments	Total
<b>Acquisition sum</b>			
Beginning of the year	103,928	11,854	115,782
Net additions for the year	176,165	28,447	204,612
<b>Year-end</b>	<b>280,093</b>	<b>40,302</b>	<b>320,394</b>
<b>Depreciation and write-off</b>			
Beginning of the year	-103,928	-11,854	-115,782
Net additions for the year	-176,165	-28,447	-204,612
<b>Year-end</b>	<b>-280,093</b>	<b>-40,302</b>	<b>-320,394</b>
<b>Book value at the beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Book value at year-end</b>	<b>0</b>	<b>0</b>	<b>0</b>

The construction of the light rail consists of the costs of the preparatory work and includes the preparation of an investigation report, as well as the procurement documents.

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

## Note 5

### Receivables, current assets

(All figures in DKK thousands)

	Danish State	Capital Region	Municipalities	Total
Beginning of the year	1,386,957	1,001,236	1,243,797	3,631,990
Additions for the year (accrual of interest)	28,421	20,519	25,485	74,426
Disposals for the year (payments)	-91,847	0	-67,134	-158,981
<b>Year-end</b>	<b>1,323,532</b>	<b>1,021,755</b>	<b>1,202,148</b>	<b>3,547,435</b>

<b>Specification of receivables</b>			
Danish State			1,323,532
Capital Region			1,021,755
Lyngby-Taarbæk Municipality			264,529
Gladsaxe Municipality			265,661
Herlev Municipality			141,880
Rødovre Municipality			42,044
Glostrup Municipality			151,471
Albertslund Municipality			68,574
Brøndby Municipality			87,709
Høje-Taastrup Municipality			17,972
Hvidovre Municipality			19,220
Vallensbæk Municipality			66,087
Ishøj Municipality			77,001
<b>Total receivables</b>			<b>3,547,435</b>

On the establishment of the Partnership, agreements have been made concerning the payment of the contributions from the Danish State, the Capital Region and the municipalities. The agreed financing contributions are subject to annual index-linked adjustment based on the Danish Finance Act's index for capital investments up to the commencement of operations, and thereafter the net price index.

Of the receivable as at 31 December 2015, DKK 3,335 million falls due for payment later than 31 December 2016.

Accounts receivable also include VAT receivable of DKK 15 million.

## Note 6

### Liquid resources

(All figures in DKK thousands)

	2015	2014
Cash and bank deposits	157,164	84,479
<b>Total liquid resources</b>	<b>157,164</b>	<b>84,479</b>

## Note 7

### Long-term debt

(All figures in DKK thousands)

	Loans	Contributed adjustment reserve	Total
Beginning of the year	0	377,323	377,323
Additions for the year (accrual of interest)	0	7,733	7,733
Additions for the year (raising of loans)	107,930	0	107,930
Disposals for the year	0	0	0
<b>Year-end</b>	<b>107,930</b>	<b>385,055</b>	<b>492,986</b>

Specification of long-term debt			
Danish State			140,917
Capital Region			105,794
Lyngby-Taarbæk Municipality			30,436
Gladsaxe Municipality			30,574
Herlev Municipality			16,325
Rødovre Municipality			4,842
Glostrup Municipality			17,431
Albertslund Municipality			7,885
Brøndby Municipality			10,099
Høje-Taastrup Municipality			2,076
Hvidovre Municipality			2,213
Vallensbæk Municipality			7,609
Ishøj Municipality			8,854
<b>Total long-term debt</b>			<b>385,055</b>

In 2015, the company raised government bond loans for DKK 108 million (nominal DKK 100 million).

The company's loans are in accordance with the "list of acceptable loan types" in the tripartite agreement established between The Central Bank of Denmark, the Danish Ministry of Transport and Building and the Greater Copenhagen Light Rail.

Of the company's long-terms debt, DKK 108 million (DKK 100 million in nominal terms) falls due after 1 year and within 5 years.

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 that the Danish State will allocate an adjustment reserve of 30 per cent, in accordance with the State's rules for the budgeting of new construction projects. The municipalities and the Region will allocate an adjustment reserve of 15 per cent, including an agreed target saving of 3 per cent. The Region and the municipalities' adjustment reserves, as well as 10 per cent of the Danish State's 30 per cent adjustment reserve, are contributed to the partnership together with the contribution to the financing of the capital 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.

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

## Note 8

### Other debt

(All figures in DKK thousands)

	2015	2014
Payable PAYE tax, etc.	132	133
Costs payable	0	1,799
Accrued interest	514	0
<b>Total other debt</b>	<b>646</b>	<b>1,931</b>

Costs payable are the costs of the establishment of the Partnership.

## Note 9

### Proposed distribution of profit

(All figures in DKK thousands)

	2015	2014
Carried forward to next year	-140,220	-92,057

## Note 10

### Events occurring after the Balance Sheet date

After the close of the financial year no events of significance to the Annual Report for 2015 have occurred.

## Note 11

### Contingent liabilities

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

## Note 12

### Auditors' and consulting fees

(All figures in DKK thousands)

	2015	2014
Office of the Auditor General	40	40
Deloitte	45	26
<b>Statutory audit in total</b>	<b>85</b>	<b>66</b>

## Note 13

### Related parties

The Greater Copenhagen Light Rail's related parties are the company's owners, Board, the Executive Management and Metroselskabet I/S.

Transactions with related parties take place on market terms.

In 2015 the Greater Copenhagen Light Rail paid administration fees to Metroselskabet I/S concerning Metroselskabet's administration and handling of the client organisation for the light rail, cf. the Order on settlement between Ring 3 Letbane I/S and Metroselskabet I/S. Metroselskabet I/S makes the necessary employees and other resources available to undertake the Greater Copenhagen Light Rail's activities.

**Lyngby**

Federico Micolucci is from Italy and is taking a PhD at Aalborg University, Copenhagen, where he is researching renewable energy. "I use public transport for everything here in Denmark. I also have a bicycle, of course, but I usually get the train into the city. This works perfectly, and is an easy way to get around, so why not expand it? I'm sure that I'll also use the light rail."



What type of area will the light rail run through?  
28 kilometres across Greater Copenhagen  
– full of companies, homes, hospitals and shops.  
At [dinletbane.dk](http://dinletbane.dk) you can meet some of the many people who will use the light rail.



**Herstedhøje, Albertslund**

Jesper Bruun Hansen and Kristoffer Johansen are born and raised in Glostrup. They often meet up with other youngsters at Herstedhøje in Vestskoven, close to which a light rail station will be built. "I've lived in Glostrup for 20 years and it's a very quiet and easy place. I'm not very keen on public transport, but I think the light rail is a great idea in view of all the new shops appearing in Glostrup. Before, it was just a town you passed through between Copenhagen and Taastrup, but the light rail can help to give new life to Glostrup," says Jesper Bruun Hansen.

**Herlev Hospital**

Christian Thoning is a porter at Herlev Hospital, and he is excited about the new light rail. "Patients will be able to get to and from the hospital more quickly and I think that anything that can make transport faster for patients is really positive," he says.



**DTU**

Maliha Khedri studies at DTU (the Technical University of Denmark) and is looking forward to when the light rail will cross DTU's campus to the north of Lyngby: "I live a fair distance away, in Køge, so I have an hour and half's transport each way. Once the light rail is built, it will be my route, so I would definitely use it."



# Board of the Greater Copenhagen Light Rail



**Glostrup**

The new Control and Maintenance Centre will be located close to the waste incineration facility (Vestforbrændingen) in Glostrup Municipality. This location is around halfway along the light rail's alignment, which is appropriate for the deployment of the trains in the morning and their return to the Centre in the evening.

# Board of the Greater Copenhagen Light Rail

## Anne Grete Holmsgaard (Chairman)

(Remuneration: DKK 300,000)

Appointed by the Ministry of Transport and Building  
Director, Biorefining Alliance

### Other offices held:

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

## Karin Søjberg Holst (Vice Chairman)

(Remuneration: DKK 200,000)

Appointed by Borgmesterforum  
Mayor, Gladsaxe Municipality

### Other offices held:

Chairman of Gladsaxe Business Council  
Board member of Vestforbrænding I/S  
Board member of HMN Natargas I/S

## Henrik Thorup

(Vice Chairman as from  
01/09/15)

(Remuneration: DKK 50,000)

Appointed by the Capital Region  
Vice Chairman of the Capital Region  
Vice Chairman of the Public Accounts Committee

### Other offices held:

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

## Dorthe Vinther

(Remuneration: DKK 100,000)

Appointed by the Ministry of Transport and Building  
HR Director, Energinet.dk

## Johnny B. Hansen

(Remuneration: DKK 100,000)

Appointed by the Ministry of Transport and Building  
CEO, Umov A/S

### Other offices held:

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

## Annie Hagel

(Remuneration: DKK 100,000)

Appointed by the Capital Region Regional Council  
member, Capital Region  
Freelance journalist

### Other offices held:

Member of the Health Services Coordination Committee, Capital Region

## Søren P. Rasmussen

(Remuneration: DKK 100,000)

Appointed by Borgmesterforum  
Member of the Municipal Council, Lyngby-Taarbæk Municipality  
MSc (Engineering)

### Other offices held:

Member of the Finance Committee, Lyngby-Taarbæk Municipality  
Member of the Social and Health Services Committee, Lyngby-Taarbæk Municipality  
Member of the Technical and Environmental Committee, Lyngby-Taarbæk Municipality  
Member of the Culture and Leisure Committee, Lyngby-Taarbæk Municipality

## Former members of the Board in 2015

### Kenneth Kristensen Berth (Vice Chairman until 01/09/15)

(Remuneration: DKK 150,000)

Appointed by the Capital Region  
Regional Council member, Capital Region  
Special consultant in the Danish People's Party's Press Office

### Other offices held:

Member of the Executive Committee, Capital Region  
Member of the Municipal Council, Vallensbæk Municipality  
Member of the Board of Representatives of Wonderful Copenhagen  
Member of the Council for Human Rights – appointed by the Danish People's Party



### Albertslund

The light rail will have stations along Ring 3 at Hersted Industripark and within walking distance of Vestskoven, which is Denmark third most visited forest.

# Endorsements



#### **Glostrup Hospital**

Glostrup Hospital recently merged with Rigshospitalet into Denmark's leading highly specialised hospital. A new neurorehabilitation centre and a new headache centre are among the innovations planned for the next few years, and the light rail will have a station just outside the hospital.

## Management Endorsement

The Board and the Executive Management have today examined and approved the Annual Report for 2015 for Ring 3 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 on the presentation of financial statements.

Copenhagen, 8 April 2016

### Executive Management

Henrik Plougmann Olsen

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

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

### Board

Anne Grete Holmsgaard (Chairman)

Karin Søjberg Holst (Vice Chairman)

Henrik Thorup (Vice Chairman)

Dorthe Vinther

Johnny Hansen

Annie Hagel

Søren P. Rasmussen

## The Independent Auditors' Report

To the partners of Ring 3 Letbane I/S

### Report on the financial statements

We have audited the financial statements of Ring 3 Letbane I/S for the financial year 1 January 2015 to 31 December 2015, which comprise the accounting policies, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes as well as reports. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility for the financial statements

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

Management is also responsible for the transactions included in the financial statements being in compliance with acts and other regulations as well as with agreements entered into and accounting policies.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation as well

as generally accepted public auditing standards, see the Act on the Audit of State Accounts etc. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Ring 3 Letbane I/S' preparation of financial statements that give a true and fair view 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 Ring 3 Letbane I/S' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

An audit also involves an assessment of whether the procedures and internal controls established support the transactions included in the financial statements and are in accordance with acts and other regulations as well as with agreements entered into and accounting policies.

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

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of Ring 3 Letbane I/S' financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January 2015 to 31 December 2015 in accordance with the Danish Financial Statements Act. We are also of the opinion that the procedures and internal controls established support the transactions included in the financial statements and are in accordance with acts and other regulations as well as with agreements entered into and accounting policies.

### Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen 8 April 2016

### Rigsrevisionen (Office of the Auditor General)

CVR number: 77 80 61 13

Lone Strøm (Auditor General)

Morten Brædstrup-Holm (Director)

### Deloitte

CVR number: 33 96 35 56

Lynge Skovgaard

(State Authorised Public Accountant)

Ulrik Benedict Vassing

(State Authorised Public Accountant)

# Appendix to the Directors' Report



**Brøndby**  
In Brøndby, the light rail will run along Søndre Ringvej, and the municipality will have two stations.



# Long-Term Budget

The following 2016 long-term budget was adopted in December 2015.

## Long-term budget assumptions

The long-term budget is stated in current prices:

### Capital investments

1. The capital expenditure for the establishment of a light rail in Ring 3 is determined according to the capital investment estimate that was the basis for the agreement in principle on the construction and operation of a light rail in Ring 3. This capital investment estimate was DKK 3.4 billion in 2013 prices. The capital expenditure has been adjusted upwards to 2016 prices on the basis of the Ministry of Finance's capital investment index. The timing distribution of the costs is based on the time schedule from the agreement in principle, adjusted for the procurement strategy adopted by the Board.
2. Reinvestments in connection with the light rail are based on the assumptions in the agreement in principle and for every 10th year

amount to DKK 30 million, and for every 25th year to DKK 834 million in 2013 prices. The reinvestments are listed at 2016 prices on the basis of the Ministry of Finance's capital investment index.

### Operations-related capital investments

3. The operations-related capital investments in conjunction with the establishment of a light rail in Ring 3 are determined on the basis of the investigation report concerning the light rail in Ring 3. This budget estimate was DKK 1.3 billion in 2013 prices. The budget estimate has been adjusted upwards to 2016 prices on the basis of the Ministry of Finance's capital investment index. The timing distribution of the costs is based on the time schedule from the agreement in principle, adjusted for the procurement strategy adopted by the Board.

### Operating result

4. Passenger numbers are determined on the basis of the OTM calculations from the investigation report. The agreement in principle is based on the passenger scenario with high

urban growth. A traffic effect in the first two years of operation of 85 per cent and 95 per cent, respectively, is assumed.

5. The basis for the fare assumptions is the agreement in principle. The price per new passenger is based on the expectations of the fare development in the period 2009-2020 and projected to DKK 8.81 per passenger in 2020, in 2013 prices. On the same basis, the average fare revenue per passenger in 2032 is calculated at DKK 10.14 in 2013 prices. The fare income is adjusted to 2016 prices, on the basis of a general price projection of 2 per cent p.a.
6. On the light rail's transition to passenger operations, an annual operating contribution to cover the annual operating costs is included, including operations-related capital investments after deduction of 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 as a consequence of changes in investments related to operations, including differences in index-linked development and related financing costs.

7. The operating expenses are determined on the basis of the investigation report concerning a light rail in Ring 3. The operating costs are estimated at DKK 162 million per annum in 2013 prices. The operating costs are adjusted to 2016 prices on the basis of a general price projection of 2 per cent p.a.

### Other factors

8. Contributions are equivalent to the payment agreements concluded with the owners, on the establishment of the company, concerning contributions to the financing of the capital expenditure. The payments are listed at 2016 prices, based on the assumption index for capital investments.
9. The light rail is registered for VAT purposes, so that VAT is deducted from the company's net income from the operation of the light rail,

while the VAT costs of the construction of the light rail are set off.

10. It is assumed that "other debt", which does not accrue interest, will increase to approximately DKK 50 million when the construction works peak, after which it will fall to approximately DKK 10 million.
11. It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a., while the net debt accrues interest at a real interest rate of 4 per cent p.a. In the short term, the company's actual interest rate expectations are also taken into account. The interest rates solely concern the interest on the company's loans and liquid resources, and not the index linking of the company's accounts with the owners.
12. It is assumed that as from 2016 all prices will increase by 2 per cent p.a.

# Long-Term Budget 2016 for the Greater Copenhagen Light Rail (in current prices)

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

(DKK million)

Year	Receivables	Other debt	Contributions to the financing of capital investments			Debt to owners	Capital investments	Index difference	Operating investments	Operating result	Liquidity	Interest	Movement	Cash beginning of year	Cash end of year
			Danish State	Region	Municipalities										
Year-end 2013	-12	-3	40	-	-	-	-25	0	-	-	0	0	0	0	0
2014	-12	31	92	0	66		-79	0	-13	0	84	0	84	0	84
2015		10	92	0	67		-179	0	-25	0	-35	-2	-37	84	48
2016		10	144	0	68		-296	-5	-18	0	-98	-4	-101	48	-54
2017		5	171	0	63		-831	-15	-80	0	-687	-22	-710	-54	-763
2018		5	255	0	64		-945	-17	-524	0	-1,161	-76	-1,238	-763	-2,001
2019		-10	511	166	65		-823	-15	-541	0	-647	-123	-769	-2,001	-2,771
2020		-10	291	56	67		-493	-9	-264	0	-362	-170	-532	-2,771	-3,303
2021		-10	45	57	68		-24	-4	-30	16	119	-195	-76	-3,303	-3,379
2022		-10	0	59	69	-438	0	69	0	33	-218	-224	-442	-3,379	-3,822
2023			0	60	71		0	0	0	46	176	-226	-50	-3,822	-3,871
2024			0	61	72		0	0	0	52	185	-228	-43	-3,871	-3,914
2025			0	62	73		0	0	0	60	195	-230	-35	-3,914	-3,949
2026			0	63	75		0	0	0	67	206	-232	-26	-3,949	-3,975
2027			0	65	76		0	0	0	76	217	-233	-16	-3,975	-3,991
2028			0	66	78		0	0	0	84	228	-234	-6	-3,991	-3,997
2029			0	67	79		0	0	0	93	240	-234	6	-3,997	-3,991
2030			0	69	81		-41	-1	0	103	211	-234	-23	-3,991	-4,014
2031			0	70	83		0	0	0	113	265	-234	32	-4,014	-3,982
2032			0	71	84		0	0	0	123	279	-231	48	-3,982	-3,935
2033			0	73	86		0	0	0	134	293	-228	65	-3,935	-3,869
2034			0	74	88		0	0	0	137	299	-224	75	-3,869	-3,794
2035			0	76	90		0	0	0	140	305	-219	86	-3,794	-3,708
2036			0	77	91		0	0	0	142	311	-214	97	-3,708	-3,611
2037			0	79	93		0	0	0	145	317	-207	110	-3,611	-3,501
2038			0	81	95		0	0	0	148	324	-200	123	-3,501	-3,378
2039			0	82	97		0	0	0	151	330	-193	137	-3,378	-3,241
2040			0	84	99		-50	-1	0	154	286	-186	100	-3,241	-3,140
2041			0	85	101		0	0	0	157	343	-178	165	-3,140	-2,975
2042			0	87	103		0	0	0	160	350	-168	183	-2,975	-2,793
2043			0	89	105		0	0	0	163	357	-156	201	-2,793	-2,592
2044			0	91	107		0	0	0	167	364	-144	220	-2,592	-2,371
2045			0	92	109		-1,543	-27	0	170	-1,198	-178	-1,376	-2,371	-3,747
2046			0	94	111		0	0	0	173	379	-213	166	-3,747	-3,581
2047			0	96	114		0	0	0	177	387	-202	184	-3,581	-3,397
2048			0	98	116		0	0	0	180	394	-191	203	-3,397	-3,193
2049			0	100	118		0	0	0	184	402	-178	224	-3,193	-2,969
2050			0	102	120		-60	-1	0	188	349	-166	182	-2,969	-2,787
2051			0	104	123		0	0	0	192	419	-153	265	-2,787	-2,521
2052			0	106	125		0	0	0	195	427	-137	290	-2,521	-2,231
2053			0	108	128		0	0	0	199	435	-119	316	-2,231	-1,915
2054			0	111	130		0	0	0	203	444	-100	344	-1,915	-1,571
2055			0	113	133		0	0	0	207	453	-79	374	-1,571	-1,196
2056			0	115	136		0	0	0	211	462	-56	406	-1,196	-790
2057			0	117	0		0	0	0	216	333	-39	294	-790	-497
2058			0	120	0		0	0	0	220	340	-21	318	-497	-178
<b>2059</b>			<b>0</b>	<b>122</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>224</b>	<b>346</b>	<b>-3</b>	<b>343</b>	<b>-178</b>	<b>165</b>
2060			0	0	0		-74	-1	0	229	154	4	158	165	323



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