

Annual Report 2013
Metroselskabet I/S



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Nørreport is one of Denmark's busiest stations. In 2014, the Metro station will gain an extra lift.

1.0

WELCOME



1.1 WELCOME

Dear reader,

2013 was a good year for the operation of the Metro, with higher revenue than expected. The result for 2013 before write-downs and depreciation was a profit of DKK 216 million. The company's revenue totalled DKK 1,125 million. EBITDA corresponds to 22 per cent. The costs of the construction of Cityring totalled DKK 3.1 billion in 2013, and the company's long-term debt amounted to DKK 6.8 billion at the end of 2013. Overall, Metroselskabet's finances are stable. The adjusted equity capital of DKK 4.7 billion was unchanged from the end of 2012 to the end of 2013.

Changed framework for the Metro construction work

The Danish Environmental Board of Appeal's decisions changed the existing conditions for the civil engineering project's time schedule. The subsequent uncertainty concerning the official conditions and the regulations applying to the construction work has exposed the civil engineering costs and the project's time schedule to increased risk. The company has informed its owners of this risk. The company's information to the owners is stated in its long-term budget in section 6.1 of this Annual Report.

On this basis, a political agreement was concluded between the Danish Government and a number of the parties represented in the Folketing (Parliament). New legislation in this area has now been tabled that will ensure a fixed, clear framework, and increase neighbours' opportunities to obtain compensation during the construction period. Once this new legislation is in place, it will be possible for Metroselskabet to determine the financial and scheduling consequences of the Environmental Board of Appeal's decisions.

Optimised operation and more passengers

More than 55 million passengers took the Metro in 2013. This is an increase by just over one million passengers since 2012. Metroselskabet maintains a constant focus on high operational stability. On weekdays, the Metro has approximately 13,000 departures. In 2013, 98 per cent of the Metro's rush-hour departures were on time, while punctuality was 98.6 per cent overall for the year. Customer satisfaction continues to be high, since 96 per cent of the Metro's customers are satisfied with the trip. Metroselskabet has constant focus on optimising its operations, and during the summer the Metro's operations system was replaced. This has subsequently contributed to a small improvement in operational stability – especially during rush-hour periods.

During 2013 the planning of the work of installing platform doors at the overground stations was undertaken. This will contribute to maintaining high operational stability and increasing the Metro's capacity.

Rejsekort

The Rejsekort electronic ticket system has increasingly become part of the Metro and our customers' everyday lives. More than 10 per cent of all journeys are now made using the electronic ticket system as the means of payment. The company owns 7 per cent of the system provider, Rejsekortet A/S, via which it closely monitors the system's development, time schedule and finances.

The phasing-out of the previous cardboard multi-trip tickets had to be suspended in 2013, as delays caused by the supplier meant that the stability of the electronic ticket system was subject to unacceptable uncertainty.

In cooperation with the other traffic companies, Metroselskabet has set prices in the electronic ticket system that ensure reliability for customers and contribute to building up the coordinated customer service that will encourage customers to use the system. The operating reliability of the electronic ticket system and customers' satisfaction with the system are monitored closely. The payment system at the Metro stations functions satisfactorily, and almost 80 per cent of customers believe that the electronic ticket system has made it easier to take the bus, train and Metro. Furthermore, the case processing time for customers in the Metro's electronic ticket customer service centre is at a satisfactory level.



More than 55 million passengers took the Metro in 2013”



A Metro line from
Copenhagen Central
Station to Ny Ellebjerg
**will serve between
6 and 9 million
passengers** per year.”

More Metro

In June, Metroselskabet published a report on the Metro to Ny Ellebjerg via Sydhavn (the south harbour quarter), as the basis for a political decision on a Metro line to Sydhavn. This report was prepared for the Danish State, as well as the Cities of Frederiksberg and Copenhagen. The report shows that a Metro line from Copenhagen Central Station to Ny Ellebjerg will serve between 6 and 9 million passengers per year, strengthening the area's urban development. To avoid inconvenience to Cityring's passengers once the Cityring line is in operation, by mid-2014 at the latest an agreement must be concluded between the company's owners on the construction of a branch vault for the Cityring line.

In 2013, the company commenced the first realignment of utility lines at Nordhavn and worked on completing the invitation to tender for the Metro to Nordhavn (the north harbour quarter). The project is expected to achieve final approval in 2014.

This Annual Report presents a detailed account of Metroselskabet's activities in 2013.

We hope you enjoying reading the report.

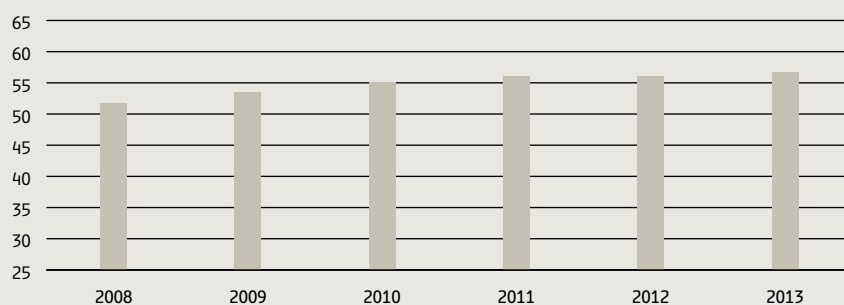
Henning Christophersen
Chairman of the Board of Directors

Henrik Plougmann Olsen
CEO

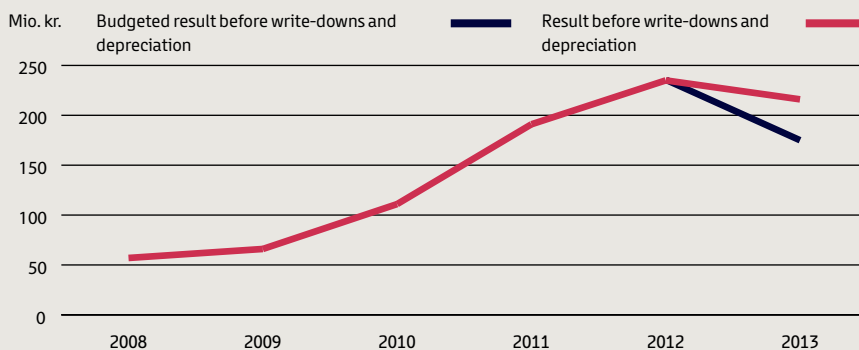
FINANCIAL HIGHLIGHTS

Passenger numbers

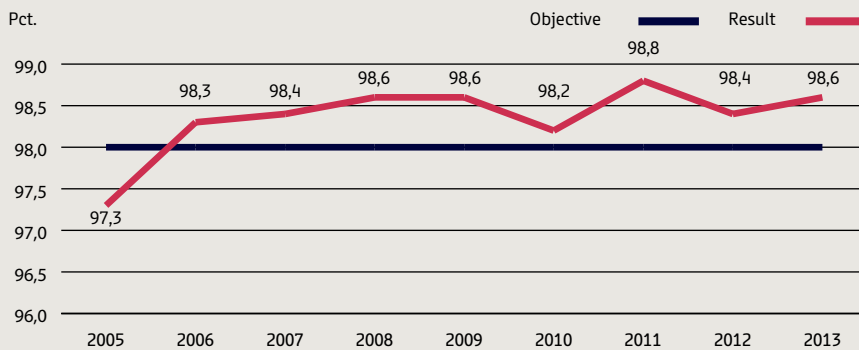
Million passengers



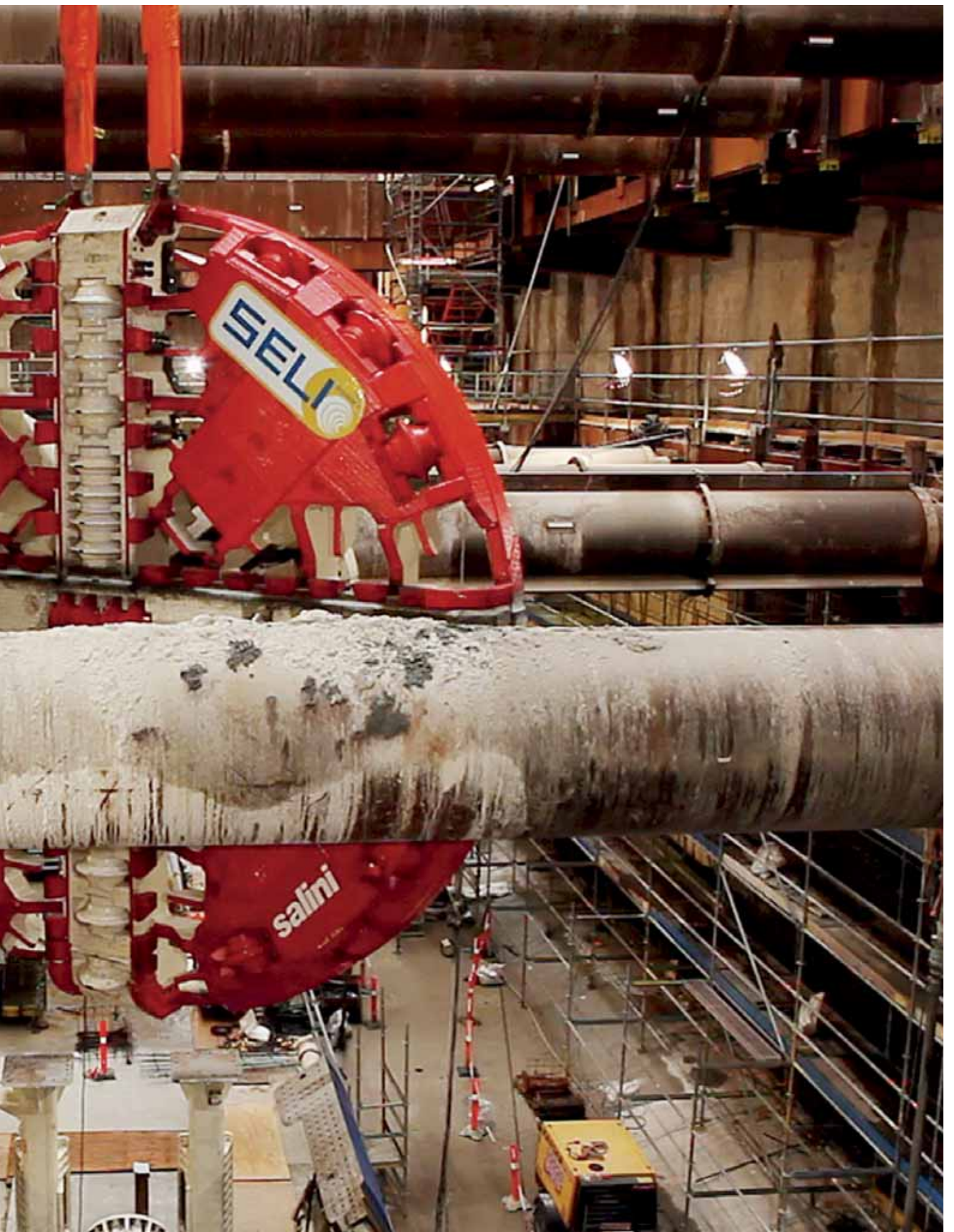
Result before write-downs and depreciation



Operational stability







M #TilByen

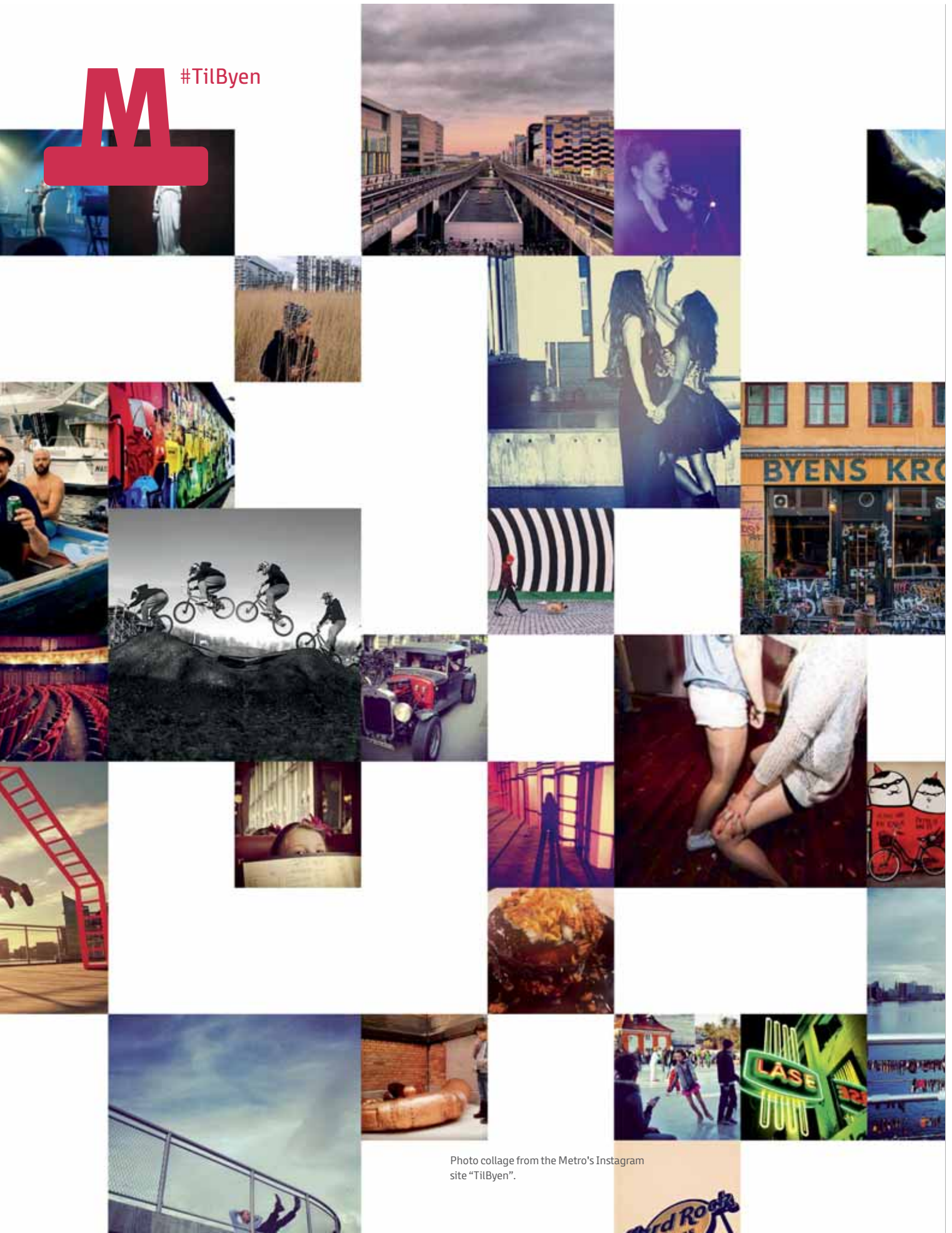


Photo collage from the Metro's Instagram site "TilByen".

2.0

DIRECTORS' REPORT

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including Nordhavn
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- 2.7 Major Projects
- 2.8 Business Strategy
- 2.9 Company Management
- 2.10 Social Responsibility

2.1

KEY EVENTS DURING THE YEAR

“
In 2013, 98.6 per cent
of all **Metro departures**
were on time”

Metro operations were stable in 2013, with continued high operational reliability and the expected number of passengers. The operating profit was higher than budgeted. The result for the year before write-downs and depreciation is a profit of DKK 216 million, reflecting a decrease by DKK 19 million compared to 2012. The company's EBITDA amounted to 22 per cent. The profit is used to finance the construction of the Cityring.

The company's long-term budget remains unchanged, disregarding the – as yet not compiled – effects of the restrictions on opportunities to work on the Cityring (see below). The company's adjusted equity capital, stated excluding market value adjustments, is unchanged from the end of 2012 to the end of 2013, and amounts to DKK 4.7 billion. The equity capital is unchanged as a consequence of the owners' contribution of DKK 300 million to the company in order to finance a branch from Cityring to Nordhavn.

The overall result for the year is increased by the effect of the market value adjustment of loans and interest rate agreements (DKK 2.1 billion). The market value adjustment is primarily a consequence of the change in interest rate expectations. This item solely reflects a registration in the accounts that does not

affect the company's ability to fulfil its obligations. The company held loans totalling DKK 2.4 billion in 2013, and the company's long-term debt now amounts to DKK 6.8 billion.

In 2013, 98.6 per cent of all Metro departures were on time, compared to 98.4 per cent in 2012. Passenger numbers increased by 2 per cent, or approximately 1 million more customers, to 55.4 million annual customers. There has also been strong focus on the progress made by Cityring, where the required progress could not be achieved, because it was not possible to work according to the scheduled working hours that had been decided.

In June 2013, Metroselskabet entered into an agreement with the main contractor, Copenhagen Metro Team (CMT), whereby CMT would be able to complete the Cityring for inauguration in December 2018 by utilising the framework for an extension of its working hours, as laid down in the City of Copenhagen's political agreement from the beginning of June 2013.

At the end of July 2013, however, the Environmental Board of Appeal decided to grant deferring effect to a complaint concerning the extended working hours at the construction site adjacent to Marmorkirken. This changed the existing preconditions for the civil engi-



Distortion 2013. Metro takes part in Copenhagen's annual electronic music festival with a special train for the festival-goers.

neering project's time schedule. In this connection, Metroselskabet drew attention to how its lack of opportunity to utilise the extended working hours at Marmorkirken might entail a delay in the overall project. This is because the construction site adjacent to Marmorkirken lies in the "critical path" in the time schedule for the civil engineering work.

On an ongoing basis during 2013, Metroselskabet's Board of Directors has discussed and been briefed on the development in the opportunities to use extended working hours as a consequence of the changes in the terms set by the authorities. In February 2014, the Board of Directors found it necessary to inform the company's owners that the conditions for the establishment of Cityring had changed to such a degree that there was a risk that the project's time schedule could not be achieved.

The company assessed that the civil engineering costs could increase by more than 3 per cent, entailing an extension of the repayment term for the company's debt by more than two years, cf. Section 3.3 of the partnership contract and Article 9.2 of the company's Articles of Association, as well as the further information provided under the company's long-term budget in section 6.1 of this Annual Report.

In accordance with Section 3.3 of the partnership contract and Article 9.2 of the company's Articles of Association, Metroselskabet is obliged to inform the company's owners if the development in the company's finances entails an extension of the repayment of the company's debt by more than two years, or if the civil engineering costs of Cityring are expected to increase by more than 3 per cent.

2.2

RESULT FOR THE YEAR

“

The result for 2013 before write-downs and depreciation was a profit of **DKK 216 million.**”

The result for the year was better than expected.

The result for 2013 before write-downs and depreciation was a profit of DKK 216 million, which exceeds the budget expectations. The improvement is primarily due to higher passenger revenue than expected. Write-downs and depreciation totalled DKK 484 million in 2013, of which write-downs amounted to a total of DKK 334 million. Of this amount, DKK 15 million concerns the write-down of participating interests in Rejsekort to market value, and DKK 319 million relates to write-downs concerning the construction of the Metro, which are based on the recoverable value of the overall Metro. The result before financial items is thus a loss of DKK 267 million.

Financial items comprise interest income of DKK 365 million and interest expenses of DKK 429 million. The result before market value adjustment is a loss of DKK 331 million.

The Metro's operating result

The result for the year before write-downs and depreciation is a profit of DKK 216 million, reflecting a decrease by DKK 19 million from 2012. The decrease is a consequence of the

closure of the regional train and S-train platforms at Nørreport Station, which prevented access to change to the Metro at Nørreport for a number of travellers. Nørreport is a very large transfer station and passenger numbers at the station were affected significantly by the conversion work.

Revenue totals DKK 975 million, of which DKK 691 million from the tariff system and DKK 284 million from primarily the lease of the Metro. Costs of payment for the operation of the Metro, contract management, administration and similar amounted to DKK 759 million for the year. Write-downs and depreciation amount to DKK 164 million. The result before financial items is hereafter a profit of DKK 52 million.

Equity developed as expected

The profit for the year of DKK 1,807 million has been carried to the equity, which hereafter amounts to DKK 3,744 million. After adjustment for market value adjustments, the company's adjusted equity amounts to DKK 4,700 million at the end of 2013. The adjusted equity excluding market value adjustment is thus unchanged from 2012. This is a consequence of how the loss after financial items of DKK 331

million is by and large set off by the contributions to the company by the Danish State and the City of Copenhagen of DKK 300 million in order to finance a branch from Cityring to Nordhavn.

The market value adjustment led to book of DKK 2,138 million. The market value adjustment can be attributed primarily 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. Metroselskabet has thus locked the future interest rate for a number of the company's coming loan agreements at a favourable level of interest rates. It was originally estimated that the budgeted value of these interest rate agreements amounts to approximately DKK 3.1 billion. The adjustment is solely an accounting registration that has no

impact on liquidity, since the intention is to retain the agreements until maturity.

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

Financing, including long-term finances

At the end of 2013, Metroselskabet had raised loans totalling DKK 6,079 million (in nominal terms DKK 5,240 million). The loans are raised as re-lending at Danmarks Nationalbank. The company's long-term debt commitments at the end of 2013 totalled DKK 6,807 million.

Operating result for the Metro

All figures in DKK million		
	2013	2012
Fare payments	691	677
Metro operating revenue	276	276
Other operating income	8	5
Total income	975	958
Payment for operations	-691	-677
Contract management, etc.	-37	-23
Other expenses	-5	-4
Administration costs	-26	-19
Total expenses	-759	-723
Result before depreciation	216	235
Depreciation	-149	-205
Result before financial items	67	30
Net profit ratio before depreciation	22%	25%

Note: Fare payments are based on average passenger revenue per new passenger of DKK 12.42 in 2013, calculated on the basis of the Ministry of Transport's Order on the distribution of ticket revenue in Greater Copenhagen. (In 2012 the average passenger revenue per new passenger amounted to DKK 12.01.)



Metroselskabet has prepared an updated long-term budget. 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 23.9 billion, in 2023 (in current prices and including interest). This is an increase by DKK 1.0 billion compared to the previous long-term budget, which is primarily due to the inclusion of the construction of the branch to Nordhavn in the long-term budget. The debt is expected to be repaid by 2059, which is in accordance with expectations. However, a final statement must be made of the effects of the restriction of working hours before an updated long-term budget will be available, cf. the information provided under the company's long-term budget in section 6.1 of this Annual Report.

Cityring affected by an uncertain framework

During 2013 and the start of 2014 the work on Cityring has been challenged by a number of rulings that have limited the work in various ways, cf. the information provided under the company's long-term budget in section 6.1 of this Annual Report.

In February 2014, the parties to the political agreement behind the Cityring Act entered into an agreement on a more secure framework for the Cityring construction work, as well as a package of measures for neighbours. The agreement is implemented as an amendment to the Cityring Act.

The agreement will ensure the controlled achievement of the Cityring project and will entail that the legal framework for the Cityring construction sites becomes subject to the generally determined regulation of pollution and

adverse impacts in the form of an Order issued by the Minister for Transport. The City of Copenhagen and the City of Frederiksberg will continue to supervise the construction project, but the rules of the Danish Environmental Protection Act, including the access to appeal to the Environmental Board of Appeal, will no longer apply, as this concerns general regulation and not concrete decisions. This ensures certainty of the terms for both the project and for residents during the remainder of the civil engineering period.

Besides an amendment of the Act, the agreement between the parties to the political agreement includes a package of measures for neighbours whereby the compensation to the neighbours to the Metro construction sites is based on the decision in principle by the Expropriation Commission, and the compensation is based on the permitted noise, rather than the actual noise. This will mean that more people will receive compensation and that compensation will be paid for longer periods. This also gives neighbours the certainty that compensation will be paid. In addition, the compensation must not entail deductions from social security benefits, the neighbours most affected by noise will have a legal entitlement to be temporarily rehoused, and the neighbours most affected by noise who have owner-occupied or cooperatively-owned flats may request Metroselskabet to take over the property at market price. Metroselskabet estimates that, overall, the initiatives in the package of measures for neighbours will cost approximately DKK 300 million, which will be paid by the company. This is at least twice the funds allocated so far to reduce the adverse effects for neighbours.

The amendment to the Cityring Act is expected to be adopted by the Folketing (Parliament) in mid-2014. When the Act is adopted, and the framework for the establishment of Cityring has been laid down, Metroselskabet will ana-



The amendment to the Cityring Act is expected to be adopted by the Folketing in mid-2014”

lyse the implications of a year with a lack of opportunity to utilise extended working hours at certain critical construction sites, and seek to make up for the lost time. The company will then conclude an agreement with the main contractors on a new timeschedule for Cityring and in future will continue to hold the contractors responsible for any delays imposed on the project by the contractors. If these negotiations entail changes in the total project cost and the commissioning date, this may significantly affect the valuation of Metroselskabet's tangible fixed assets, just as it will be necessary to handle any additional financing requirement.

The agreement also entails that a supplementary environmental impact assessment must be performed.

Events occurring after the Balance Sheet date

After the close of the financial year no events of significance to the Annual Report for 2013 have occurred. Attention must be drawn, however, to the conditions concerning the framework for the Cityring construction project and a package of measures for neighbours, cf. the informa-

tion provided under the company's long-term budget in section 6.1 of this Annual Report.

Consulting

In 2011, Metroselskabet's owners prepared and approved accounting regulations that apply to the company's activities that are subject to competition. In autumn 2011, Metroselskabet entered into an agreement with the Ministry of Transport that up to mid-2013 it would undertake the secretariat function for the preparation of a basis for decision concerning a light railway in Ring 3. This task is subject to accounting regulations that concern activities subject to competition, and the accounts for these consulting services are presented on this basis.

Income amounts to TDKK 4,440 in 2013 (TDKK 14,484 in 2012) and costs total TDKK 4,500 in 2013 (TDKK 13,828 in 2012). The result before tax of consulting activities for 2013 is a loss of TDKK 60 (profit of TDKK 566 in 2012). The result after tax is a loss of TDKK 60 (profit of TDKK 424 in 2012).

Metroselskabet completed the consulting task at the end of August 2013. The overall result of the consulting task was a profit of TDKK 347.

Investment budget for Cityring including Nordhavn

All figures in DKK million

	Investments in 2013	Investments as at 31 Dec. 2013	Overall budget (2013 prices)	Overall budget
Cityring	3,073	9,883	22,410	21,323 (2010 prices)
Nordhavn	45	70	2,486	2,460 (2012 prices)

The year's investment in the Metro in operation amounts to DKK 52 million.

The net book value of Cityring including Nordhavn is stated in the Balance Sheet at DKK 4,752 million, since Cityring including Nordhavn is valued on the basis of the overall Metro's expected capital value, with due consideration of the planned capital investments.



FINANCIAL HIGHLIGHTS AND KEY FIGURES

Financial highlights and key figures

All figures in DKK million	2013	2012	2011	2010	2009
Net turnover for the year	1,125	1,100	980	864	722
Result before write-downs and depreciation	216	235	191	111	66
Write-downs and depreciation	-484	1,772	-5,689	-787	-596
Result before financial items	-267	2,007	-5,498	-676	-530
Financial items	-64	-123	-457	45	113
Result before market value adjustment	-331	1,884	-5,954	-632	-387
Market value adjustment	2,138	-550	-2,882	358	-30
Result for the year	1,807	1,335	-8,837	-274	-417
Balance Sheet total	12,633	10,077	8,216	9,442	9,691
Investment in the Metro for the year	3,170	2,332	3,651	637	448
Equity	3,744	1,637	303	9,139	9,413
Adjusted equity*	4,700	4,731	2,847	8,801	9,433
Equity ratio	30%	16%	4%	97%	97%
Adjusted equity ratio	37%	47%	35%	93%	97%

* Adjusted equity is adjusted for market value adjustment.

Investment in Cityring

In 2013 a write-down of DKK 319 million was made concerning the construction of Cityring (including the branch to Nordhavn). This is a consequence of how the total investment in Cityring will not be recovered fully from future income such as passenger revenue, etc. The write-down is a consequence of how the Act on the construction of the Metro to Nordhavn was adopted in June 2013 and the branch to Nordhavn is thus included in the calculation of the recoverable value. The write-down made is in accordance with expectations and corresponds to the Danish State and the City of Copenhagen's payments concerning the Metro to Nordhavn.

The write-down is based on an estimate of the value of the overall Metro based on the assumptions applied by the company in the current long-term budget, and the expectations of the future level of interest rates (discounting factor).

In 2013, investments in Cityring including Nordhavn totalled DKK 3.1 billion. The investments are capitalised and included as part of the value of the overall Metro.

Value of the overall Metro

The net book value of the overall Metro is reviewed annually in order to determine whether there are indications of impairment.

The recoverable value is calculated for the Metro in operation and for Cityring, respectively, but is measured on an overall basis for these closely related assets, since they will constitute one overall cash flow generating entity.

Any surplus recoverable value of the Metro in operation is included in the compilation of the value of Cityring, as the Metro in operation has not previously been subject to write-downs. If the value of Cityring after set-offs is negative, a write-down or provision will be made to cover this. At the end of 2013 the value after set-off was negative, so that a write-down was made for 2013.

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 sheet of assumptions as the basis for the long-term budget. 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.

The assumed level of interest rates (discounting factor) constitutes the principal uncertainty in the estimate of the value of the Metro. The company has applied a conservative expectation of the development in interest rates to the valuation of the overall Metro (the recoverable value), since a risk supplement is included to cover the uncertainty of the development of interest rates. If the company had instead applied the current lower market interest rate, the value of the

fixed assets would have been significantly higher and the result for the year would have improved significantly. In the same way, the result would have been lower if an expectation of higher interest rates had been applied. Note 8 to the Annual Accounts presents the calculation of the risk exposure to the expected development in interest rates.

Reference is also made to the information provided in the long-term budget in section 6.1 of the Annual Report concerning the increased risk for Cityring's civil engineering costs and the project's time schedule. Changes in the total project cost and the date of commissioning may affect the valuation of the overall Metro.

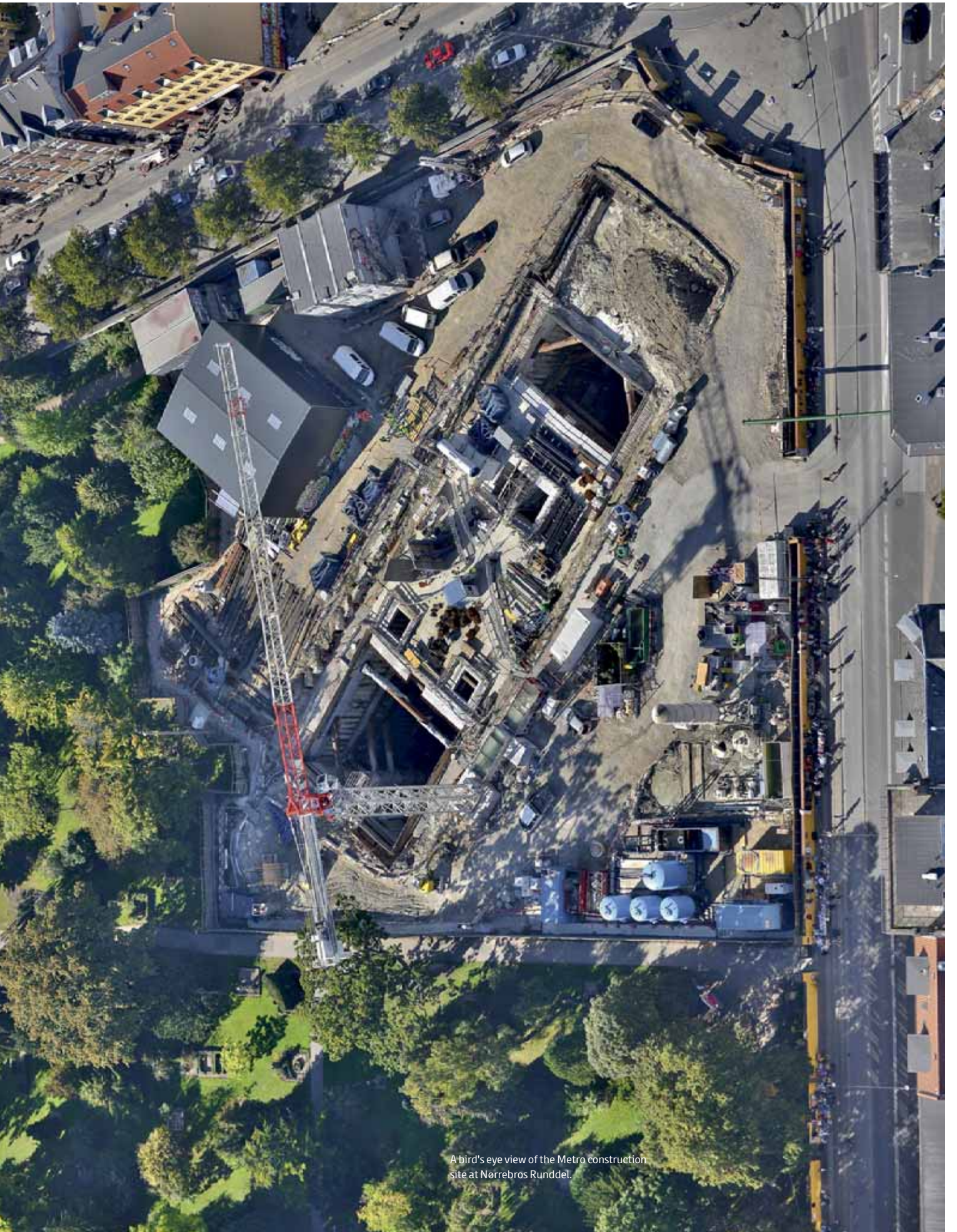
From the value of the construction of the Metro of DKK 4.9 billion, an estimated negative value of Cityring amounting to DKK -0.7 billion is deducted. The future passenger revenue, etc., as well as an estimated positive added value of the Metro in operation of DKK 5.4 billion, are included in this calculation. Write-down of the fixed assets as at the Balance Sheet date amounts to DKK 0.3 billion, cf. note 8 to the Annual Accounts.

Stabilisation of fluctuations in equity

The present low level of interest rates is also reflected in the statement of the market value of the company's debt and the derivative financial instruments

used to hedge the interest rate risk on the company's present and future debt. In this respect, the company among other things has agreements on the interest rate hedging of approximately two thirds of the expected future maximum debt via agreements on either a fixed interest rate or an inflation-dependent interest rate. Overall, the agreements have an average interest rate of between 3 per cent and 3.5 per cent. The maturity is determined on the basis of the company's expectations of the debt structure and debt settlement.

In the same way as for the valuation of the Metro, the net book market value of the debt increases when the interest rate level for the debt decreases. The fluctuations in the two accounting items must not be expected to set off each other, among other things because different interest rates are applied (e.g. long/short-term interest rate and fixed/inflation-pegged/variable interest rate) to the items. Nonetheless, the application of current interest rate levels to both the valuation of the Metro and the market value adjustment of the agreements established for the interest rate hedging of significant interest rate fluctuations will, overall, serve to stabilise fluctuations in the company's equity.



A bird's eye view of the Metro construction site at Nørrebro Runddel.

2.3 CITYRING

“

Cityring will make it possible to get **from Frederiksberg to Town Hall Square in 4 minutes.**”

On the establishment of the contract, the contractor Copenhagen Metro Team (CMT), responsible for the construction of Cityring, consisted of three Italian parties: Salini, Tecnimont and SELI. At the end of 2013, one of the parties, Salini, merged with another Italian firm, Impregilo. After the merger, the new company, Salini Impregilo S.p.A., is part of CMT on the same basis as Salini prior to the merger. The three parties are already working together on the extension of one of the new Metro lines in Rome. The parties are jointly and severally liable in relation to the civil engineering contract for Cityring.

The construction of Cityring, which is the new section of the Metro, is based on the same principle as the current Metro. This means that, to a great extent, functions, structures and systems will be the same as for the existing Metro. This means that the Metro is fully-automatic, driverless and served by short trains, running at frequent intervals. In principle, the station concept is also the same as for the existing Metro, whereby the stations are, for example, designed as large open spaces.

The 15.5-km trip through 17 stations under the city centre, the bridge quarters and Frederiksberg will take just 24 minutes. Since the trains run in both directions, the longest trip

on Cityring – from Copenhagen Central Station to Skjolds Plads – will take just 12 minutes. Cityring will make it possible to get from Frederiksberg to Town Hall Square in 4 minutes.

It will be possible to change to and from the existing Metro at the Kongens Nytorv and Frederiksberg Stations. In addition, it will be possible to change to e.g. regional trains and S trains at Copenhagen Central Station and Østerport Station and to S trains at Nørrebro Station. Cityring will make it possible to get from e.g. Nørrebros Runddel to Enghave Plads in seven minutes, and from Nørrebro Station to Trianglen in six minutes.

Ansaldo STS is to deliver the trains, operating system and control and maintenance centre, and handle operation during the first five years, with the option of a further three years. Ansaldo STS has delivered the trains and operating system for the existing Metro, and also handled operation since the Metro opened in 2002.

All of the preparatory works on the construction sites at the coming new stations have been completed. The work of moving the city's network of electricity, water, gas, Internet, sewerage, etc. utility lines has been completed, and all 21 construction sites (17 subterranean



stations, 3 shaft work sites and one control and maintenance centre) have been transferred to CMT. At most of these, the construction of station walls, either as diaphragm walls or secant pile walls, was completed during 2013.

Up to 2014, costs of DKK 97.9 million have been defrayed for archaeological excavations. The budget for archaeological excavations totals

DKK 246 million. The final report from the Museum of Copenhagen is expected to be made one year after completion of the fieldwork. The finds considered most interesting by the Museum of Copenhagen are described on its website:

www.copenhagen.dk/dk/udgravninger/ved_metrostationerne/

The four tunnel boring machines (TBMs) arrived in Denmark during 2013. The first two TBMs, Nora and Tria, were put to work at the end of 2013, and the last two, Minerva and Eva, are expected to be commissioned during 2014. The TBMs have a length of more than 100 metres and each weigh approximately 700 tonnes. The TBMs are named Nora, Tria, Eva and Minerva for the capital's former telephone exchanges.

Expectations of Cityring in 2014

In 2014, the first tunnel section between Nørrebroparken and Frederiksberg Allé is expected to be completed. As part of the current plan, the TBMs will be taken up at Frederiksberg Allé and transported back to Nørrebroparken, where they will be re-assembled in order to bore the section between Nørrebroparken and Østersøgade. Together with the tunnel activities, work is continuing on the completion of the stations.

The last major archaeological investigations will take place at Gammel Strand, where a lot of new evidence of the history of the city is likely to be revealed. Concurrently with all these activities across the Cityring's alignment, in cooperation with Copenhagen Metro Team Metroselskabet will provide ongoing information to neighbours and the general public on the forthcoming work and the progress of the work in general.

The operation and maintenance centre will be completed and at the end of 2014 the first new Metro trains are expected to arrive in Denmark, after test running in Naples during the spring.

The procurement process for the fitting-out of the stations was initiated in 2013 and is ex-

pected to be completed in the first quarter of 2014. The fitting out of stations consists of materials and surfaces such as wall surfacing, ceilings and skylights, on the basis of the "more of the same" principle and lessons learned from the existing Metro. It must also be ensured that the individual stations gain their own strong architectural identity.

Ansaldo STS is well under way with the construction of the future operations and maintenance centre at Vasbygade and has now laid the first track for the project.

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In 2014, the first tunnel section between Nørrebroparken and Frederiksberg Allé is expected to be completed.”

2.4 COMMUNICATION

Metroselskabet gives high priority to ensuring good information on the Cityring construction work, so that the people of Copenhagen and Frederiksberg, as well as citizens who travel within the city, can stay informed about the construction work and to the greatest possible extent also arrange their daily lives according to the progress of the construction work.

There is emphasis on transparent and fact-based communication, and Metroselskabet therefore publishes noise measurements, occupational accident figures, customer satisfaction rates, etc. at m.dk. This prioritisation continues in 2014.

Neighbours of the Metro construction work must receive detailed, precise and timely information when they are affected by the construction work. This takes place via meetings, events at construction sites, newsletters, text messages, mails, etc. and via the website m.dk. In 2013, Metroselskabet therefore distributed approximately 14,000 letters, posted approximately 32,000 notices on neighbours' front doors and sent approximately 500 text messages directly to the neighbours concerned. It must be easy to contact Metroselskabet – also after normal working hours – so that in cooperation with CMT the company has established a 24-hour telephone service that neighbours

can contact, as well as a team of people who are ready to take action should the need arise. The information work is evaluated on an ongoing basis via questionnaires to neighbours, and there is focus on maintaining a high degree of satisfaction with the information level.

Citizens who live in and travel around the city, and the general public, can stay updated on the progress of the Metro construction work via Metroselskabet's wide-ranging communication activities. There was a generally high level of interest in 2013. Around 15,000 people visited the Metro during "Kulturnatten" (Culture Night), which included access to the construction site at Town Hall Square, so that the general public could observe the work behind the green hoardings at close quarters. In total, just over 40,000 people used the opportunity to visit Metroselskabet's activities in 2013, in the form of tours of construction sites, lectures and the exhibition "Tracking the Metro", which also has a special programme for school classes at levels 0- 6. In autumn 2013, Metroselskabet also opened a viewing platform at the construction site at Kongens Nytorv and this has already attracted a large number of visitors.

The success of the "Byens Hegn" (City Hoardings) project continues. This is apparent from

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In total just over 40,000 people used the opportunity to visit Metroselskabet's sites in 2013”



Neighbours in their flat close to Copenhagen Central Station, with the Metro construction site at close quarters for a number of years.

how nine out of ten neighbours to the construction sites believe that the decoration of the hoardings gives a positive impression. The decoration is created in cooperation with various parties, ranging from nursery schools, local committees, independent artists and students to cultural institutions such as the National Gallery of Denmark and the Danish Architecture Centre. In 2013, 133 new hoarding decorations were created.

Metroselskabet gives high priority to servicing the press. This is to ensure that the facts are presented in the steady flow of news stories that can be expected for a civil engineering project of this size, and to enable citizens to

stay updated on the construction milestones achieved. In 2013, Metroselskabet worked with local, nationwide and international newspapers, as well as radio, TV and the trade press, and achieved focus on the larger perspective of the story of the largest civil engineering project in Copenhagen for 400 years, as well as the key construction milestones achieved. Among other things, citizens could watch a direct transmission of the lowering of the first TBM down into the shaft in Nørrebroparken. Later in the spring, there was extensive coverage of the launch and naming as Nora of one TBM. Prior to this launch, in a naming competition residents of Greater Copenhagen sent in more than 1,000 suggested names for the TBMs.



2.5

COSTS OF CITYRING AND NORDHAVN

The total Cityring civil engineering budget of DKK 22.4 billion (2013 prices) is based on the major civil engineering contracts concluded for the transport system and the Cityring civil engineering works. The civil engineering budget for the branch to Nordhavn totalling DKK 2.5 billion (2013 prices) is based on an agreement in principle concerning Nordhavn.

In 2013, the investments defrayed for Cityring including Nordhavn totalled DKK 3,118 million, so that the total investment to date is DKK 9,953 million.



2.6 THE METRO

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Measurement in 2013 shows that **96 per cent** of the passengers asked continue to be satisfied with their Metro journey”

In total, approximately 55.4 million passengers took the Metro in 2013, which is over one million more than in 2012. This is the highest number of Metro passengers since the Metro's inauguration in 2002, and this figure is very close to the expectations in the revised budget for 2013, in which 55.5 million Metro passengers were expected.

Due to the conversion of New Nørreport Station, passenger numbers only increased moderately in 2013 compared to previous years. To ensure continued growth in passenger numbers, Metroselskabet is working on marketing the Metro in collaboration with Ansaldo and Metro Service. In the same way, the company cooperates with other traffic companies on the joint marketing of public transport (trains, buses and Metro) in Greater Copenhagen. The incentive to increase passenger numbers has been strengthened in connection with the repeat invitation to tender for the operation and maintenance contract. The objective is for the operator itself to be more active in taking measures to attract more passengers.

Operating contract

Operation of the Metro is contracted out to Ansaldo STS, with Metro Service A/S as sub-

supplier. The current operating contract was established in January 2010 and entered into force in October 2010. The contract runs up to and including December 2015, with an option for an additional three years. In 2013, Metroselskabet's Board of Directors decided to utilise the 3-year option, so that the operating contract now runs up to and including December 2018, so that the operation of Cityring and the existing Metro run in the same contract periods.

Operational stability

Sound operational stability is very important to ensuring that passengers enjoy a positive experience when they take the Metro. For 2013, the overall operational stability was 98.6 per cent, which is 0.2 percentage points higher than operational stability in 2012.

Since 2012, operational stability has also been measured for rush-hour periods alone. This operational stability rate also improved in 2013, when operational stability in rush-hour periods was 98.1 per cent, compared to 97.8 per cent in 2012. The marginally lower operational stability during rush-hour periods is mainly due to problems with the re-establishment of normal operation after disruptions, when there are

Facts about the calculation of operational stability

The Metro runs 24 hours day, without fixed departure times. Operational stability is calculated by comparing the number of departures within 3-minute intervals with the number of departures that should have taken place during the same intervals. If more than one departure has not taken place during two consecutive 3-minute intervals, the missing departure(s) is(are) registered as delayed.

many passengers in the system and thereby greater risk of blocked doors and similar incidents.

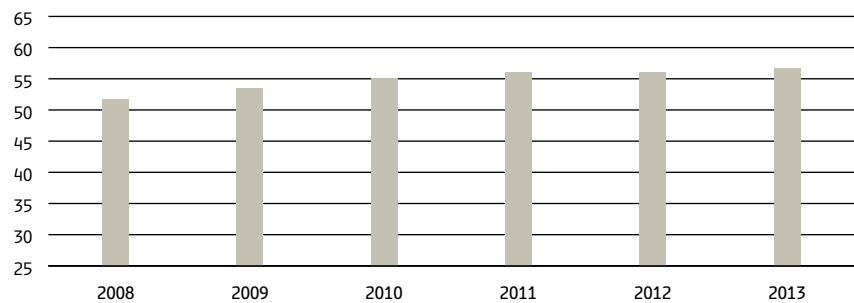
Customer satisfaction

Customer satisfaction is a key parameter in measuring the quality of the Metro and good customer satisfaction survey results contribute to retaining existing and attracting new customers. Knowledge of passenger experience and expectations is gathered via standardised quarterly customer satisfaction surveys, which is a reliable method of measuring changes.

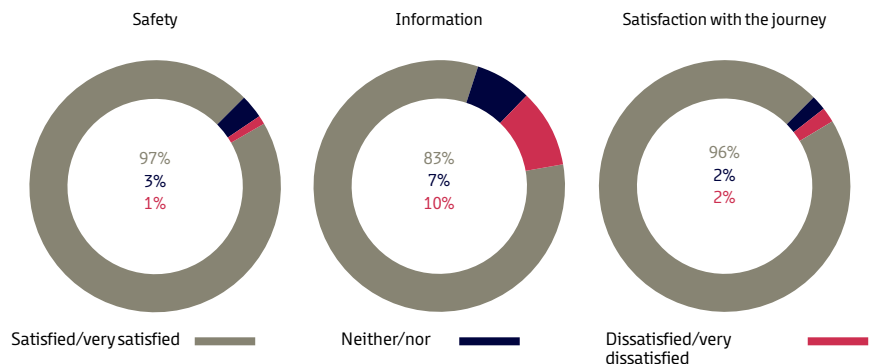
The measurement in 2013 shows that 96 per cent of the passengers who responded continue to be satisfied with the Metro journey, while 97 per cent feel secure in the Metro, which is unchanged from 2012. However, in the third quarter of 2013 satisfaction with updated passenger information fell from a level of 83 per cent to 75 per cent, probably as a consequence of the extensive operational changes in July and August due to the upgrading of the ATC (automatic train control) system. Work is ongoing to improve passenger information in order to increase the satisfaction rate from the previous level. The Metro's commercial strategy also

Passenger numbers

Million passengers



Customer satisfaction





There are more and more visitors to the website m.dk, with an increase in the monthly number of visitors from just over 100,000 to more than 200,000 visits per month in 2013.”

focuses especially on improving the information to passengers during train disruptions.

Information to customers

The Metro's customers must experience Metro journeys as easy and secure. The communication strategy is therefore to focus constantly on a good level of information to passengers. In 2013, a behaviour campaign took place to help customers to board and leave trains quickly. This has had a positive impact on stable and effective operation. The campaign results showed that almost 70 per cent noticed the campaign, of whom almost everyone (97 per cent) considered the campaign to be a good idea, and around one third adjusted their behaviour.

At six stations, Metro markers were set up in 2013, to make the Metro stations easier to find in the urban landscape. In addition, information boards were displayed at traffic hubs. In 2013, Metro markers were set up at seven stations – Nørreport, Kongens Nytorv, Islands Brygge, Amagerbro, Frederiksberg, Fasanvej and Lindevang. This has made these Metro stations more prominent in urban streets. In cooperation with DSB, Movia, et al. the information provided at the main traffic hubs of the Copenhagen Central Station, Nørreport and Flintholm has been improved, with new joint signs and departure screens in shared areas. The screens provide an overall view of bus, train and Metro departure times. At Nørreport Station, for example, screens and signboards have been set up at the Metro entrance adjacent to the Torvehallerne covered market. In 2014 the rest of the Nørreport Station solution will be implemented.

In autumn 2013, Metroselskabet launched its new marketing campaign, called “TilByen” (To the City), whereby Copenhagen residents have contributed photos of the city to the Metro's Instagram site. The “TilByen” campaign

continues in 2014 and will contribute to increasing the number of Metro passengers. The Metro's monthly customer magazine, “Metronyt”, was re-launched so that its content, design and name better match the Metro's brand and ensure a consistent communication strategy. The name was changed to the Metro magazine “TilByen” and the publication frequency was changed from 11 to six annual editions, as more and more readers use digital platforms such as smartphones. The number of subscribers to Metroselskabet's customer newsletter has continued to increase since the newsletter was launched two years ago, and now has almost 30,000 subscribers. There are more and more visitors to the website m.dk, with an increase in the monthly number of visitors from just over 100,000 to more than 200,000 visits per month in 2013 – constituting an increase by 91 per cent. The increase is a consequence of the strong interest in reading about the construction of the Metro, the operational changes in conjunction with the replacement of the ATC system, the storm Bodil, and the increase in the newsletter's readership.

Reinvestments

The ongoing replacement of worn and obsolete technical systems is vitally necessary to ensuring the sustained high operational stability of the Metro and in order to maintain a high customer satisfaction rate. Reinvestments are planned in the form of a reinvestment action plan for the period from 2010 to 2019. In 2013, there was reinvestment activity within such areas as ATC (automatic train control), radio systems, lifts and escalators, train renovation, passenger counting systems and cooling and ventilation management.



“Selfie” at the airport Metro station. “Selfie” was the word of the year in 2013 in Oxford Dictionaries.

ATC

The largest reinvestment project in 2013 was the upgrading of the Metro's ATC (automatic train control) system. This upgrading concerned the part of the system called ATS (automatic train supervision), which comprises overall monitoring, and the control of sub-systems and trains. To be able to test the new system, it was necessary to adjust the ordinary train operations in the evenings and at night during July, and at night in August. During the periods in which the Metro was closed, a replacement bus service was operated.

The upgraded ATS system has been stable since its commissioning and, as expected, there is every indication that the upgrading has improved the overall operational stability. As from the commissioning in August 2013, and up to New Year, operational stability was thus, on average, 98.8 per cent, which is 0.2 percentage points higher than the average operational stability for the full-year 2013.

Radio system

The Metro's radio system is used for communication with both Metro trains and Metro personnel, when employees are out in the



system. As the radio system is part of the Metro's safety systems, the high operational stability of the radio system is vitally important. As part of the reinvestment programme, both hand-held radio terminals and the trains' radio terminals have been replaced. In addition, the actual transmission and receiving equipment, called the base stations, has been replaced, together with the related control systems. An agreement has furthermore been established with Dansk Beredskabskommunikation on an extensive adjustment of the Metro's antenna network, in order to introduce the SINE emergency network in the Metro. The radio projects commenced in 2012 and are expected to be completed during 2014.

Lifts

The Metro's lifts are some of the most used in Denmark and are absolutely vital for Metro passengers who are unable to use the escalators and ordinary steps. The lift reinvestment

programme is therefore planned to ensure high operational stability for the Metro's lifts.

Besides the reinvestment activities, a number of additional improvements were made to the Metro's lifts in 2013. Among other things, a new system was established to monitor the lifts' operational stability, while an energy conservation project was launched for the regeneration of energy from the lifts as they descend. Finally, an agreement has been established with Jeudan, which owns the "Torvehallerne" covered market, and the City of Copenhagen on the construction of an additional lift at Nørreport Station. This work commenced in the autumn of 2013 and the new lift is expected to be completed by May 2014.

Platform doors at overground stations

As part of the traffic agreement in June 2012, the Metro was granted funds to increase the



Platform doors in Helsinki. Equivalent platform doors are on their way to the Copenhagen Metro's overground stations.

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11 million mobile phone tickets **were sold in 2013.**”

number of departures and thereby capacity, including for the establishment of platform doors at the overground stations, in order to increase operational stability, including by avoiding the many monitoring alarms from the existing security system.

In 2013, contracts were concluded for the delivery and installation of the new platform doors, as well as the related updating of the Metro's existing technical systems. In addition, the installation work has been subject to detailed planning in order to limit the project's impact on normal Metro operation. The actual installation and commissioning of the new platform doors will take place in 2014 and the first half of 2015.

Pedestrian tunnel at Nørreport

At Nørreport Station, Banedanmark, DSB and the City of Copenhagen are working on major renovations. The achievement of the “New Nørreport” project will improve access conditions to S trains and regional trains at Nørreport Station. To also improve access conditions to the Metro station at Nørreport, it has been decided to establish steps to connect the transfer tunnel between the Metro, S trains and regional trains directly with the city-centre part of Frederiksborggade.

Metroselskabet is closely involved due to the short distance to the Metro's buildings and tunnels, the connection to the existing pedestrian tunnel, and to ensure that there is no risk to the Metro's assets. Metroselskabet is also co-financing the extension of the pedestrian tunnel. Once the project is completed in 2015, the tunnel will significantly improve the connection between Nørreport Station and the most important pedestrian area, and is thereby expected to contribute to continuing good

public transport connections, with a positive impact on the overall number of passengers.

Renovation of steps

A number of the Metro's steps, especially those most used, are in need of renovation. Both steps at Fasanvej Station were renovated in 2013 and after an EU invitation to tender a framework agreement has been established with a contractor for the ongoing renovation of the other Metro steps. The step renovation project is expected to run until 2017.

Renovation of Metro trains

In connection with the renovation of the Metro trains, white foil has been mounted on the Metro trains' exterior, in order to restore the trains' original white gloss. The white foil is less expensive than painting the Metro trains, and easier to maintain. The foil coating of the trains will extend over a five-year period, with completion in 2015.

Mobile phone tickets still a success

Like the other public transport companies in the capital, Metroselskabet has a number of mobile phonesales channels for the sale of mobile phone tickets and mobile phone season tickets. Sales of mobile phone tickets increased in 2013, when sales totalled 11 million mobile phone tickets. Mobile phone season tickets were launched at the end of 2012, and by the end of 2013 more than 11,000 mobile phone season tickets per month were sold.



Rejseplanen responds to over 20 million travel planning queries each month.”

Electronic ticket system

Metroselskabet owns 7 per cent of Rejsekort A/S, which develops and operates the electronic ticket system that will help to make it easier to buy tickets for public transport in Denmark. During 2013 the number of customers using the electronic ticket system increased from 50,000 to 287,000 in the capital. This number is expected to increase further in conjunction with the planned phasing-out of the multiple-trip tickets in the capital.

Since July, Metroselskabet has sold (anonymous) electronic tickets via dedicated machines at Metro stations. This has been a success, and by the end of 2013 more than 5,000 electronic tickets had been sold.

At the end of 2013, Metroselskabet had more than 8,000 active re-charging agreements. Metroselskabet has an interest in ensuring that customers make use of self-service access to purchase electronic tickets, and that they subscribe for automatic re-charging. All other things being equal, this will reduce the overall operating costs.

In conjunction with the introduction of the electronic ticket system, the inconsistencies in the present tariff system across Zealand have become obvious. The Ministry of Transport has therefore wished to launch an analysis of the opportunities to create one single tariff area on Zealand. In cooperation with the traffic companies in Greater Copenhagen, the Danish Transport Authority has examined various opportunities for tariff harmonisation. On this basis, work is continuing on a concrete proposal for harmonised and simplified tariffs on Zealand.

The tariff structure must help to increase passenger numbers and tariffs must be implemented on a neutral basis for customers, in average terms. The differences in revenue

between the companies will be handled separately and retroactively in conjunction with the tariff harmonisation work.

The tariff changes are expected to be implemented in conjunction with the fixing of tariffs for 2015.

The Metro's tariff revenue

In 2013, tariff revenue totalled DKK 691 million. Of this amount, DKK 153.2 million was from sales via the ticket machines at Metro stations. The other tickets were sold by the parties to the joint tariff system. This sale is mainly undertaken by DSB, as e.g. season tickets.

Multiple-trip tickets account for the largest proportion of the Metro's own sales at 65 per cent, while cash tickets amount to 31 per cent, and 24-hour tickets and City Passes account for the last 4 per cent.

Rejseplanen (Travel Planner)

Metroselskabet owns 3.2 per cent of Rejseplanen A/S. Rejseplanen responds to over 20 million travel planning queries each month. The purpose of the travel planner service is to make relevant travel planning information involving public transport in Denmark available to the general public. The travel planner service is owned by the regional and local traffic companies throughout the country. The travel planner service is integrated with the joint mobile phone ticket app and the mobile phone seasonal ticket app.

2.7 MAJOR PROJECTS

Branch to Nordhavn

The Act on the construction of the Metro to Nordhavn was adopted by the Folketing (Parliament) and entered into force on 1 June 2013. The Act is an amendment to the Cityring Act. On the adoption of the Act, the project progressed to the next phase, comprising the acquisition of sites and the request for tenders from contractors.

On its planned inauguration in 2019, the branch of the Metro to Nordhavn will, in traffic terms, interconnect the ongoing urban development project with the key Metro stations on the Cityring line, as well as the existing Metro line.

Danish and international firms of contractors took a strong interest in bidding for the works, and bidders were selected on the basis of qualified applications. The work is divided into four contracts: tunnel works, subterranean civil engineering works, overground civil engineering works, and transport system deliveries, of which three were initiated immediately, while The invitation to tender for the overground civil engineering works will be held in 2014.

The tender project and tender documents were prepared by Metroselskabet and its

advisers. At the close of the year, tenders had been received and negotiations held with the individual bidders, while the basis for the preparation of revised bids from all parties had been issued. Revised bids as the basis for the competitive tender award must be submitted early in 2014, with the objective of the establishment of contracts in April 2014.

Other civil engineering activities, involving the diversion of roads and the realignment of utility grids, were launched in cooperation with By&Havn as the landowner, the utility grid owners and the City of Copenhagen.

Branch to Sydhavn

A report on the establishment of a Metro line to Ny Ellebjerg via Sydhavn was submitted to the company's owners in June 2013. This report shows that a Metro line from Copenhagen Central Station to Ny Ellebjerg would serve between 6 and 9 million passengers per year, at a price of between DKK 6.6 and 10.2 billion – depending on the alignment and the number of stations on this section. The Metro would stimulate further urban development at Sluseholmen, Teglhølm and Enghave Brygge, and have a positive impact on the entire Sydhavn area.



In future, Ny Ellebjerg Station could be developed into an important traffic hub of both regional and national significance, since at this station it will be possible to change between S trains, regional and main-line trains, as well as the Metro.

The report serves as the basis for politicians' consideration of any possible investment in a branch to Sydhavn. In the short term, it is important to ensure the technically most appropriate opportunities for joint operation between Cityring and the branch to Ny Ellebjerg via Sydhavn, in order to avoid inconvenienc-

ing Cityring's passengers, once Cityring is in operation. This requires a speedy decision by no later than mid-2014 between the company's owners on the construction of a switch chamber for Cityring, with commencement of construction in 2015. Subsequently, it will be possible to arrange the more detailed design of the branch line, including its alignment and number of stations. With this process, the facility could be commissioned in 2023 or later.

The City of Copenhagen allocated DKK 200 million for the switch chamber in the municipality's budget for 2014.

Light railway along Frederikssundsvej

In 2013, the City of Copenhagen commenced a preliminary study for a light railway link from the light railway in Ring 3, via Frederikssundsvej, to Nørrebro Station and thereby the Metro system in the densely populated urban areas. Together with the firms of consultants COWI and Tetraplan, Metroselskabet has contributed to this work, which is expected to be completed in 2014. During the preliminary study, there was focus on the most suitable alignment and operating concept to achieve high passenger numbers. There was also focus on fulfilling opportunities to support the rejuvenation of the disadvantaged, peripherally located housing area, Tingbjerg, where the light railway could provide better connections to the surrounding areas of the city.

Other considerations regarding more Metro, etc.

Metroselskabet has participated as a technical adviser in the City of Copenhagen and Malmö Stad's project – with support from the EU's inter-regional fund – for a preliminary study

of a possible Metro between Copenhagen and Malmö's city centre. A number of technical solutions have been drawn up – either as a pendular link, or integrated with the Copenhagen Metro system. The two municipalities have reported jointly on the work.

As technical adviser, Metroselskabet has assisted the City of Frederiksberg with an analysis of additional Metro services within the municipality. On this basis, the perspective of a future Metro line in a corridor along the Fasanvej line is now included in the municipality's planning.

As technical adviser, Metroselskabet has assisted the Ministry of Transport with an analysis of the development of transport hubs at Ny Ellebjerg and Glostrup. The hubs are related to the report on a Metro to Ny Ellebjerg via Sydhavn, and the report concerning a light railway in Ring 3.

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Metroselskabet has participated as a technical adviser in the preliminary investigations for a Metro between Copenhagen and Malmö city centre”



2.8

BUSINESS STRATEGY

Metroselskabet's vision and mission are laid down in the company's business strategy, which in accordance with the company's Articles of Association must be presented by the Board of Directors to the company's owners as a minimum every fourth year. In April 2011, Metroselskabet's owners approved the existing business strategy which thus runs until mid-2014.

The company's Board of Directors evaluated the business strategy in the autumn of 2013, among other things to prepare the future strategy.

According to the company's Articles of Association, the new business strategy must be approved by the company's partners by the end of April 2014. The new business strategy will apply to the period up to 2018.

Corporate framework

The object of Metroselskabet, cf. the Act on Metroselskabet I/S and Arealudviklingselskabet I/S of 6 June 2007, is to undertake the project design and construction of the Cityring as a Metro system, and to undertake the operation and maintenance of the overall Metro system. The company must issue public invitations to tender for the civil engineering works, as well as the

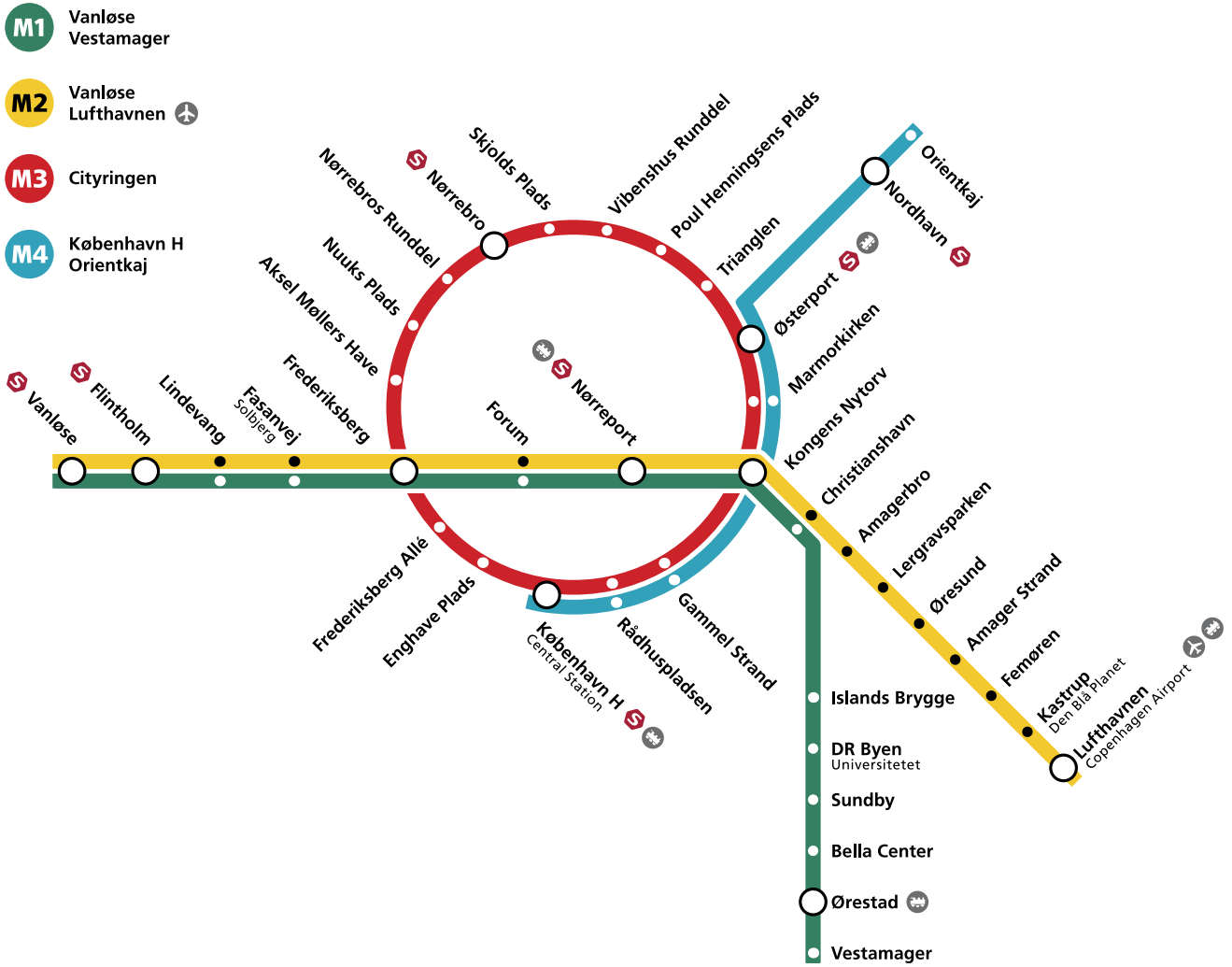
operation and maintenance of the Metro. The company must be operated on a commercial basis. In addition, pursuant to the Act, Metroselskabet may conduct other activities that have a natural business relation to its Metro activities.

Furthermore, pursuant to the Danish Act on Transport Companies, Metroselskabet

must engage in the coordination and supply of public transport in Copenhagen. The purpose of this coordination is to ensure that transport users in Greater Copenhagen experience how transport functions as one single entity, even though it is provided by different operators. This is to be achieved by the parties coordinating their activities in Greater Copenhagen, particularly

in terms of information to customers, transfers, and timetable planning.

The Danish Transport Authority is responsible for the overall coordination of this cooperation, so that the income from the joint ticketing system is distributed on the basis of passenger statistics and the jointly adopted fare level.



The alignment of the Metro, once the Cityring and Nordhavn lines are completed.

2.9

COMPANY MANAGEMENT

Organisation

Metroselskabet is owned jointly as a partnership by the City of Copenhagen (50 per cent), the Danish State (41.7 per cent) and the City of Frederiksberg (8.3 per cent). The Board of Directors of Metroselskabet is the company's supreme authority, and is thus responsible for ensuring that Metroselskabet pursues the objectives laid down in legislation.

The Board of Directors has nine members, who are appointed for a period of four years. The City of Copenhagen and the Danish State each appoint three members, while the City of Frederiksberg appoints one member and an alternate member. After the municipal elections in the autumn of 2013, the City of Copenhagen appointed three new members of the Board of Directors, while the City of Frederiksberg re-appointed its existing member and alternate member. Besides the members appointed by the owners, the company's employees elect two members of the Board of Directors. In autumn 2013, elections were held for the two members of the Board of Directors elected by the employees. The result of the election was that two new members joined the Board of Directors on 1 January 2014. In 2013, 13 meetings of the Board of Directors were held, as well as one seminar for the Board of Directors

and four and five meetings, respectively, of the Risk Committee and the Audit Committee.

Metroselskabet works systematically with risk management and on an ongoing basis reports all relevant risks to the Board of Directors. The Board of Directors has therefore appointed a Risk Committee under the Board of Directors. The purpose of the Risk Committee is to prepare the Board of Directors' consideration of the company's risk management, including risk assessment and risk reporting.

Metroselskabet's Board of Directors has also appointed an Audit Committee to assist the Board of Directors in its oversight of the company's internal control systems that provide the basis for the presentation of the financial statements. The Audit Committee is furthermore involved in the monitoring of the independent audit process and the company's compliance with the statutory requirements for the presentation of the financial statements. The Audit Committee has also worked with the company's project management and financial management. The Audit Committee focuses in particular on ensuring the credibility, integrity and transparency of the internal and external financial statements.



The company's Board of Executives is headed by CEO Henrik Plougmann Olsen. The Board of Executives furthermore consists of Deputy Director Anne-Grethe Foss, who is responsible for Metro operations and the development of new projects; Technical Director Erik Skotting, who is responsible for Metroselskabet's civil engineering activities; and Rebekka Nymark, who is responsible for customer-related and commercial activities, as well as communication with neighbours.

At the close of the financial year, Metroselskabet employed a staff of 242, compared to 219 in 2012, to undertake the administration of the company, the operation of the existing Metro, the construction of Cityring, secretariat services related to the light railway in Ring 3, and the invitation to tender, etc. for the branch to Nordhavn. In addition, approximately 100 consultants based at Metroselskabet's premises on Metrovej are working on the construction of Cityring, the invitation to tender for the branch to Nordhavn, and the investigation of a Metro line to Sydhavn.

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 to handle risks on the most appropriate basis.

Risks are reported at several different levels. Each risk has a designated risk owner, who ensures that risks are handled and reported under the individual professional areas, thereby ensuring a high standard of reporting. During the past year the company has focused on ensuring greater systematisation of risk management across all of the company's activities. For the company's major Cityring project, a risk management process has been built up that is especially adapted to this project. This process involves Cityring's contractors during the construction of the system, thereby

Organisation chart





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The company participates in national and international experience-sharing and working groups, to ensure that the company stays updated on the latest developments within risk management”

ensuring that risks are handled on the most appropriate basis.

An equivalent process has been implemented for the company's other projects and has been expanded to also consider earlier and subsequent phases of the projects. Risks are reported to the Board of Executives, which collects proposals for changes to the current risk exposure from all of the company's activities. The Board of Executives 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 Board of Executives prepares a comprehensive list and a current risk list comprising the company's overall risk exposure.

On a quarterly basis, the Board of Executives presents a prioritised list of current risks to the Risk Committee, and then to the full Board of Directors. At quarterly meetings with the company's owners, the company reports on the risk exposure, based on the Board of Directors' review.

The company participates in national and international experience-sharing and working groups, to ensure that the company stays updated on the latest developments within risk management. This also helps to ensure that risks that have not previously been considered are included in the risk work.

Procedures for the presentation of financial statements and use of IT

Metroselskabet's Board of Directors has determined 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. The instructions also include the regulations that are to be observed by the employees engaged in accounting activities.

A reporting process has been established involving quarterly financial reporting and updates to the company's forecasts for the year. In addition to the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and Notes, reporting includes a description of the current status of the operation of the Metro, the construction of Cityring, 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 IT security policy describes the overall use of IT, including security, back-up, etc.

Arbitration cases, etc.

In May 2004, the major civil engineering contractor from stages 1 and 2A of the Metro, COMET, lodged a claim for additional payment against Metroselskabet (Ørestadselskabet) to the Arbitration Tribunal. The claim was for additional payment of approximately DKK 4 billion, but the Arbitration Tribunal limited the possible compensation to maximum DKK 2 billion, equivalent to COMET's final statement. On 10 April 2012, the Arbitration Tribunal made a ruling in the key aspect of the case. The consequences of the Arbitration Tribunal's ruling were included in Metroselskabet's accounts for 2011. The only outstanding issues were interest, currency, etc.

On 27 August 2013, the Arbitration Tribunal gave its ruling concerning the outstanding is-

sues, and the consequences of the Arbitration Tribunal's ruling were included in Metroselskabet's accounts for 2013.

In the ruling of 23 August 2013, Metroselskabet's claim was upheld that the loan made available by Metroselskabet to COMET must accrue interest in accordance with the rules of the Danish Interest Act, just as COMET must pay DKK 70 million of Metroselskabet's costs and the costs of the Arbitration Tribunal.

The net result of the Arbitration Tribunal's ruling is that COMET must repay the full loan with interest to Metroselskabet, and pay the costs awarded in the case, after deduction of the extra payment awarded to COMET. The Arbitration Tribunal's ruling was enforced in September 2013. The case is hereby concluded.

In December 2012, DSB and Metroselskabet lodged an arbitration case against Trafikselskabet Movia in order to conclude the distribution of passenger revenue as from 1 January 2008. The case concerns DSB and Metroselskabet's claim against Movia for the downward adjustment of Movia's revenue from the change in the counting results as from 2008. If DSB and Metroselskabet's view that Movia has achieved counting improvements from using better technology is upheld in full, this improvement must be neutralised. The case is expected to be decided by the Arbitration Tribunal during 2014.

Capital

In connection with the company's budgeting for 2014 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 Metro. The description is based on a number of assumptions and is subject to the uncertainty that

will always apply to the assessment of future circumstances. The budget is based, among other things, on assumptions concerning the development in the number of Metro passengers, as well as the development in interest rates and indexes.

In the current 2014 long-term budget, the company's net debt is expected to reach its maximum in 2023 at approximately DKK 23.9 billion (in current prices and including interest). This is an increase by DKK 1.0 billion in relation to the previous long-term budget. The debt is expected to be repaid in 2059, which is in accordance with the previous expectations. The current long-term budget is included as an appendix to the Directors' Report. The date of the commissioning of Cityring influences the conditions for the repayment of the company's debt. For further information, see the information provided under the company's long-term budget in section 6.1 of this Annual Report. It must be noted that the long-term budget will be re-assessed when it is possible to determine the effects of the restrictions to working hours for Cityring, after the amendment to the Cityring Act has been adopted. This amendment is currently expected to be adopted in June 2014.

A significant adjustment has been made to the updated long-term budget in relation to the long-term budget from December 2012. The civil engineering estimate for the Nordhavn line of DKK 2.4 billion is included in the budget.

The company has worked to built up an appropriate interest rate exposure, so as to lock elements of the future interest costs. On the conclusion of the agreements, the company has hedged the interest rates for approximately two thirds of the expected maximum debt at a fixed interest rate and thereby ensured a fixed low interest rate for most of the debt,



even when the company's debt is expected to reach its maximum level.

Each year a finance 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.

As joint partners in the company, the Danish State, the City of Copenhagen and the City of Frederiksberg are directly, unconditionally and jointly and severally liable for all of Metroselskabet's liabilities, including the loans

raised by Metroselskabet. In view of the joint and several liability of the Danish State, Metroselskabet is indirectly subject to credit rating like the Danish State, i.e. AAA by both Moody's and Standard & Poor's. This means that Metroselskabet can generally achieve terms in the capital market that are equivalent to those available to the Danish State. In addition, Metroselskabet is able to raise re-lending loans at Danmarks Nationalbank. A re-lending loan is a loan raised directly for Metroselskabet from 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

Metroselskabet manages a number of financial risks. Metroselskabet's borrowing and use of financial instruments (interest rate hedging, swaps, etc.) are governed by a tripartite agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

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. The profit 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 end-2013 is DKK 28 million, which means that a decrease in the level of interest rates by 1 per cent will entail an increase in market value by DKK 2.8 billion, 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 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 on 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, Metroselskabet is indirectly subject to the same credit rating as sovereign risk, which is AAA.



2.10

SOCIAL RESPONSIBILITY

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The Metro is the most environment-friendly transport form **compared to S trains, buses and cars.**”

Introduction

Each day, Metroselskabet takes care of the many passengers who entrust responsibility for their everyday transport to the Metro. Taking responsibility for the neighbouring community is therefore a basic principle of Metroselskabet's day-to-day work. However, Metroselskabet's responsibility extends beyond simply transporting people, and includes the environment and working environment, as well as security and responsibility for employees.

The company's greatest responsibility to the neighbouring community consists of its responsibility for public transport. Both the existing Metro, and, in time, Cityring will change traffic patterns in central Copenhagen and in Frederiksberg, and will also have a positive effect on the city's air quality, contributing to reducing CO₂ emissions, and helping to solve congestion problems.

Metroselskabet therefore imposes demands on both itself and its suppliers which in several areas go far beyond those prescribed by law. This is the case, for example, in relation to the environment, working environment and safety, where Metroselskabet's special requirements and own initiatives are described below.

Environment

Metroselskabet works continuously and systematically to reduce the environmental impact from the Metro and the construction of Cityring. Metroselskabet prepares an Environmental Report that is published on the company's website. Metroselskabet will seek to extend the Environmental Report to also include Cityring's construction sites.

Policy

The existing Metro is a modern system which works continuously to achieve further environmental improvements. The Metro is the most environment-friendly transport form compared to S trains, buses and cars. The CO₂ emissions for the four modes of transport are presented below. The Metro must be among the most environment-friendly metros in the world, and among other things the construction of new Metro sections, currently Cityring, must take the greatest possible account of the environment and the affected neighbours.

Both the construction and operation of Cityring will be at least just as environmentally friendly as the existing Metro, and Metroselskabet has thus made a number of requirements concerning environmental considerations with regard to the construction of Cityring.

Action plan and achievement of objectives

The Environmental Accounts give a detailed description of energy consumption, etc., while the following is an introduction to a number of other environmental focus areas.

Green concrete

Metroselskabet requires the contractor to use 'green concrete', which is produced with a lower emission of CO₂, among other things because production is based on replacement materials and recycled products. According to the requirement, emissions from the production of 'green concrete' may not exceed 400 kg/m³. For comparison, the emissions from the construction of the first stage of the Metro amounted to 700 kg/m³.

Particle filters giving cleaner air

Metroselskabet requires the contractor to use particle filters on machinery used in the civil engineering work. As a consequence, two thirds of the machines used at the construction sites have particle filters, which remove 99 per cent of the particles. In summer 2012, the Technical University of Denmark (DTU) and the Danish Ecological Council performed a measurement which showed that machines without particle filters emit

more than 100 times as many particles as machines with particle filters.

Handling of groundwater

Metroselskabet makes the requirement of the contractor that the groundwater table may not be lowered around the construction sites or along the 15.5-km tunnel sections. The groundwater that is pumped up is reinfiltrated and cleaned before it is pumped back, ensuring the lowest possible impact on the groundwater table.

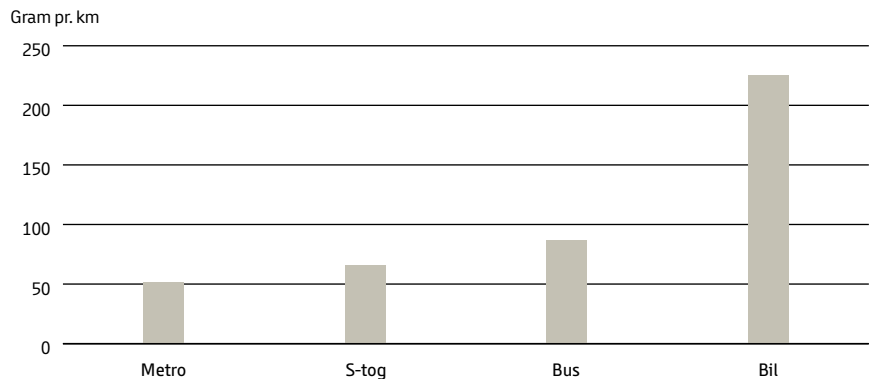
Environment-friendly materials

Metroselskabet's environmental objective is to refrain from using materials and chemical products that are included in the environmental authorities' lists of adverse substances. Among other things, this means that the hydraulic oils and grease used in the drilling work are vegetable-based and easily degradable. The paper used for e.g. communication with neighbours carries the Nordic ecolabel.

Noise

In conjunction with the construction of Cityring, the contractor is obliged by Metroselskabet to arrange the construction site and perform the work in a way that affects neighbours

CO2 emissions





In 2013, Metroselskabet launched a safety first initiative at the construction sites.

as little as possible, and to base concrete noise-dampening measures on BAT (Best Available Technology).

objectives during the development of Cityring, as well as in the organisation of the future operation of both the existing Metro and the future Cityring.

Safety

Policy

Metroselskabet's overall safety policy objective is for the Metro to be as safe as the safest new metros in the world.

The following safety policy objectives for the construction of Cityring have been determined:

Metroselskabet will maintain its high safety

Action plan and achievement of objectives

In order to maintain and improve the Metro's safety policy objective, the company regularly evaluates possible updates to the safety procedures, in cooperation with the operations contractors. The safety of the Metro is therefore very high. Metroselskabet draws on a large network among metro companies in other countries, for example for the exchange of experience concerning safety procedures.

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To help maintain a secure environment within the Metro, for both customers and employees, the operations contractor ensures that Metro staff are trained in conflict management.”

The increased focus on the risk of terrorist attacks on transport systems has led to greater focus on emergency response initiatives in the Metro. Metroselskabet works with the operations contractor, the emergency services and PET (the Danish Security and Intelligence Service) to prevent terrorism and other accident situations, and to ensure the best possible emergency response, should accidents nonetheless occur. Metroselskabet also participates in an experience-exchange network with other Danish transport companies regarding the emergency response for transport systems.

Crime prevention initiatives form part of the Metro safety work. To help maintain a secure environment within the Metro, for both customers and employees, the operations contractor ensures that Metro staff are trained in conflict management. All stations and Metro trains are subject to video surveillance, which also helps to ensure a safe and secure environment in the Metro system.

Metroselskabet participates in a crime prevention initiative aimed at preventing violence, vandalism and operational disruptions to and in the Metro system. In cooperation with the Copenhagen Police, and the SSP (social services/police liaison) consultants of the Cities of Copenhagen and Frederiksberg, opportunities for crime prevention initiatives and projects are assessed at the locations where the parties have noted repeated incidents and challenges. The idea is to gradually expand this cooperation in order to establish a network for the exchange of experience among transport companies.

Working environment

The work on Cityring commenced at the end of 2011. In the contract with the two Cityring contractors – Ansaldo and CMT – Metroselskabet has delegated the working environment

coordination work. This means that CMT and Ansaldo employ the client's labour market coordinators within their own organisation. In practice, the contractors undertake the working environment activities, while Metroselskabet supervises the work.

Policy

At Metroselskabet, the working environment is a line responsibility that is anchored in the company's executive management. Metroselskabet has undertaken to provide a good working environment for all employees and will work constantly to ensure that the construction of Cityring takes place on a responsible basis in terms of safety and health.

This means that Metroselskabet will:

- Adhere to all relevant legislation and set high standards for our working environment;
- Work to minimise the accident frequency and prevent work-related illness or accidents;
- Ensure that working environment activities at Cityring adhere to best practice within the technical and social area;
- Inspire and train employees working on the project, to ensure that they have sufficient knowledge of the working environment rules to be able to act appropriately;
- Never compromise on the working environment on economic or progress-related grounds.

Action plan and achievement of objectives

As the client, Metroselskabet will ensure that the construction of Cityring takes place in an



environment that prevents working environment problems and accidents. A systematic effort is therefore made to identify working environment problems in the design phase. In order to focus on the working environment, a number of measures are taken, including campaigns with special focus on preventing accidents. In addition, all of Metroselskabet's site managers are trained working environment coordinators, giving them the authority to undertake supervision of the contractors at Cityring's 21 construction sites.

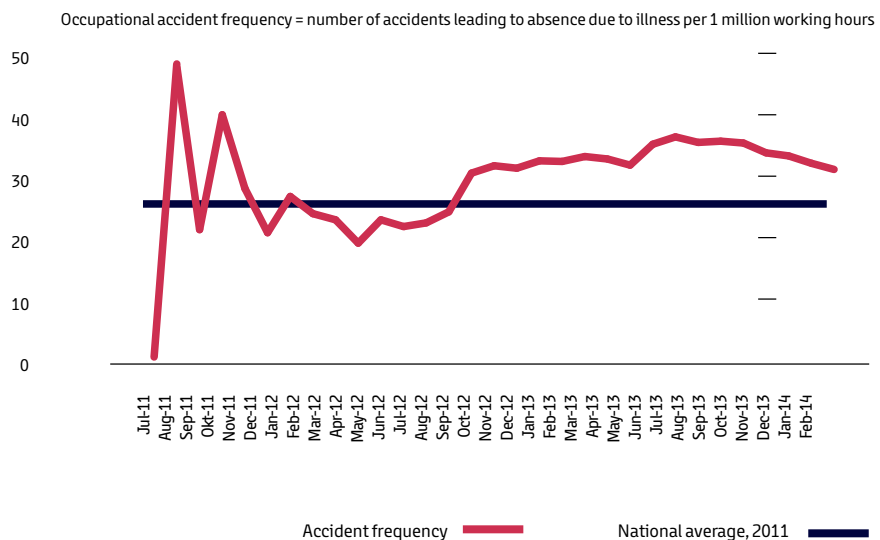
A reference group for the construction of Cityring has been established. The aim of the reference group is to promote greater dialogue on the working environment with contractors, organisations and public authorities. The members of the reference group are from the parties to the construction project, the

Danish Working Environment Authority, the client, the contractors, the NFA (the Danish National Research Centre for the Working Environment) and other stakeholders.

The graph below shows the development in the accident frequency for Cityring from the start of the construction phase up to 31 December 2013. The accident frequency is compiled as accidents leading to absence per 1 million working hours and is compared with the national average for accidents in the building and construction industry compiled by the Confederation of Danish Employers.

Cityring concluded 2013 with an accident frequency of 30.4, which far exceeds the target of 16. This is not satisfactory and we are working with our contractors to improve our performance within the working environment and prevention of accidents.

Status of the Cityring project's working environment



Metroselskabet has launched the following initiatives:

- The Safety First campaign with ten action items, which was started in December 2013.
- All accidents and near-misses are analysed for preventive/corrective action, in order to avoid repetition.
- Fixed construction managers at all construction sites (from Ansaldo, CMT and Metroselskabet) perform safety inspections. As an element of the Safety First campaign, CMT has also employed a permanent OHS coordinator at each construction site.
- Ansaldo and CMT have a working environment organisation which on a daily basis follows up on the safety at the construction sites.
- Metroselskabet also has its own working environment organisation to follow up on the contractors' performance. During 2013, Metroselskabet employed three OHS supervisors, so that there is now one supervisor for each of the four sections of Cityring.
- Metroselskabet performs working environment audits at all construction sites at least once every three months. This is a review of the contractor's compliance with its own working environment management system, and with Danish legislation.

Labour clauses – ILO convention

Policy

Metroselskabet is aware of the special obligations concerning e.g. pay and working conditions, working environment, national economy, environmental considerations, etc.

entailed by major public civil engineering works. The company has therefore incorporated ILO convention no. 94 in contracts with Cityring's main contractors.

Action plan and achievement of objectives

In order to fulfil the contract's provision concerning compliance with ILO convention no. 94, the contractor must ensure that the staff employed by the contractor, and any subcontractors are hired on salary and employment terms that are no less favourable than the salary and employment terms that, in accordance with a collective agreement, legislation or administrative regulations, apply to work of the same nature within the trade or industry concerned in the region in which the work is performed.

The main contractors for Cityring have joined the respective employer organisations and are thereby one of the social partners in the labour law system. This means that any issues of compliance with the ILO convention can be resolved within the ordinary Danish labour market model, whereby the parties to the labour market handle salary and employment disputes within the labour law system (i.e. mediation, arbitration, etc.). This also means that the individual construction workers are able to raise cases via their trade unions.

Compliance with the ILO convention is thus ensured via the Danish labour market model.

In 2013, Metroselskabet concluded a partnership agreement with the social partners: Dansk Byggeri (the Danish Construction Association), Teknik and BAT-Kartellet (the cartel of unions in the building, construction and wood sectors). The agreement will ensure the rapid and effective resolution of any disputes concerning working conditions. Metroselskabet holds regular meetings with the relevant social parties, at which any issues are discussed. Metroselska-



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In cooperation with its partners, Metroselskabet has formed a task force to monitor the development in creating Cityring traineeships.”

bet thus continuously follows the development in any issues arising, which is inevitably the case during major construction projects.

In 2013, Metroselskabet cooperated with the company's owners on an evaluation of the company's use of labour clauses. On the basis of this work, the company's Board of Directors has decided that in future the company will apply further sanctions in conjunction with both the lack of documentation and the lack of compliance with the ILO convention.

Social clauses – traineeships

Policy

Metroselskabet's objective is for the construction of Cityring to provide traineeships and apprenticeships. In 2011, the company therefore entered into a voluntary partnership agreement with the contractors Dansk Byggeri (the Danish Construction Association), 3F (the United Federation of Danish Workers), BAT (the cartel of unions in the building, construction and wood sectors), and LO (the Danish Confederation of Trade Unions), in order to achieve apprenticeships.

The objective is for 5-7 percent of hourly-paid construction worker jobs to be filled by apprentices. The agreement is administered by Byggeriets Uddannelser (the Danish Construction Association's training schemes), which is an organisation for cooperation between the Danish Construction Association and 3F.

In 2013, Metroselskabet's Board of Directors decided to introduce a contract paradigm that in accordance with the Government and the Red-Green Alliance's agreement on “conform or explain” ensures a fixed number of traineeships and internships in the company's contracts, assessed on the basis of the contract's size and nature.

Action plan and achievement of objectives

As part of the partnership agreement, Metroselskabet co-finances the employment of a matchmaker by Byggeriets Uddannelse. The matchmaker's task is to find matches between the competences required for the construction work and the potential apprentices' competences. The background was that the organisations pointed out very early in the process that experience showed that contact was difficult to establish. This is still assessed to be a key challenge, including ensuring that information on the vocational education system is provided. The matchmaker's work is supplemented by an agreement with Den Regionale Praktikpladsenhed (the regional traineeship unit), which also undertakes matching.

In 2013, the matchmaker and the regional traineeship unit devoted a lot of work to screening the contractors and subcontractors that undertake work that is relevant for apprentices, in order to present the apprenticeship requirement to them. During the year it has proved to be a challenge to find positions for apprentices, due to the nature of the work, as well as the main contractors and subcontractors' lack of experience with hiring trainees. Metroselskabet has established an agreement with Copenhagen Technical College to ensure that when a company has taken on an apprentice, there is a supervisor who can handle any problems in relation to both the apprentice and the company.

Metroselskabet has continued to cooperate with Danske Erhvervsskoler (Danish vocational training colleges) on investigating the challenges related to the employment of apprentices. For example, no traineeship agreement forms or relevant information on a centralised basis concerning vocational training in Denmark are currently available in foreign-language versions.

In cooperation with its stakeholders, Metroselskabet has created a task force to monitor the development in creating Cityring traineeships. In autumn 2013, the task force prepared a sub-report. The task force finds that the employment of apprentices under the Cityring construction project has faced and still faces several impediments:

- Many foreign companies with little knowledge of the Danish vocational training system.
- Many companies with such short-term tasks (right down to 14 days) that it is not possible to set relevant training goals, and thereby employ apprentices.
- So far, a large part of the work on the construction of Cityring has been unskilled work (primarily excavation works and the establishment of construction sites).
- A large part of the work that can be considered to be skilled work is very monotonous work, which can make it difficult to set relevant training goals and thereby employ apprentices.

The following conditions may support more positive development in the future:

- In coming invitations to tender hard social clauses with the requirement of a specific number of apprentices will be used. This applies to supplementary invitations to tender for the Cityring construction project, as well as the construction of the branch to Nordhavn.
- The creation of traineeship centres will make it easier for companies with short-term tasks to employ apprentices.
- The traineeship centres can undertake the training responsibility for an apprentice and thereby assist the company.

- In the coming phases of the work, there will be a higher ratio of skilled work, and thereby greater training potential.

Staff conditions

Policy

Metroselskabet has laid down a personnel policy which is regularly updated as the need arises. In terms of values and culture, the company's personnel policy is the responsibility of the company's management and employees.

The personnel policy includes a gift policy, as well as whistleblowing guidelines. Both policies have been established to counter any suspicion of unlawful conduct, including corruption and bribery. In 2013 there were no requests to use the whistleblowing guidelines.

Action plan and achievement of objectives

Metroselskabet works preventively to promote employees' health and welfare, by combining measures to improve the working environment with initiatives targeted at a healthier lifestyle that is focused on greater well-being. The company's canteen emphasises a healthy selection of meals, and fruit and water are available to all employees. Employment by Metroselskabet also gives access to discounted subscriptions to two fitness chains. In addition, cooperation has been established with a bicycle workshop that visits Metroselskabet on a fixed day of the week, every second week, so that employees' can have their bicycles repaired, at their own expense. The company also makes a number of bicycles available for employees to use on company business. Both initiatives help to promote a healthier lifestyle for employees.

Metroselskabet also offers a physiotherapy scheme and a psychologist service to employees. These schemes are intended, among other things, to ensure staff retention in the event of illness or accident.



Whistleblowing guidelines have been prepared in order to instil respect concerning Metroselskabet's obligations to comply with laws and regulations, as well as internal guidelines and policies. The guidelines also aim to provide security for employees by giving them clear opportunities for reporting, and protection of those who have filed reports if rules have been breached.

In order to protect the company's employees from corruption, a gift policy has been formu-

lated to provide clear guidelines in this area. Guidelines concerning both giving and receiving gifts have been laid down.

Metroselskabet's employees

Metroselskabet has approximately 242 employees – aged from 19 to 70+ – with a gender distribution of approximately 45 per cent women and approximately 55 per cent men. Approximately 10 per cent of the employees are non-Danish nationals, and are primarily from neighbouring European countries.



Metroselskabet has approximately 242 employees – aged from 19 to 70+ – with a gender distribution of approximately 45 per cent women and approximately 55 per cent men.”

Metroselskabet's employees have a wide range of educational backgrounds, as the company e.g. employs engineers, land surveyors, geologists, architects, computer scientists, industrial designers and technical draughtsmen, as well as a number of social sciences graduates. The company is a knowledge-intensive organisation and employs a large number of relatively highly-specialised employees who are, for example, engaged in tunnel design, tunnel work, electrical installations and safety, as well as environmental and risk management. A large proportion of the company's employees have experience from national and international construction projects, such as the Great Belt Fixed Link, the Øresund Fixed Link, the Stockholm and Malmö underground railways and the London Underground.

Employment contracts at Metroselskabet

The company's employees are engaged on individual contracts, on individual salary terms and terms for salary adjustment, maternity/paternity leave and holiday allowance equivalent to the terms for State employees.

This type of contract generally matches the contract used by other public enterprises with similar tasks. Employment on an “individual contract” basis is a form of employment that is also used by the Danish State. The company is in frequent dialogue with the trade unions. In 2013, two dialogue meetings were thus held between the employees and HK (the National Union of Commercial and Clerical Employees).

Diversity

Metroselskabet has taken inspiration from the Committee for Good Corporate Governance with regard to diversity in the company's management. In the first instance, the company has listed the number of women in its senior management. The gender distribution of the Board of Executives is 50 per cent men and 50 per cent women. The gender distribution of the

rest of the company's management group is 60 per cent men and 40 per cent women.

The proportion of women in managerial positions, and the recruitment basis, is balanced. The company will consider whether there is a need for initiatives that, also in the future, can ensure that the balanced ratio is continued, and whether there are other management diversity issues that the company should address on a more systematic basis.

Metroselskabet's Board of Directors comprises 57 per cent men and 43 per cent women, excluding the representatives elected by the employees. Metroselskabets Board of Directors is appointed by the company's owners, and the company has no influence on the membership of the Board of Directors.

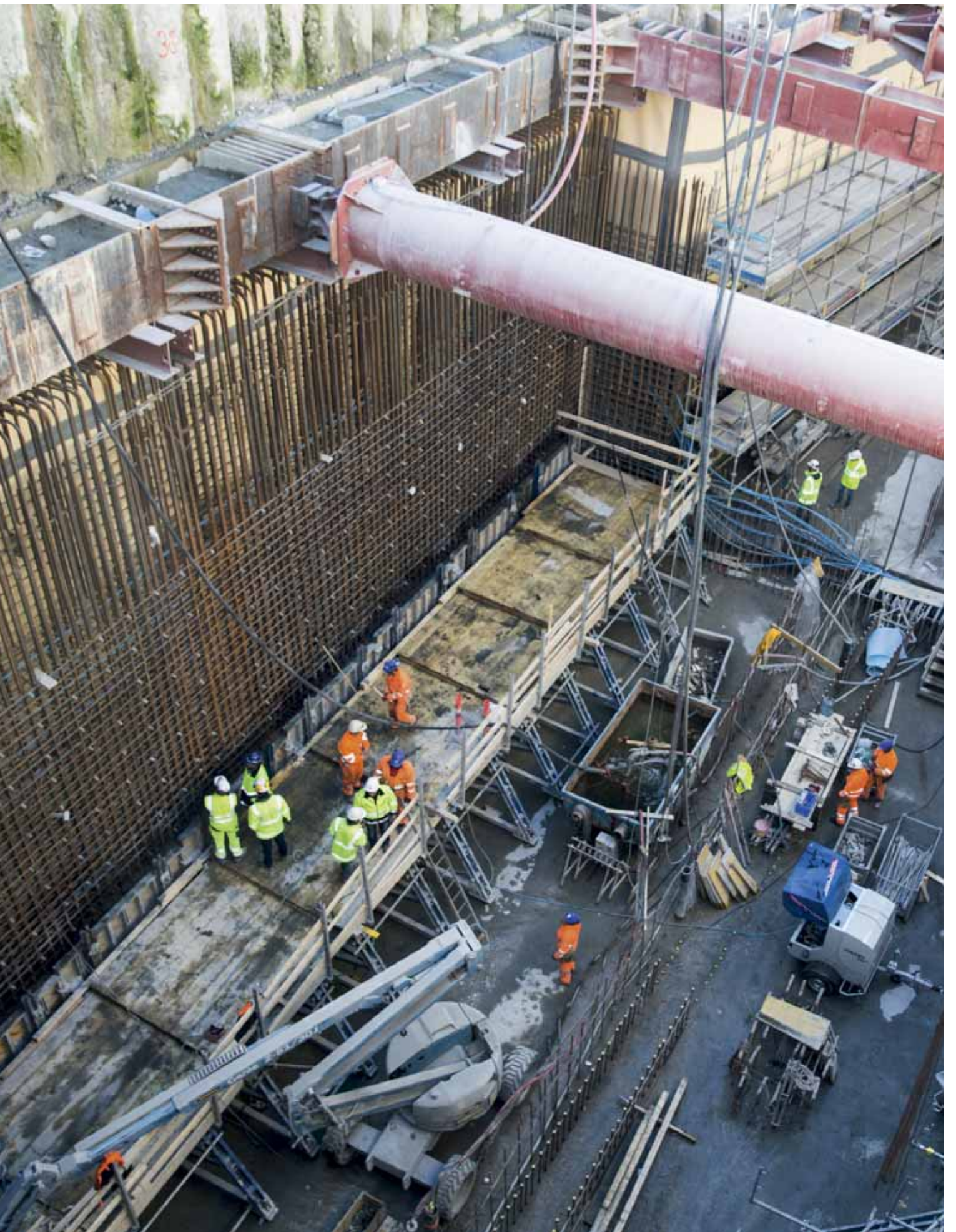


The press visit the Metro shaft at Nørrebroparken.

3.0

ANNUAL ACCOUNTS

- 3.1 Accounting Policies
- 3.2 Profit and Loss Account
- 3.3 Balance Sheet
- 3.4 Cash Flow Statement
- 3.5 Notes



3.1

ACCOUNTING POLICIES

Basis of accounting

The Annual Report for Metroselskabet 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 2013. 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 for each item in the following.

When implementing recognition and measurements, predictable losses and risks arising prior to the presentation of the Annual Report, and which confirm or invalidate conditions that exist 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 market value is also recorded in the Profit and Loss Account.

Foreign currency translation

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



Derivative financial instruments

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

Any changes in the market value of derivatives that are classified as and fulfil the conditions for the hedging of the market 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 market value of derivatives 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 derivatives that do not fulfil the conditions for treatment as hedging instruments, the changes in market value are reported in the Profit and Loss Account on an ongoing basis as financial items.

Profit and Loss Account

Income

The Metro's fare revenue, which includes payments from the joint fare system in the Greater Copenhagen area, is recorded as the service is supplied, i.e. based on the number of passengers.

The Metro's operating income, which includes income from leasing out the Metro, as well as advertising revenue, etc. relating to the Metro, is recorded as the services are supplied.

Value of own work includes the staff costs and other costs for the year, which may be attrib-

uted to construction of the Metro on the basis of an estimate. The amount has been included in the cost of construction of the Metro.

Other operating income includes revenue from the administration and handling the Client organisation for Ring 3 Letbane I/S, sale of advisory services, lease of work sites, and minor revenue from e.g. leases.

Metro operating expenses

The Metro's operating expenses include expenses for the operations contractor, the partnership's costs of contract management, etc., and other costs for maintaining the operation of the Metro.

Staff costs

Staff costs include fees, wages and salaries and other staff costs for the Board of Directors, management, administrative and technical staff.

Other external costs

Other external costs include administration costs, including office supplies, etc.

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 derivatives, measured at market value.

Corporate tax

The partnership is not liable to pay corporate tax.

Balance Sheet

Tangible fixed assets

Construction of the Metro

Construction of the Metro is measured as costs

incurred for preliminary studies, project design and construction, as well as the value of own work, until the date that the asset is ready for use. The Metro is not subject to depreciation during construction, but write-downs are made in relation to the recoverable value, cf. the section on the valuation of fixed assets.

Metro in operation

The Metro in operation is measured at cost less actual depreciation and write-downs. The cost price is equivalent to the current value as of 1 January 2007 (opening balance), with the addition of subsequent investments. The current value has been calculated as the future cash flows (recoverable value).

The basis for depreciation, which is calculated at cost, is distributed linearly on the assets' expected service life. The Metro in operation has been divided into component parts with uniform service lives, constituting:

Tunnel and shell of underground stations	100 years
Other Fixed facilities	50 years
Rolling stock, mechanical and electrical installations	25 years
Other technical installations	10 years

The scrap value has been set at zero, taking the expected service lives into account. Depreciation methods and service lives are reassessed annually and amended in the event of any significant change.

Substantial future investments are regarded as separate component parts and are depreciated over the expected service life.

Buildings, operating equipment and fixtures and fittings

Buildings, operating equipment and fixtures and fittings are measured at cost less actual depreciation and write-downs. Cost includes the acquisition sum and costs directly associated with the acquisition. The basis for depreciation, which is calculated at cost less the scrap value, is distributed linearly on the assets' expected service lives, as follows:

Computers	3 years
Fixtures and fittings and operating equipment in general	5 years
Temporary office buildings	10 years

Assets with an acquisition sum of less than DKK 100,000 are recognised as costs in the Profit and Loss Account in the year of acquisition.

Gains and losses on the sale of tangible fixed assets are calculated as the difference between the sales price less selling costs and the book value at the time of the sale. Gains or losses are recorded in the Profit and Loss Account together with depreciation and write-downs, or under other operating income, to the extent that the sales price exceeds the original cost.

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 value, whichever is higher. For calculating the capital value, estimated future cash flows are discounted at current value, while observing the conditions in the long-term budget, cf. the Appendix to the Directors' Report, for example that the owners are obliged to pay the large reinvestments in trains, tunnels and stations, as the need arises.

The recoverable value is measured on an overall basis for related assets comprising both plant in the course of construction and plant in operation, as this plant will constitute one overall cash-flow generating unit. Any impairment requirement is distributed on the assets that are included in the cash-flow generating unit in question. However, any negative recoverable value of the asset is only set off to the extent that a positive recoverable value for the other asset exceeds the book value of the asset. If there is any remaining undistributed impairment requirement, a provision is recorded if the company has an obligation to defray additional costs.

The write-down is normally 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.

Financial fixed assets

Participating interests

Participating interests recorded under financial fixed assets – which do not include listed shares – are measured at market value based on the calculated capital value. Participating interests are written down to recoverable value if this is

lower than book value. In instances where an approximate market value cannot be calculated, the participating interests are measured at cost.

Accounts receivable

Accounts receivable under financial fixed assets are measured at amortised cost, which is usually equivalent to nominal value less write-downs to meet expected losses.

Current assets

Properties

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

Accounts receivable

Accounts receivable are recorded in the Balance Sheet at amortised cost, which is principle equivalent to face value. Write-down is undertaken to meet expected losses.

Securities

Securities recorded under current assets comprise listed bonds, measured at market value on the Balance Sheet date.

Liquid resources

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

Provisions

Provisions are recorded when the partnership has a legal or actual liability as a result of an event dur-



ing 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 states that the value of the Metro is depreciated with due account of the calculated recoverable value of the Metro. 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.

Long-term debts

Long-term debts are 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 market value of the debts is hedged.

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

measured at amortised cost, which is usually equivalent to nominal value.

Cash Flow Statement

The Cash Flow Statement for the partnership is presented according to the indirect method and shows cash flows relating to operation, 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 operating profit adjusted for non-cash operating items.

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

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

Available funds include liquid resources and short-term securities.

Segment reporting

Information is provided on business segments (primary segment). The partnership solely conducts commercial activities in Denmark. The segment reporting adheres to the partnership's internal financial management.

Financial highlights

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

3.2 PROFIT AND LOSS ACCOUNT

Profit and Loss Account for the period 1 January – 31 December 2013

All figures in DKK thousands

	Note	2013	2012
Income			
Metro fare revenue	2	690,833	676,878
Metro operating income	2	276,303	276,242
Value of own work		144,776	127,831
Other operating income	3	12,710	19,206
Total income		1,124,623	1,100,158
Expenses			
Metro operating expenses	2	-732,689	-704,557
Staff costs	4	-149,985	-128,076
Other external costs	5	-25,757	-32,430
Total expenses		-908,430	-865,063
Result before write-downs and depreciation		216,192	235,095
Write-downs and depreciation			
Depreciation	6	-149,407	-204,707
Write-downs	6	-334,326	1,977,020
Total write-downs and depreciation		-483,733	1,772,313
Result before financial items		-267,541	2,007,408
Financial items			
Financial income	7	364,926	277,736
Financial expenses	7	-428,876	-400,967
Total financial items		-63,950	-123,231
Result before market value adjustment		-331,490	1,884,177
Market value adjustment		2,138,371	-549,502
Result for the year		1,806,880	1,334,675
Proposed distribution of profit			
Carried forward to next year		1,806,880	1,334,675



3.3 BALANCE SHEET

Assets as at 31 December 2013

All figures in DKK thousands

	Note	2013	2012
Fixed assets			
Tangible fixed assets			
Construction of the Metro	8	4,916,279	2,026,221
Metro in operation	9	4,911,028	5,093,764
Buildings	10	58,775	63,342
Operating equipment and fixtures and fittings	10	976	1,019
Total tangible fixed assets		9,887,058	7,184,346
Financial fixed assets			
Other participating interests	11	40,877	49,427
Accounts receivable	12	862,037	917,592
Financial instruments	17	538,345	0
Total financial fixed assets		1,441,259	967,019
Total fixed assets		11,328,317	8,151,365
Current assets			
Properties	13	20,130	13,190
Accounts receivable	14	391,353	1,911,958
Securities	15	892,945	0
Liquid resources	15	10	13
Total current assets		1,304,438	1,925,162
Total assets		12,632,755	10,076,528

Liabilities as at 31 December 2013

All figures in DKK thousands

	<i>Note</i>	2013	2012
Equity			
Start of the year		1,637,337	302,663
Additions for the year		2,106,880	1,334,674
Total equity	16	3,744,217	1,637,337
Long-term debts			
Long-term debts	17	7,345,260	6,600,361
Total long-term debts		7,345,260	6,600,361
Short-term debts			
Bank loans		75,197	290,006
Trade creditors	18	1,448,327	1,532,788
Other debts	19	19,753	16,036
Total short-term debts		1,543,277	1,838,829
Total debts		8,888,537	8,439,190
Total liabilities		12,632,755	10,076,528
Contractual commitments and contingent liabilities	20		
Auditors' and consulting fees	21		
Related parties	22		
Currency, interest rate and credit risks	23		



3.4 CASH FLOW STATEMENT

All figures in DKK thousands

	Note	2013	2012
Cash flows from operating activities			
Metro fare revenue		690,833	676,878
Metro operating income		276,303	276,242
Other operating income		12,710	19,206
Metro operating expenses		-732,689	-704,557
Staff costs		-149,985	-128,076
Other external costs		-25,757	-32,430
Total cash flows from operating activities		71,416	107,263
Cash flows from investment activities			
Investment in the construction of the Metro	24	-3,032,327	-2,205,692
Investment in buildings, operating equipment and fixtures and fittings		-1,358	-13,637
Investment in securities (excluding market value adjustment)		-895,236	0
Total cash flows from investment activities		-3,928,921	-2,219,330
Cash flows from financing activities			
Loans raised, net (excluding market value adjustment)		2,389,880	1,648,123
Contributions from owners		300,000	0
Accounts receivable		1,569,787	-42,209
Short-term debts		-80,743	333,782
Net financing expenses (excluding market value adjustment)		-106,614	-123,231
Total cash flows from financing activities		4,072,310	1,816,465
Change in available funds		214,804	-295,601
Available funds at start of year		-289,993	5,608
Available funds at end of year		-75,188	-289,993

3.5 NOTES

Note 1 Segment reporting

All figures in DKK thousands				
	<i>Advisory services*</i>	<i>Metro in operation</i>	<i>Construction of the Metro</i>	Total
	2013	2013	2013	2013
Income	4,440	975,406	144,776	1,124,623
Expenses	-4,500	-759,154	-144,776	-908,430
Result before write-downs and depreciation	-60	216,253	0	216,192
Write-downs and depreciation	0	-164,071	-319,662	-483,733
Result before financial items	-60	52,181	-319,662	-267,541
Fixed assets				
Construction of the Metro	0	164,766	4,751,513	4,916,279
Metro in operation	0	4,911,028	0	4,911,028
Buildings	0	58,775	0	58,775
Operating equipment and fixtures and fittings	0	353	623	976
Financial fixed assets	0	1,441,259	0	1,441,259
Total fixed assets	0	6,576,181	4,752,136	11,328,317
Current assets				
Properties	0	0	20,130	20,130
Accounts receivable	347	384,776	6,230	391,353
Current assets	347	384,776	26,361	411,483
Debts				
Trade creditors	0	384,779	1,063,548	1,448,327
Other debts	0	19,753	0	19,753
Short-term debts	0	404,533	1,063,548	1,468,081

**Note 1** – continued

All figures in DKK thousands

	<i>Advisory services*</i>	<i>Metro in operation</i>	<i>Construction of the Metro</i>	Total
	2012	2012	2012	2012
Income	14,484	957,843	127,831	1,100,158
Expenses	-13,828	-723,404	-127,831	-865,063
Result before Write-downs and depreciation	656	234,439	0	235,095
Write-downs and depreciation	0	-204,457	1,976,770	1,772,313
Result before financial items	656	29,982	1,976,770	2,007,408
Fixed assets				
Construction of the Metro	0	73,620	1,952,601	2,026,221
Metro in operation	0	5,093,764	0	5,093,764
Buildings	0	63,342	0	63,342
Operating equipment and fixtures and fittings	0	137	882	1,019
Financial fixed assets	0	967,019	0	967,019
Total fixed assets	0	6,197,882	1,953,483	8,151,365
Current assets				
Properties	0	0	13,190	13,190
Accounts receivable	442	1,684,082	227,434	1,911,958
Current assets	442	1,684,083	240,624	1,925,149
Debts				
Trade creditors	0	1,426,291	106,497	1,532,788
Other debts	0	16,036	0	16,036
Short-term debts	0	1,442,327	106,497	1,548,824

* Advisory services concern income and expenses relating to the company's agreement concluded with the Ministry of Transport concerning secretarial assistance relating to a light railway in Ring 3. The assignment was concluded in 2013.

The result of advisory services after financial items and calculated tax is a loss of TDKK 62 (profit of TDKK 424 in 2012).

Note 2 Operating result for the Metro

All figures in DKK thousands	2013	2012
Metro fare revenue	690,833	676,878
Metro operating income		
Leasing out the Metro	276,303	275,828
Other income	0	415
Total Metro operating income	276,303	276,242
Other operating income	8,270	4,722
Total income	975,406	957,843
Metro operating expenses		
Payment for operations	-690,833	-676,878
Contract management, etc.	-36,857	-23,401
Other expenses	-4,998	-4,278
Total Metro operating expenses	-732,689	-704,557
Administration costs	-26,465	-18,846
Total expenses	-759,154	-723,404
Result before depreciation	216,253	234,439
Depreciation	-164,071	-204,457
Result before financial items	52,181	29,982

The partnership has outsourced the operation of the Metro. The lease payment depends on the overall operating result for the Metro. In 2013, the Metro had 55 million passengers (54 million in 2012). The fare revenue for 2013 is based on average passenger revenue of DKK 12.42 (DKK 12.01 in 2012).



Note 3 Other operating income

Other operating income include revenue from the company's tasks of undertaking the preparatory work in conjunction with the establishment of a light railway in Ring 3 (DKK 3.9 million), sale of advisory services, renting out office space, and minor income from e.g. leases.

Note 4 Staff costs

All figures in DKK thousands

	2013	2012
Wages, salaries and emoluments	118,639	100,453
Pension commitments	18,681	15,889
Social security contributions	6,649	6,662
Other staff costs	6,015	5,072
Total staff costs	149,985	128,076
Of which:		
Salaries for the Board of Executives	2,169	2,132
Other payments to the Board of Executives	203	183
Pensions for the Board of Executives	326	320
Emoluments for the Board of Directors	1,925	1,917
Average number of employees (full-time equivalents)	212	171
Employees at year-end	242	219

Other payments include bonus payments for executives, which amount to up to 10 per cent of the ordinary salary. The remuneration of the Board of Directors includes the remuneration of the Audit Committee and the Risk Committee.

Note 5 Other external costs

All figures in DKK thousands	2013	2012
Administration costs	18,078	25,591
Consultant costs	7,679	6,838
Other external costs, in total	25,757	32,430

Note 6 Write-downs and depreciation

All figures in DKK thousands	2013	2012
Depreciation, Metro in operation	-143,439	-199,717
Depreciation, buildings, operating equipment and fixtures and fittings	-5,968	-4,990
Write-downs, construction of the Metro	-319,403	0
Reversal of write-down (value adjustment)	0	1,977,020
Write-down of participating interests	-14,923	0
Total write-downs and depreciation	-483,733	1,772,313



Note 7 Financial items and market value adjustment

All figures in DKK thousands

	2013	2012
Financial income		
Interest income from financial fixed assets	1,907	6,436
Interest income from accounts receivable	82,132	45,965
Interest income from liquid resources, securities and financial instruments, etc.	276,318	222,395
Exchange rate adjustment	4,569	2,939
Total financial income	364,926	277,736
Financial expenses		
Interest expenses	-428,155	-398,749
Exchange rate adjustment	-721	-2,218
Total financial expenses	-428,876	-400,967
Total financial items	-63,950	-123,231
Total market value adjustment	2,138,371	-549,502

The market value adjustment can be attributed primarily to the company's financial agreements on the hedging of interest rates that were concluded in order to increase the budgeting 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. Reference is made to the description in the Directors' Report in section 2.2.

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 28.0 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, by DKK 2.8 billion. In the same way, an increase in the level of interest rates by 1 per cent would increase the result by DKK 2.8 billion.

The change in the market value adjustment from 2012 to 2013 is mainly due to the increase in the level of interest rates in that period.

Note 8 Construction of the Metro

All figures in DKK thousands	<i>The Metro in operation</i>	<i>Cityring</i>	Total
Acquisition sum			
Start of the year	73,620	6,835,072	6,908,692
Net additions for the year	91,146	3,118,314	3,209,460
End of year	164,766	9,953,386	10,118,152
Write-downs and revaluation			
Start of the year	0	-4,882,471	-4,882,471
Revaluations for the year	0	0	0
Write-downs for the year	0	-319,403	-319,403
End of year	0	-5,201,873	-5,201,873
Start book value	73,620	1,952,601	2,026,221
End book value	164,766	4,751,513	4,916,279
Recoverable value 31.12.2013			
Book value 31.12.2013, cf. Notes 8 and 9	5,075,794	-	
Additional value	5,431,237	0	
Set-off	-5,431,237	5,431,237	
Additional value 31.12.2013		4,751,513	
Acquisition sum, Cityring 31.12.2013		9,953,386	
Write-downs, Cityring 31.12.2013		-4,882,471	
Book value of Cityring before write-down		5,070,915	
Write-down 31.12.2013		-319,403	

The calculation of the recoverable value is measured overall for the Metro in operation and Cityring, as they will constitute one overall cash-generating unit once Cityring is in operation.

The Metro in operation is measured at cost less actual depreciation and write-downs, cf. Accounting Policies, and has not previously been written down in Metroselskabet's accounts. The surplus recoverable value of the Metro in operation is therefore not written up for this asset, but set off to the statement of the value of Cityring. The recoverable value of Cityring after set-off is still lower than the book value, so that a write-down has been made to the lower recoverable value. The write-downs for the year are recorded in the Profit and Loss Account. Reference is made to the description in the Directors' Report in section 2.2.



Note 8 – continued

The value of the construction of the Metro is based on a stated recoverable value of the overall Metro. The recoverable value is calculated on the basis of the incorporated expectations of the future in the company's long-term budget, which is included as an appendix to the Annual Report. This includes the application of an average real interest rate of 2.4 per cent in the first 20 years, increasing to 4 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. To illustrate this, 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 have been DKK 3.9 billion higher. On the other hand, the use of a 1-per-cent higher interest rate in this period would have led to a DKK 3.2-billion lower result.

Note 9 Metro in operation

All figures in DKK thousands

	<i>Tunnel and shell of underground stations</i>	<i>Other fixed facilities</i>	<i>Rolling stock, etc.</i>	<i>Other technical installations</i>	Total
Acquisition sum					
Start of year	2,714,386	1,566,513	1,510,061	504,136	6,295,096
Net additions for the year	-19,147	-9,251	-11,187	289	-39,297
End of year	2,695,239	1,557,262	1,498,874	504,425	6,255,799
Write-downs and depreciation					
Start of year	-169,312	-201,442	-426,780	-403,798	-1,201,332
Depreciation for the year	-26,904	-32,519	-67,917	-16,099	-143,439
Write-downs for the year	0	0	0	0	0
End of year	-196,216	-233,961	-494,697	-419,897	-1,344,771
Start book value	2,545,074	1,365,071	1,083,281	100,338	5,093,764
End book value	2,499,023	1,323,301	1,004,176	84,528	4,911,028

Net additions for the year include adjustment as a consequence of the conclusion of the COMET case.

Metro in operation includes the costs of the implementation of the electronic travel card of DKK 26 million.

Note 10 Buildings, operating equipment and fixtures and fittings

All figures in DKK thousands

	<i>Operating equipment and fixtures and fittings</i>	<i>Temporary off- ice construction</i>	Total
Acquisition sum			
Start of the year	1,776	83,884	85,660
Net additions for the year	301	1,057	1,358
End of year	2,078	84,940	87,018
Depreciation			
Start of the year	-757	-20,541	-21,299
Depreciation for the year	-345	-5,624	-5,968
End of year	-1,102	-26,165	-27,267
Start book value	1,019	63,342	64,361
End book value	976	58,775	59,751

Depreciation takes place on a straight-line basis over the expected lifetime of the assets.



Note 11 Other participating interests

All figures in DKK thousands	<i>Rejsekort A/S</i>	<i>Rejseplanen A/S</i>	Total
Start of the year	49,099	328	49,427
Additions for the year	6,374	0	6,374
Disposals for the year	0	0	0
Write-downs for the year	-14,923	0	-14,923
End of year	40,550	328	40,878

The additions for the year of DKK 6.4 million in Rejsekort A/S are made in accordance with the approved appropriation, Document 105 of 5 May 2011.

The partnership's participating interests in Rejsekort A/S have been written down to market value. The shareholding constitutes less than 10 per cent of the total share capital in Rejsekort A/S and Rejseplanen A/S, respectively.

Note 12 Accounts receivable, financial fixed assets

All figures in DKK thousands	<i>City of Frederiksberg</i>	<i>Other receivables</i>	In total
Start of the year	879,004	38,589	917,593
Additions for the year (accrued interest)	1,907	687	2,594
Disposals for the year (repayment of principle)	-58,150	0	-58,150
End of year	822,761	39,276	862,037

Other accounts receivable are the company's subordinate loan capital in Rejsekort A/S. Receivables from the City of Frederiksberg are reduced by an annual payment from the City of Frederiksberg of approximately DKK 58 million to cover repayment of principal and interest.

Note 13 Properties

In connection with the construction of Cityring, the company has taken over apartments by expropriation. These apartments have been valued at cost price. As at 31 December 2013, the company has taken over 14 apartments. The apartments are leased out on market terms. Any loss or profit on the sale of the apartments will be included in the cost of the construction of Cityring.

On the establishment of Metroselskabet, the company took over areas at Forum and Fasanvej Stations. In the event of a profit on sale of the sites, the City of Frederiksberg is entitled to a share of the profit, cf. separate agreement. The sites are valued at DKK 0.

Note 14 Accounts receivable, current assets

Accounts receivable include VAT receivable of DKK 123 million. Accrued interest amounts to DKK 134 million.

Note 15 Securities and liquid resources

All figures in DKK thousands	2013	2012
Securities over 3 months	892,945	0
Total securities	892,945	0
Cash and bank deposits	10	13
Fixed-term deposits	0	0
Securities under 3 months	0	0
Total liquid resources	10	13

Securities concern the purchase of bonds as collateral for the market values. As at 31 December 2013 DKK 335 million has been pledged as collateral.



Note 16 Equity

All figures in DKK thousands

	<i>Contribution to existing Metro</i>	<i>Owner contribution</i>	<i>Retained earnings before MVA</i>	<i>Participating interest excl. MVA</i>	<i>Market value adjustment (MVA)</i>	Total
Start of year 2012	660,857	9,590,000	-7,403,397	2,847,460	-2,544,797	302,663
Retained earnings	0	0	1,884,177	1,884,177	-549,502	1,334,674
Start of year 2013	660,857	9,590,000	-5,519,220	4,731,637	-3,094,299	1,637,337
Capital Contribution	0	300,000	0	300,000	0	300,000
Retained earnings	0	0	-331,490	-331,490	2,138,371	1,806,880
End of year	660,857	9,890,000	-5,850,710	4,700,147	-955,928	3,744,217

Note 17 Long-term debts and financial instruments

All figures in DKK thousands

	2013	2012
Loans, amortised cost	-2,110,909	-1,316,368
Loans, market value	-3,968,295	-2,362,222
Financial instruments (negative value)	-1,266,056	-3,173,174
Financial instruments (positive value)	538,345	249,536
Foreign exchange forward contracts	0	1,867
Total long-term debts	-6,806,915	-6,600,361

In 2013, the company raised loans for DKK 2,563 million (nominal DKK 2,300 million). The value of the company's financial instruments is recognised in the total value of the debts as at 31 December 2013. The market value 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 three-party agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

Of the company's long-term debts, DKK 2,560 million (DKK 2,400 million in nominal terms) falls due after 1 year and within 5 years.

Note 18 Trade creditors

Trade creditors as at 31 December 2013 includes an amount of DKK 934 million to Udviklingsselskabet By & Havn I/S. The amount was paid by Udviklingsselskabet By & Havn I/S concerning the construction of the Metro to Nordhavn. On the approval of the major civil engineering contract to construct the Metro to Nordhavn, the amount will be transferred from trade creditors for the construction of the Metro.

DKK 114 million of trade creditors concerns accrued interest payments.

Note 19 Other debt

All figures in DKK thousands

	2013	2012
Outstanding ATP payments, etc.	181	159
Outstanding holiday pay	19,573	15,876
Total other debts	19,753	16,035



Note 20 Contractual commitments and contingent liabilities

Contractual commitments

The current ongoing contracts with contractors concerning the construction of the Metro have a total residual value of DKK 8,838 million (2014 prices).

For the purpose of operation of the Metro until December 2018, a contract has furthermore been concluded for a total residual value of DKK 1,614 million. In addition to the contract payments, there will be the opportunity for incentive payments.

Concerning the operation of Cityring, a contract has been concluded for a total value of DKK 1,849 million during a five-year period as from the commencement of Cityring's operation.

Contingent liabilities

In December 2012, DSB and Metroselskabet filed an arbitration case against Trafikselskabet Movia. The case concerns DSB and Metroselskabet's claim against Movia for a downward adjustment of Movia's revenue from the change in the counting result as from 2008. A ruling in the case is expected in 2014.

Metroselskabet is part of the tariff cooperation in the Greater Copenhagen region. As of the Balance Sheet date, under the tariff cooperation tickets have been sold that have not yet been used, so that as of the Balance Sheet date Metroselskabet has an equivalent obligation to provide transport.

The construction of the Metro entails expropriation, compensation and similar for which the partnership pays the residents affected. The size of the future compensation has not yet been determined. Reference is made to the description in the Directors' Report in section 2.2.

The framework for the completion of Cityring became uncertain during 2013, entailing the risk of a change in the total project cost and commissioning date, as well as a possible additional financing requirement.

Metroselskabet noted that the sum of the working time already lost, the currently unclarified conditions for the future work, and the significantly enhanced risk of future complaints that would delay the work, could accumulate a delay of 2-3 years. Based on the extra costs previously estimated, this could entail additional expenditure of up to DKK 2.4 and 4.5 billion. In February 2014, the parties to the political agreement behind the Cityring Act entered into an agreement on a more secure framework for the Cityring construction work, as well as a package of measures for neighbours, cf. the description in the Directors' Report, section 2.1.

Note 21 Auditing and consulting fees

All figures in DKK thousands	2013	2012
Rigsrevisionen	349	366
Deloitte	546	590
KPMG	450	0
BDO Kommunernes Revision A/S	60	556
Statutory audit, total	1,405	1,512
Deloitte	52	51
Other declarations, total	52	51
Deloitte, VAT and tax advisory services	426	114
Deloitte, other advisory services	649	175
Total consulting fees	1,075	289

Note 22 Related parties

Metroselskabet's related parties are the company's owners, Board of Directors and Board of Executives.

Transactions with related parties take place on market terms.

Transactions between related parties and Metroselskabet I/S for the period:

The partnership's owners have paid owner contributions as repayments, cf. Note 12, and owner contributions concerning the construction of the Metro to Nordhavn, cf. Note 16.

The partnership's Board of Executives have received payment in the form of salaries and pension, cf. Note 4.

The partnership's Board of Directors have received payment in the form of Directors' fees, cf. Note 4.

In 2013 Metroselskabet had income and expenses concerning the agreement with the Ministry of Transport on secretariat assistance relating to the construction of a light railway in Ring 3, cf. Note 1. The assignment was concluded in 2013 (advisory assignment).

In 2013 Metroselskabet had income concerning the agreement with the Ministry of Transport for tasks concerning the preparatory work relating to the construction of a light railway in Ring 3, cf. Note 3. The assignment commenced in 2013 (administration assignment).



Note 23 Currency, interest rate and credit risk

All figures in DKK thousands

Net financial liabilities	Nominal value	Market value	Market value
	2013	2013	2012
Securities and fixed-term deposits	894,540	892,944	0
Loans	-5,240,000	-6,079,204	-3,678,590
Financial instruments	0	-727,711	-2,921,771
Accrued interest, securities and fixed-term deposits	-	3,879	0
Accrued interest, financial instruments, loans	-	15,787	-19,631
Net liabilities, total	-4,345,460	-5,894,305	-6,619,992

Currency risk

Currency distribution (DKK million), market value	Securities and fixed-term deposits	Loans	Financial instruments	Net position
DKK < 1 year	0	0	0	0
DKK > 1 year	0	-6,102	275	-5,827
EUR < 1 year	0	0	0	0
EUR > 1 year	897	0	-964	-67
Total	897	-6,102	-689	-5,894

Interest rate risk

Interest rate fixing as at 31 December 2013 (DKK million), market value	DKK	EUR	Total
Period			
0 – 1 year	0	0	0
1 – 5 years	-1,717	151	-1,566
5 – 10 years	-1,998	0	-1,998
10 – 20 years	4	-217	-213
> 20 years	-2,117	0	-2,117
Total	-5,828	-66	-5,894

Note 23 – continued**Credit risk**

Liquidity investments and the use of financial instruments involve a credit risk on the counterparty. This risk is managed and monitored continuously via a special line and limit system which establishes the principles for the specification of these risks, as well as a maximum for the risks that are acceptable 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 credit risks by using appropriate agreement documentation.

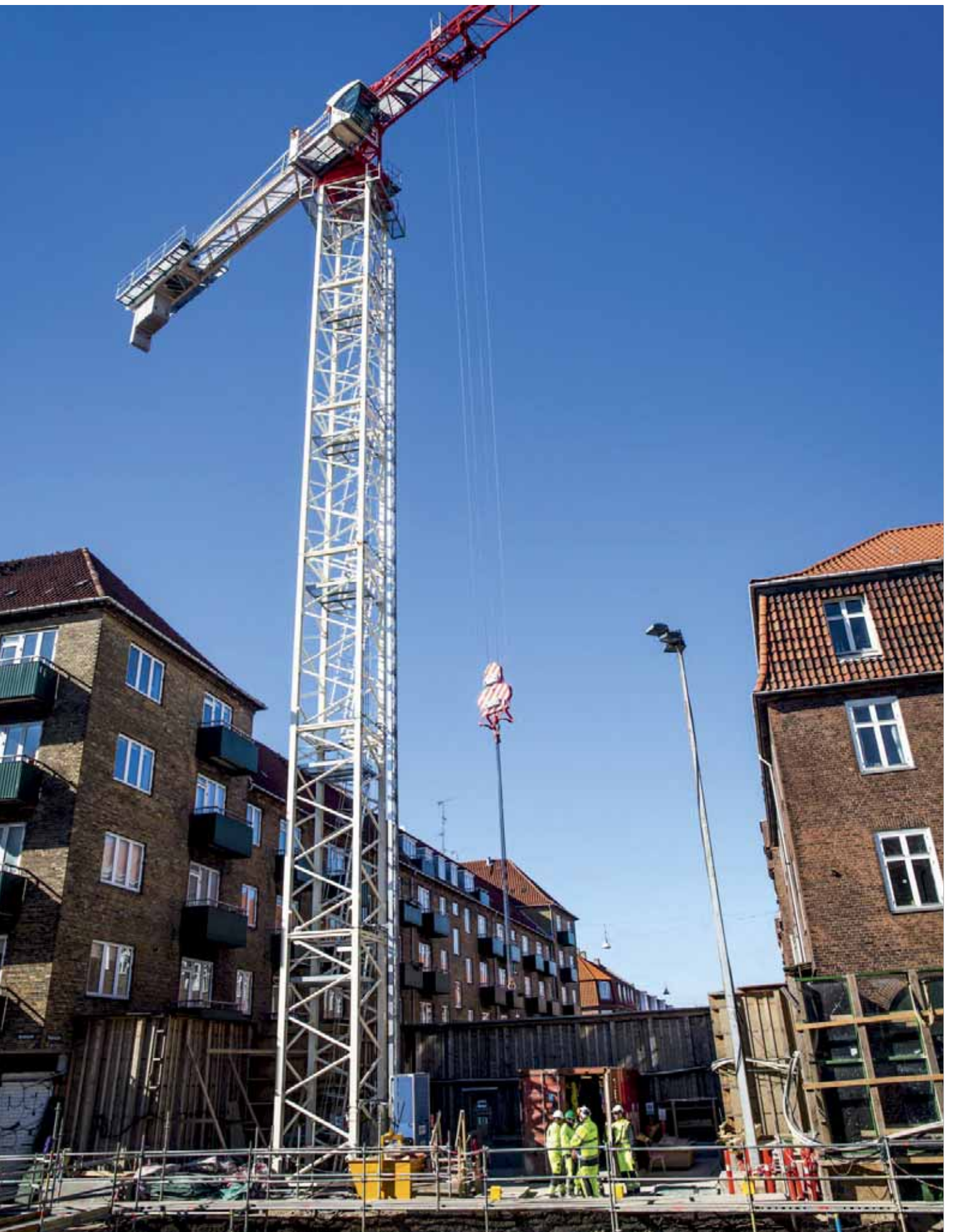
Credit risk distributed by rating category, as at 31 December 2013

<i>Total counterparty exposure (market value, DKK million)</i>	<i>Securities and fixed-term deposits</i>	<i>Loans</i>	<i>Financial instruments</i>	<i>Net position</i>
AAA	897	-6,102	0	-5,205
AA	0	0	-92	-92
A	0	0	-597	-597
Total	897	-6,102	-689	-5,894

Note 24 Investment in the construction of the Metro

All figures in DKK thousands

	2013	2012
Investment in the construction of the Metro, cf. Notes 8 and 9	3,170,163	2,332,288
Investment in properties	6,940	1,235
Value of own work	-144,776	-127,831
Total investment in the construction of the Metro	3,032,327	2,205,692



4.0

THE BOARD OF DIRECTORS OF METRO- SELSKABET

4.1 The Board of Directors of
Metroselskabet



4.1

THE BOARD OF DIRECTORS OF METROSELKABET

Henning Christophersen (Chairman of the Board of Directors)

Appointed by the Danish Government
Former Minister and EU Commissioner

Other offices held:

- Senior Partner, Kreab A/B
- President of Luftfartsudvalget (the Danish Aviation Committee)
- Chairman of the European Institute of Public Administration

Jørgen Glenthøj (Vice Chairman)

Appointed by the City of Frederiksberg
Mayor of the City of Frederiksberg

Other offices held:

- Chairman of Frederiksberg Energi A/S
- Board member of R98
- Board member of the National Association of Local Authorities in Denmark (chairmanship and local authority contact committee for the Copenhagen area)
- Board member of the Zoological Gardens
- Board member of the Øresund Committee
- Board member of the Wonderful Copenhagen Foundation
- Board member of the Chamber of Commerce of the City of Frederiksberg
- Member of the Board of Directors and of the Board of Representatives of Movia
- Member of the Technical and Environmental Committee of the National Association of Local Authorities in Denmark

Yildiz Akdogan (Vice Chairman)

Appointed by the City of Copenhagen
Member of the City Council of Copenhagen;
joined the Board of Directors on 1 January 2014

Other offices held:

- Member of the Finance Committee of the City of Copenhagen
- Member of the Culture and Leisure Committee

Birgit Aagaard-Svendsen

Appointed by the Danish Government
Director of J. Lauritzen A/S and Landlov ApS

Other offices held:

- Chairman or board member of a number of subsidiaries of J. Lauritzen A/S
- Chairman of DSEB (Danish Society for Education and Business)
- Chairman of the Danish Committee on Corporate Governance
- Board member of The West of England Ship Owners Mutual Insurance Association (Luxembourg)
- Board member of Otto Mønsted A/S

Hans Jensen

Appointed by the Danish Government
Former Chairman of LO (The Danish
Confederation of Trade Unions)

Other offices held:

- Board member of Panda VVS
- Board member of Arken Museum of Modern Art
- Board member of Maj Invest
- Board member of Refhaleøen property company
- Vice Chairman of the Board of Dansk Erhvervsinvestering
- Member of the Board of Directors of Danmarks Nationalbank
- President of Dansk Folkeferie

Signe Færch

Appointed by the City of Copenhagen; joined the Board of Directors on 1 January 2014
Member of the City Council of Copenhagen

Other offices held:

- Member of the Finance Committee of the City of Copenhagen
- Member of the Social Affairs Committee of the City of Copenhagen
- Board member of Værestedet Linje 14

Rasmus Jarlov

Appointed by the City of Copenhagen; joined the Board of Directors on 1 January 2014

Other offices held:

- Member of the City Council of Copenhagen
- Independent businessman
- External assistant professor in financing at CBS

Søren Banke

Elected by the employees; joined the Board of Directors on 1 January 2014
Work Site Manager

Peter Jensen

Elected by the employees; joined the Board of Directors on 1 January 2014
Operations engineer

Alternate member

Margit Ørsted,
Elected by the City of Frederiksberg

The following were members of the Board of Directors in 2013:

Jesper Christensen,
Appointed by the City of Copenhagen
Ikram Sarwar,
Appointed by the City of Copenhagen
Klaus Mygind,
Appointed by the City of Copenhagen

Birthe Skaarup,

Appointed by the City of Copenhagen
Bente G. Rønnebæk, elected by the employees

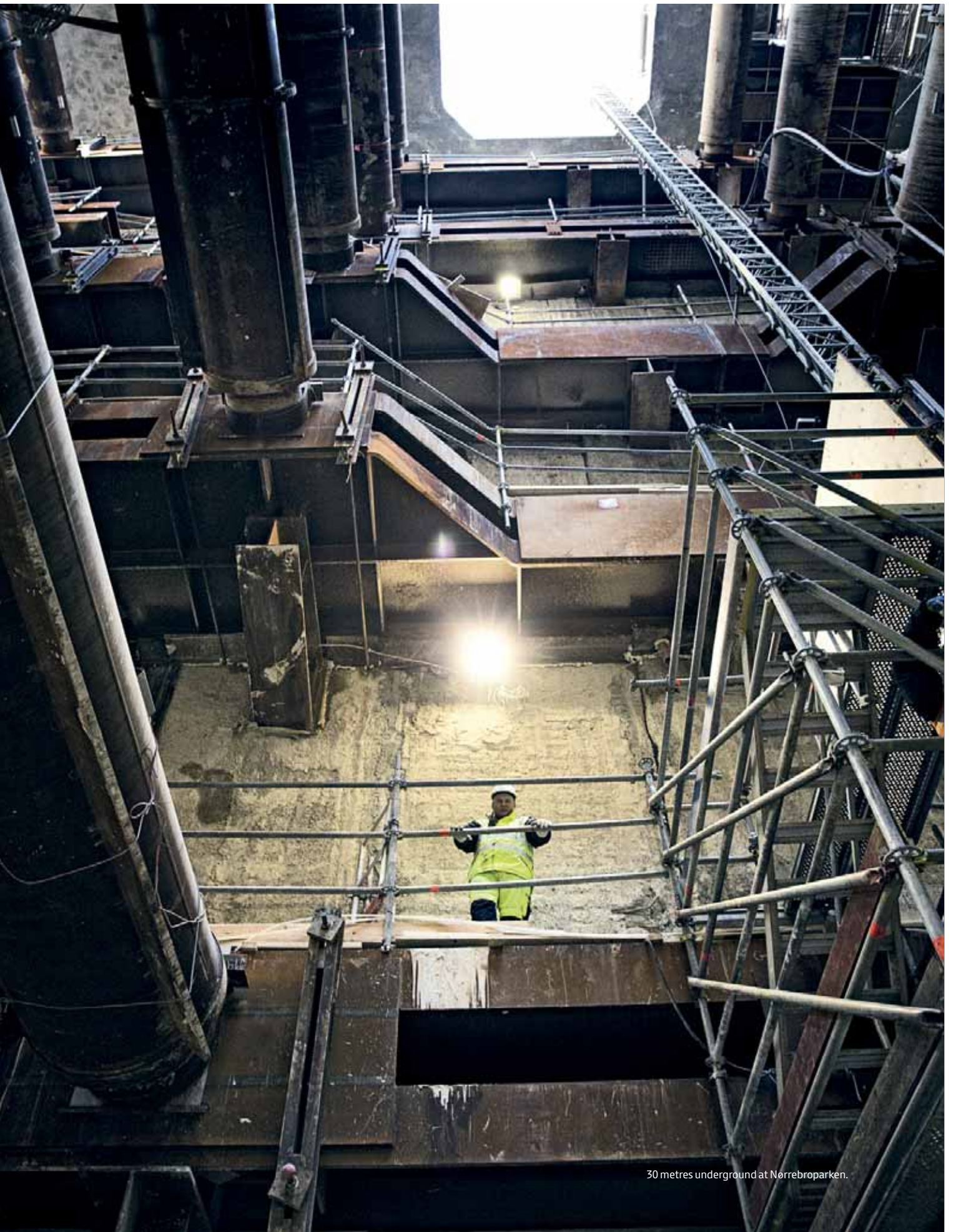
Kåre Møller Madsen, elected by the employees

Board of Executives of Metroselskabet**Henrik Plougmann Olsen**

CEO

Other offices held:

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



30 metres underground at Nørrebroparken.

5.0

ENDORSE- MENTS

- 5.1 Management
Endorsement
- 5.2 The Independent
Auditors' Report



5.1 MANAGEMENT ENDORSE- MENT

The Board of Directors and the Board of Executives have today examined and approved the Annual Report for 2013 for Metroselskabet I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (accounting class D) and the provisions of the partnership agreement on the presentation of financial statements. It is our opinion that the accounting policies applied

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

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



Copenhagen, 3 April 2014

Board of Executives

Henrik Plougmann Olsen

Board of Directors

Henning Christophersen (Chairman)

Rasmus Jarlov

Jørgen Glenthøj (Vice Chairman)

Signe Færch

Yildiz Akdogan (Vice Chairman)

Peter Jensen

Birgit Aagaard-Svendsen

Hans Jensen

Søren Banke



5.2

THE INDEPENDENT AUDITORS' REPORT

To the partners of
Metroselskabet I/S

Auditor's report on the financial statements

We have audited the financial statements of Metroselskabet I/S for the financial year 1 January to 31 December 2013 according to section 3.0 to 5.0 of the annual report. The financial statements include accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metroselskabet I/S and 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 partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metroselskabet I/S as well as the Danish Financial Statements Act. The management's responsibility also includes internal controls relevant to the preparation and fair presentation of financial statements

free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Further, it is the responsibility of the management to ensure that the transactions included in the financial statements are in accordance with legislation, other rules and regulations as well as agreements entered into and common practice.

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 according to Danish audit legislation, generally accepted public auditing standards, cf. the Danish Auditor General's Act on the audit of the state accounts, etc. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 judgment, including the assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal controls relevant to Metroselskabet I/S'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 Metroselskabet I/S's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as the overall presentation of the financial statements.

Moreover, the audit includes evaluating whether the business processes and internal controls established support the consistency of the transactions included in the financial statements with legislation, other rules and regulations as well as agreements entered into and common practice.

Copenhagen 3 April 2014

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

Our audit did not result in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of Metroselskabet I/S' assets, liabilities and financial position as at 31 December 2013 and the result of Metroselskabet I/S' transactions and cash flow for the financial year 1 January to 31 December 2013 in accordance with the provisions of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metroselskabet I/S and in accordance with the Danish Financial Statements Act. We are also of the opinion that the business processes and internal controls established support the consistency of the transactions included in the financial statements with legislation, other rules and regulations as well as agreements entered into and common practice.

Emphasis of matters affecting the financial statements

Without modifying our audit opinion, we please refer to note 20 of the financial statements in which the uncertainty relating to project amount and the date of entry into service of Cityringen are commented on.

Statement on the management commentary

We have read the management commentary in accordance with the Danish Financial Statements Act, cf. section 1 "Welcome" and section 2 "Management commentary" as well as section 6.0 "Appendix to management commentary". We have not performed any additional procedures beyond the audit of the financial statements.

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

Deloitte

John Menå
State-Authorised Public Accountant

Lynge Skovgaard
State-Authorised Public Accountant

KPMG

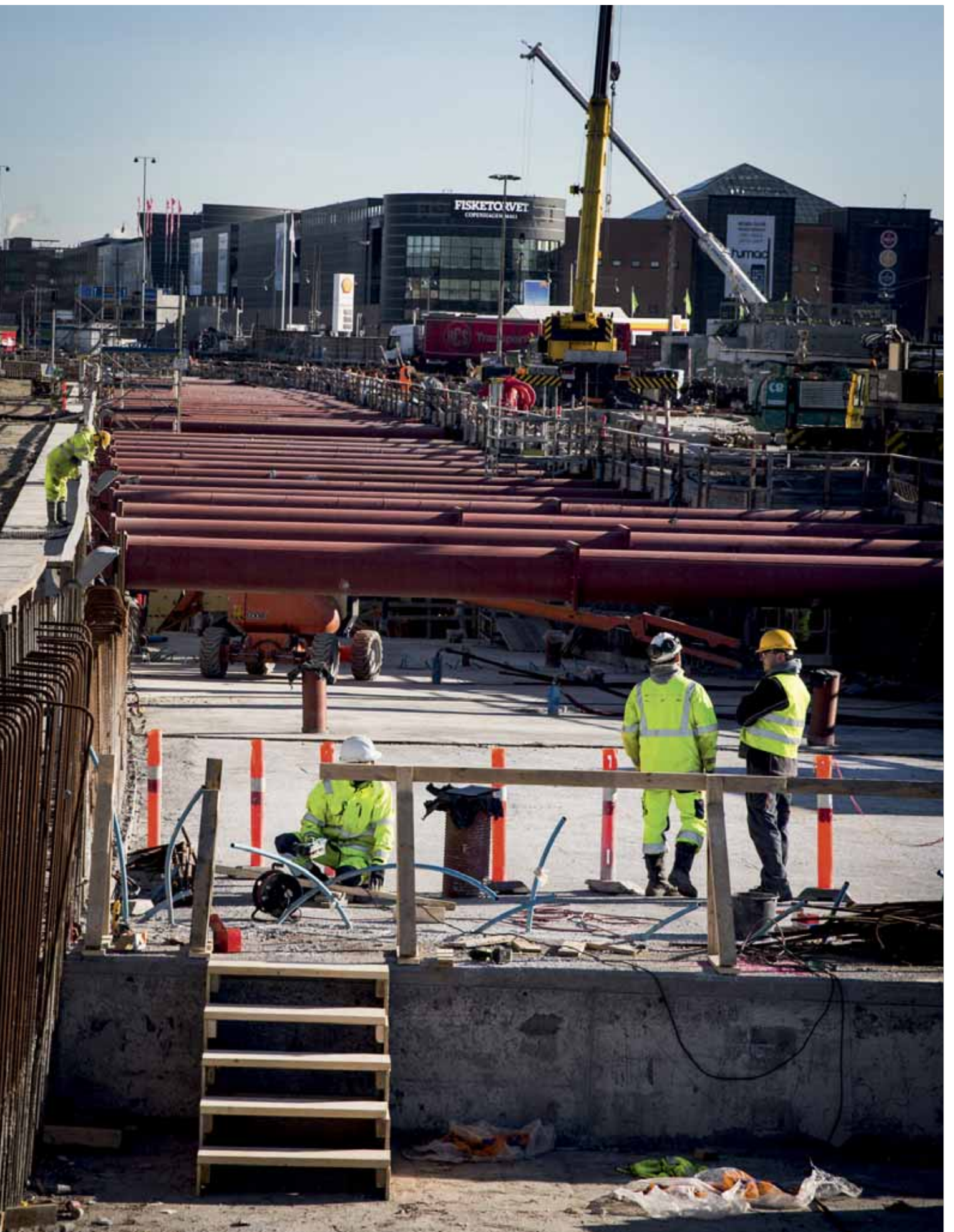
Torben Kristensen
State-Authorised Public Accountant

Michael N.C. Nielsen
State-Authorised Public Accountant

Office of the Auditor General

Lone Strøm
Auditor General

Tina Møllerup Laigaard
Director



6.0

APPENDIX TO THE DIREC- TORS' REPORT

6.1 Long-term budget

6.1

LONG-TERM BUDGET

The following 2014 long-term budget was adopted in December 2013. Compared to the 2013 long-term budget from December 2012, the construction of the branch to Nordhavn has been included.

After the approval of the long-term budget, on 19 February 2014 Metroselskabet has provided the following report to the company's owners on the probable consequences for the Cityring project of the changed official conditions.

“Background

In addition to the experience from the construction of the existing Metro, the planning of the construction of Cityring is based on the decisions taken by the Folketing (Parliament), the City Council of Copenhagen and the City Council of Frederiksberg, as well as other legislation.

These decisions are, in general terms, the Cityring Act, the EIA and Environmental Assessment, the partners' approval of the basis for the establishment of the contracts with contractors, and decisions on extended working hours.

Cityring's construction work commenced on an ongoing basis in the second half of 2011.

During 2012, the City of Copenhagen's Technical and Environmental Services considered the

regulatory regime to apply to the Cityring civil engineering works. In the EIA for Cityring, and on the commencement of the work, the work was governed by the municipality's regulations for construction and civil engineering work.

In the autumn of 2012, the Technical and Environmental Services decided to change the previous regime from general regulations to concrete mandatory orders in accordance with Section 42 of the Danish Environmental Protection Act.

In connection with this change, on 5 November 2012 the Technical and Environmental Services were informed that in future the Technical and Environmental Services would include in the mandatory orders that complaints concerning the mandatory orders would not have delaying effect. Metroselskabet's planning was thereafter based on the aforementioned.

As stated above, in its planning Metroselskabet's starting point included experience from the existing Metro. On the construction of the existing Metro there were no complaints with delaying effect for the construction work.

During 2012, the Cityring project was delayed locally at a number of construction sites, pri-

marily as a consequence of the suspension of a number of necessary permits and dispensations, due to the Technical and Environmental Services' considerations concerning the use of regulation mechanisms. This did not affect the overall time schedule, with the inauguration of Cityring in December 2018.

In conjunction with the owners' approval of the contract basis in 2010, Metroselskabet achieved permission for the contracts to include that the contractors could request extended working hours, with 24-hour work at four extra construction sites in addition to the three tunnel work sites.

In order to ensure progress, Metroselskabet therefore requested an extension of working hours at a number of Cityring's construction sites at a time when the company assessed that this would have a vital effect on the progress of the construction work. The company did not apply for full work around the clock at four extra construction sites, but a general extension of working hours in order to limit night work as far as possible and also ensure the progress of the project.

At the same time, the company requested the expropriation commission to make a pronouncement for the purpose of advance compensation to neighbours for adverse effects as a consequence of the changed working hours.

In June 2013, the Cities of Copenhagen and Frederiksberg took the decision to permit an extension of working hours at a number of construction sites. At the same time, Metroselskabet concluded an agreement with the civil engineering contractor confirming that Cityring's time schedule could be fulfilled, subject to the condition of the extensions of working hours adopted by the municipalities. At the same time, the agreement settled the contractor's current financial claims. At this time, i.e.

in July 2013, the Cityring project thus complied with the original time schedule, i.e. with the opening of Cityring in December 2018.

Consequences so far of the decisions by the Environmental Board of Appeal

At the end of July 2013, however, the Environmental Board of Appeal decided to grant deferring effect to a complaint concerning the extended working hours at the construction site adjacent to Marmorkirken.

This changed the existing preconditions for the civil engineering project's time schedule (cf. above).

Metroselskabet therefore pointed out that the complaint concerning the construction site at Marmorkirken could lead to a delay in the overall project because the construction site at Marmorkirken lies in the critical path in the time schedule for the construction works.

Even though this change in the company's planning of the works thus entails a risk of delays and cost increases for the construction works, in the first instance Metroselskabet assessed that if the complaint could be settled reasonably quickly, and there was also certainty concerning the future regulatory regime, it would be possible – via optimisation of the project's time schedule and via negotiations with the contractors – to limit the consequences for the time schedule and the financial basis.

On 7 November 2013, the company received a copy of the Environmental Board of Appeal's decision concerning the Marmorkirken case. The company thereafter awaited the environmental authority's mandatory order concerning the work at Marmorkirken during the coming six weeks. The company received this mandatory order on 29 January 2014.

During the consideration of the complaint regarding Marmorkirken, the environmental authority and the Environmental Board of Appeal had received a number of other complaints concerning the construction work. On the issue of the mandatory order concerning the work at Marmorkirken on 29 January 2014, these complaints had not been settled. In addition, a large number of Metroselskabet's applications for mandatory orders to restrict noise and working hours were not settled by the Technical and Environmental Services between July 2013 and 5 February 2014.

Up to the Environmental Board of Appeal's decisions of 5 February 2014, the company believed that even though the Marmorkirken case and the lacking mandatory orders entailed uncertainty for the overall time schedule, it would be possible to assess and limit the exact consequences for the time schedule and finances when the matters from the Environmental Board of Appeal and the future regulatory regime had been settled, and it had been possible, on this basis, to negotiate with the contractors.

Consequences for the Cityring project's future time schedule and finances

With the Environmental Board of Appeal's decisions of 5 February 2014, the uncertainty has increased considerably, however.

Besides the uncertainty concerning the consequences of the existing ban on extended working hours, at Marmorkirken among other locations, there is now general uncertainty concerning the future framework for extended working hours and also a risk that future complaints may entail further very significant delays in the civil engineering work.

The decisions have two consequences.

Firstly, it is currently uncertain whether the environmental authority can permit/permits all



of the work that is assumed to take place during extended working hours, with the required noise limits and working hours. Metroselskabet is thus currently not able to calculate the progress consequences of fixed working hours and noise limits.

In order to provide a picture of the actual risks, the company has previously performed an assessment of the timing consequences if the working hours at the Marmorkirken construction site were not to be extended. The company thus assesses that maintaining the working hours at the current level, instead of the required extension of working hours, will affect the project 1:1, so that postponing the extended working hours by, for example, one year also extends the construction period by one year.

Secondly, there is a very high risk that the future mandatory orders and permits that will be necessary to perform the civil engineering works will be subject to a prolonged complaint handling procedure with delaying effect that will limit or stop the civil engineering work for extended periods. It is thus Metroselskabet's assessment that even limited working hours/noise limits during the future work may entail new, prolonged complaints, among other things due to the company's framework for accommodating the neighbours' requirements.

Based on the experience from the complaints so far, one single complaint may entail a total case processing times by the Environmental Board of Appeal and the environmental authorities of 6-7 months. Besides the known complaints concerning noise and working hours, the company now also assesses that a high risk of complaints concerning applications for groundwater control at the construction site must be expected. In this case, a complaint could bring an entire work site to a complete standstill. Complaints concern-

ing groundwater control must likewise be assessed to possibly take 6-8 months, although the Environmental Board of Appeal states that they might take up to 2 years. Overall, the risk of complaints might in future relatively quickly delay the project by 1-2 years.

Metroselskabet has previously estimated that the extra costs as consequence of a delay in the civil engineering works by one year would be in the range of DKK 1.2-1.5 billion. This includes the economic consequences of a delay in commencement of operations, extra costs of expropriations and compensation, extra costs of manpower and machinery at the construction sites, and the extra costs of advisers, contractors and Metroselskabet's own organisation, etc.

Summary

In summary, Metroselskabet must note that the sum of the working time already lost, the currently unclarified conditions for the future work, and the significantly enhanced risk of future complaints, leading to delays in the work, could accumulate a delay of 2-3 years.

Based on the extra costs previously estimated, this would entail additional expenditure of between DKK 2.4 and 4.5 billion.

It must be emphasised that the company's opportunities to agree/negotiate measures to offset delays with the contractors are highly dependent on a stable framework for the construction work.

When, in July 2013, the Environmental Board of Appeal granted the Marmorkirken case delaying effect, Metroselskabet assessed that with a rapid decision in the case and clarification of the future regulatory regime it would be possible to assess and limit the consequences for the time schedule and finances. With the

renewed risk scenario, however, it must be noted that at present a delay is more probable than that the original time schedule can be observed. This will probably mean that the Cityring project's civil engineering costs will exceed the fixed thresholds for information to the company's partners, i.e. respectively an increase in the civil engineering costs by 3 per cent, and an extension of the repayment of the company's debt by 2 years."

This question has not yet been settled. New legislation in this area is now assumed. Once these matters have been clarified and the economic consequences are known, the long-term budget will be updated.

Long-term budget assumptions

The long-term budget is stated in current prices:

Passenger figures and fares

1. The passenger figures are determined according to the passenger forecast based on the most recently updated traffic model. For Cityring including Nordhavn, the number of passengers budgeted for in 2019 is 42 million, increasing to 77 million passengers in 2024. For the Metro in operation, the number of passengers budgeted for in 2014 is 56.8 million, increasing to 63 million passengers in 2019.
2. The basis for the fare assumptions is the price per new passenger, based on the Order on the distribution of ticket revenue in Greater Copenhagen. These fare assumptions have been adjusted to 2014 prices, based on the realised development in fares during the period, and furthermore adjusted in accordance with the actual passenger breakdown in 2011. The fare per new passenger has been budgeted at DKK 12.58 in 2014. A real increase in fares by 13 per cent in the period 2009-2018, and by 15 per cent in the period 2018-2030, is assumed – equivalent to the assumptions in the government's 2010 convergence programme concerning the economic development. These assumptions are applied to the calculation assumptions in the updated passenger forecast.

Operation and construction costs

3. The operating costs for the Metro in operation are estimated on the basis of the company's costs in accordance with the contract for the operation and maintenance activities. For Cityring, the basis is

the transport system contract. For Nordhavn, the basis is the Nordhavn report. As the assumed real increase in fares is from experience assessed to have a partial impact on the indexation of the Metro operating costs, a real increase in the operating costs equivalent to approximately 60 per cent of the assumed real increase in fares is budgeted.

In the period 2013 - 2018, budgeted commissioning expenses for Cityring total DKK 386 million in 2014 prices. In 2018, the budgeted expenses for Trial Run of Cityring total DKK 141 million in 2014 prices.

4. The construction costs for Cityring have been determined on the basis of the tenders received for the transport system contract and the civil works contract. The total construction costs are estimated at DKK 21.3 billion in 2010 prices (DKK 22.5 billion in 2014 prices). The conversion of the remaining budget from 2010 prices to the current price level is based on the contract index and the construction index of the Ministry of Finance. The costs in the individual years are based on the current payment plans.
5. The civil engineering costs for Nordhavn are determined on the basis of the agree-

Long-term budget 2014 for Metroselskabet I/S (current prices)

DKK million

Inflation, 2 per cent

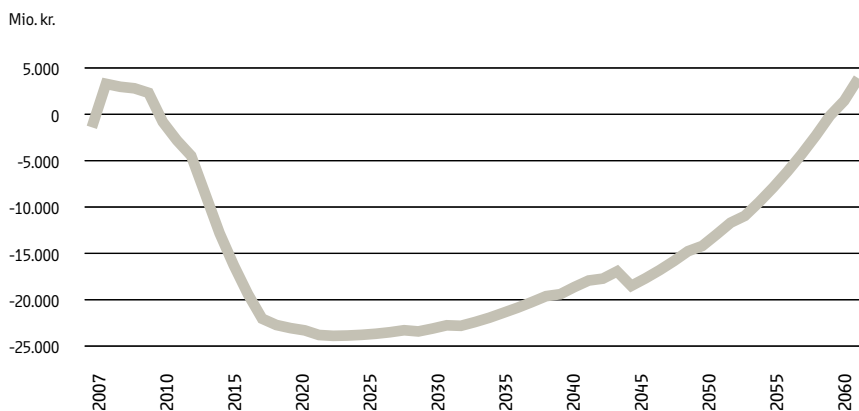
Interest rate assumptions

For interest rate hedging agreements the actual interest rate is applied.

Debt in addition to the interest rate hedging accrues interest at a real interest rate of 3.5 per cent, equivalent to a nominal interest rate of 5.5 per cent.

Cityring construction costs (2010 price level) 21,323

Nordhavn construction costs (2012 price level) 2,460





ment in principle concerning Nordhavn. The total civil engineering costs are assessed at DKK 2.5 billion in 2012 prices. The conversion of the remaining budget from 2012 prices to the current price level is based on the construction index of the Ministry of Finance.

6. Reinvestments in connection with Cityring are based on the assumptions in the agreement in principle concerning Cityring and for every 10th year amount to DKK 256 million, for every 25th year DKK 1,154 million, and after an additional 50 years DKK 513 million in 2014 prices. The conversion from 2010 prices to the current price level is based on an average inflation expectation of 2 per cent p.a.
7. Reinvestments in connection with Nordhavn are based on the assumptions in the report on Nordhavn and for every 10th year amount to DKK 33 million, for every 25th year DKK 151 million, and after an additional 50 years DKK 67 million in 2014 prices. The conversion from 2011 prices to the current price level is based on an average inflation expectation of 2 per cent p.a.
8. Reinvestments in connection with the Metro in operation of DKK 299 million every 10th year in 2013 prices are assumed. In accordance with the partnership agreement, reinvestment in trains, tunnels and stations has not been included.

Other factors

9. The Metro is registered for VAT purposes, so that VAT is deducted from the company's income from the operation of the Metro, while the VAT costs of the construction of the Metro are set off.
10. It is assumed that "other debt", which does not accrue interest, will increase to approximately DKK 600 million when the construction works peak, after which it will fall to approximately DKK 100 million.
11. It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a. On the accrual of interest on the debt, account is taken of the agreements on the hedging of interest rates concluded by the company. Debt in addition to the interest rate hedging accrues interest at a real interest rate of 3.5 per cent p.a. In the short term, the company's actual interest rate expectations are also taken into account.
12. It is assumed that from 2013 all prices increase by 2 per cent p.a.



Neighbours at the Metro construction site at
Copenhagen Central Station



Long-term budget 2014 for Metroselskabet I/S (current prices) – continued

DKK million	Year	Receivables	Other debt	The Metro in operation		Construction of the Metro Cityring incl. Nordhavn		
				Investments	Reinvestments	Investments	Reinvestments	Index linking
	01.01.2007	1,268	105			-4		
	2007	4,842	75	-172	0	-62	0	0
	2008	58	-142	-53	0	-390	0	0
	2009		102	-44	0	-404	0	0
	2010		40	-39	-4	-594	0	0
	2011		-141	-46	-16	-3,008	0	-102
	2012	310	-64	-15	-47	-2,159	0	-98
	2013	1,837	210	-193	-93	-3,238	0	-214
	2014	89	210	-269	-46	-3,783	0	-242
	2015	12	210	-21	-30	-3,815	0	-243
	2016		-125	0	-21	-2,727	0	-161
	2017		-125	0	-17	-2,308	0	-135
	2018		-125	0	-13	-1,629	0	-91
	2019		-125	0	-12	-110	0	-3
	2020			0	0	0	0	0
	2021			0	0	0	0	0
	2022			0	-350	0	0	0
	2023			0	0	0	0	0
	2024			0	0	0	0	0
	2025			0	0	0	0	0
	2026			0	0	0	0	0
	2027			0	0	0	0	0
	2028			0	0	0	0	0
	2029			0	0	0	-364	-26
	2030			0	0	0	0	0
	2031			0	0	0	0	0
	2032			0	-427	0	0	0
	2033			0	0	0	0	0
	2034			0	0	0	0	0
	2035			0	0	0	0	0
	2036			0	0	0	0	0
	2037			0	0	0	0	0
	2038			0	0	0	0	0
	2039			0	0	0	-444	-32
	2040			0	0	0	0	0
	2041			0	0	0	0	0
	2042			0	-520	0	0	0
	2043			0	0	0	0	0
	2044			0	0	0	-2,204	-159
	2045			0	0	0	0	0
	2046			0	0	0	0	0
	2047			0	0	0	0	0
	2048			0	0	0	0	0
	2049			0	0	0	-542	-39
	2050			0	0	0	0	0
	2051			0	0	0	0	0
	2052			0	-634	0	0	0
	2053			0	0	0	0	0
	2054			0	0	0	0	0
	2055			0	0	0	0	0
	2056			0	0	0	0	0
	2057			0	0	0	0	0
	2058			0	0	0	0	0
	2059			0	0	0	-660	-48
	2060			0	0	0	0	0

	Operating profit				Liquidity effect	Interest	Movement	Cash start of year	Cash end of year
	The Metro in operation Income	Expenses	Cityring incl. Nordhavn Income	Expenses					
									-1,402
	380	-354	0	0	4,708	-17	4,691	-1,402	3,288
	501	-444	0	0	-469	152	-317	3,288	2,971
	530	-464	0	0	-280	114	-166	2,971	2,805
	595	-484	0	0	-486	-4	-490	2,805	2,315
	635	-443	0	0	-3,122	-15	-3,137	2,315	-822
	678	-443	0	-14	-1,851	-143	-1,994	-822	-2,816
	670	-498	0	-3	-1,522	-137	-1,659	-2,816	-4,475
	706	-509	0	-96	-3,940	-223	-4,163	-4,475	-8,638
	738	-529	0	-126	-3,805	-377	-4,182	-8,638	-12,820
	775	-542	0	-113	-2,914	-553	-3,466	-12,820	-16,286
	807	-557	0	-47	-2,382	-735	-3,117	-16,286	-19,403
	842	-572	0	-198	-1,786	-855	-2,642	-19,403	-22,045
	897	-585	698	-516	244	-924	-680	-22,045	-22,725
	925	-601	871	-578	617	-953	-337	-22,725	-23,061
	955	-618	1,006	-616	726	-970	-243	-23,061	-23,304
	985	-635	1,144	-656	489	-987	-499	-23,304	-23,803
	1,016	-652	1,232	-686	911	-1,001	-90	-23,803	-23,894
	1,048	-632	1,270	-653	1,033	-1,001	32	-23,894	-23,862
	1,082	-650	1,309	-672	1,070	-996	74	-23,862	-23,788
	1,115	-667	1,349	-690	1,106	-989	117	-23,788	-23,671
	1,148	-685	1,391	-710	1,144	-979	164	-23,671	-23,507
	1,185	-704	1,433	-730	1,184	-967	217	-23,507	-23,290
	1,223	-724	1,498	-755	852	-982	-130	-23,290	-23,420
	1,260	-743	1,542	-776	1,283	-975	308	-23,420	-23,111
	1,285	-758	1,573	-791	1,309	-956	353	-23,111	-22,758
	1,311	-773	1,604	-807	908	-962	-54	-22,758	-22,812
	1,337	-789	1,636	-823	1,361	-952	409	-22,812	-22,403
	1,364	-805	1,669	-840	1,389	-929	460	-22,403	-21,943
	1,391	-821	1,702	-856	1,416	-875	541	-21,943	-21,402
	1,419	-837	1,737	-874	1,445	-899	546	-21,402	-20,856
	1,447	-854	1,771	-891	1,474	-868	606	-20,856	-20,250
	1,476	-871	1,807	-909	1,503	-867	637	-20,250	-19,614
	1,506	-888	1,843	-927	1,057	-844	213	-19,614	-19,401
	1,536	-906	1,880	-946	1,564	-788	776	-19,401	-18,625
	1,567	-924	1,917	-964	1,595	-898	697	-18,625	-17,928
	1,598	-943	1,956	-984	1,107	-902	205	-17,928	-17,723
	1,630	-962	1,995	-1,003	1,660	-876	784	-17,723	-16,939
	1,662	-981	2,035	-1,023	-670	-896	-1,566	-16,939	-18,504
	1,696	-1,000	2,075	-1,044	1,727	-917	810	-18,504	-17,694
	1,730	-1,020	2,117	-1,065	1,761	-871	890	-17,694	-16,805
	1,764	-1,041	2,159	-1,086	1,796	-821	975	-16,805	-15,830
	1,799	-1,062	2,202	-1,108	1,832	-767	1,066	-15,830	-14,764
	1,835	-1,083	2,246	-1,130	1,288	-723	565	-14,764	-14,199
	1,872	-1,105	2,291	-1,153	1,906	-675	1,231	-14,199	-12,967
	1,910	-1,127	2,337	-1,176	1,944	-666	1,278	-12,967	-11,689
	1,948	-1,149	2,384	-1,199	1,349	-612	737	-11,689	-10,952
	1,987	-1,172	2,432	-1,223	2,023	-553	1,470	-10,952	-9,483
	2,027	-1,196	2,480	-1,248	2,063	-472	1,592	-9,483	-7,891
	2,067	-1,220	2,530	-1,273	2,105	-383	1,722	-7,891	-6,169
	2,108	-1,244	2,580	-1,298	2,147	-287	1,860	-6,169	-4,309
	2,151	-1,269	2,632	-1,324	2,190	-184	2,006	-4,309	-2,303
	2,194	-1,294	2,685	-1,350	2,234	-72	2,162	-2,303	-141
	2,237	-1,320	2,738	-1,377	1,570	29	1,599	-141	1,458
	2,282	-1,346	2,793	-1,405	2,324	104	2,428	1,458	3,886

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