Strategy
Real Estate
Finances

2 Strategic Objectives
3 Environmental analysis
4 Existing portfolio
5 Desired portfolio
6 Change project
1 Financial frameworks

Source: Netherlands Court of Audit, Nov. 2017, Guide to Basic Principles of Real Estate Management

Figure 1.2 Levels of real estate management
Management type
Portfolio management
Asset management
Property management

Examples of tasks
Determining the size, composition and geographical spread of the portfolio
Performance analysis of projects, choice between keeping or disposing of real estate, determining structural interventions, acquisitions
Maintenance, collecting rent, marketing, specific sales activities
Sources: Van Driel, 1998; Miles et al., 1996
Real Estate Strategy - Focusing on Value
Different variants defined, variant (3*) Aim = accommodation costs within financial frameworks

Accommodation costs %
Demand-driven
Minimum investments
Standard 15%
Focusing on Value - variant 3x

Demand-driven
Minimum investments
Focusing on Value
Standard
<table>
<thead>
<tr>
<th>Region</th>
<th>Total UFA use</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Biggest challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>USP Northwest</td>
<td>81,000 m²</td>
<td>+ Functional</td>
<td>- Energy consumption</td>
<td>• - Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Quality</td>
<td>- Safety</td>
<td>• Some buildings will become vacant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Sustainable</td>
<td></td>
<td>• New building plot 32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Flexibility</td>
<td></td>
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</tr>
<tr>
<td>USP East</td>
<td>59,900 m²</td>
<td>+ Unique</td>
<td>- Expensive</td>
<td>• Relocation task due to end of service life of two large buildings, inefficiency of other buildings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Functionality of clinic</td>
<td>- Monofunctional</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Not flexible</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Outdated</td>
<td></td>
</tr>
<tr>
<td>USP Centre</td>
<td>62,800 m²</td>
<td>+ Possible building volumes and development scope</td>
<td>- Outdated</td>
<td>• Poor quality of existing buildings</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Lack of vision/programming</td>
<td>• Exodus from heart: almost no programming for the coming years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Size of vacant premises</td>
<td></td>
</tr>
<tr>
<td>City centre</td>
<td>41,600 m²</td>
<td>+ Appeal</td>
<td>- Not flexible</td>
<td>• Many projects, in view of quality of buildings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Monumental</td>
<td>- Scale</td>
<td>• - Inflexible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Small-scale</td>
<td>- Located outside clusters</td>
<td>• - Focus on two clusters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Only suitable for education and offices</td>
<td></td>
</tr>
<tr>
<td>ICU</td>
<td>12,400 m²</td>
<td>+ Appeal</td>
<td>- Scale</td>
<td>• - Outdated real estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Residential function</td>
<td>- Outdated</td>
<td>• Size of grounds vs building</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Cannot be expanded</td>
<td>• Hardly any/no room for expansion</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Not flexible (monument)</td>
<td>Total</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>257,700 m²</td>
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</tbody>
</table>
Analysis of functions of current real estate portfolio (end 2017)

Total UU m² amounts to 720,000 m² gross floor area (GFA). UU uses 257,716 m² (usable floor area (UFA)). Gross/net factor = 1.95

**Education**: uses 18% of the space, around 20% of which for individual study spaces and 80% for scheduled group courses.

**Research**: 20%, this accounts for all the labs (high-tech, specific, low-tech and generic) and special functions (animal housing, the clinic and greenhouses).

**Offices**: the UU office environment accounts for around 35% of total use. Offices for GW/REBO/SW also serve as research spaces for academic staff (25% of all FTEs). This cannot be specified based on the current information.

**Supporting facilities**: around 9% are spaces that support the primary process (such as warehouses, anterooms, archives, etc.).

**Special functions**: (18%) the other spaces are special facilities (libraries, Museum, University Hall, etc.).

**Unused**: 17% of our spaces are unused. This is space in buildings that are due to be demolished or redeveloped, or are currently being renovated. A small number of m² are actually vacant (~10,000 m² UFA)

* Supporting facilities are required for each type of use. For standardisation reasons, these can be allocated to a faculty under offices. This does not apply to Education & Research. The support functions are therefore included in the total for Education & Research.
Education 45,918
Research 51,402
Offices 90,043
Offices 7,170
Research 8,696
Education 7,622
Other 46,865
Other 12,264
Offices 20,555
Research 6,535
Education 4,750
Education
Research
Offices
Support
Unused

**Allocation per function**
Other 27%
Education 18%
Offices 35%
Research 20%
<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
<th>Current</th>
<th>Reduction between</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td>5% - 25%</td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td>5% - 25%</td>
</tr>
<tr>
<td>Offices</td>
<td></td>
<td></td>
<td>25% - 40%</td>
</tr>
<tr>
<td>Other - special functions</td>
<td></td>
<td></td>
<td>Spec. 20 - 30%</td>
</tr>
<tr>
<td>Other buffer - E&amp;R and offices</td>
<td></td>
<td></td>
<td>Buffer 65% - 85%</td>
</tr>
</tbody>
</table>

Note: Reduction values are approximate and may vary.
### Voor- en nadelen Scenario

#### Plan X
- Grotere concentratie van monumentale vastgoed, waaronder afstoot ICU en aantallen binnenstadspanden (incl. statistische overdracht tot exploitatieverlaging)
- Belangen van de gemeente beter bediend; zij wensen een strakke sturing, kleine groei van en verdere kwaliteitsverbetering V&C
- Beheersbaarheid van projecten aandachtspunt eerste 5 jaar. Vraagt om beheersbaarheid functiewijziging UB Binnenstad
- Haalbaarheid functiewijziging UB Binnenstad
- Afname zichtbaarheid en aanwezigheid UU in Binnenstad
- Belangrijke clusters voor een aantal studentenlokalen in de USP
- Achterhalen van een aantal specifieke doelen in de Binnenstad

#### Plan Y
- Zorg voor meer dan 400 studenten- en collegiaalvloerplaatsen in USP
- Aanpak afstoot ICU
- Aanpak strakke, concentratie van City Centre
- Aanpak verwoesting en exploitatie- en financieringscontingent
- Hoofdzakelijke garanties voor bestaande vastgoed
- Hoofdzakelijke garanties voor de financiële kaders op USP

#### Plan Z
- Voorlopige toekomst: verdere ondernemingsvorming USP
- Hoofdzakelijke garanties voor het financiële en exploitatieniveau
- Hoofdzakelijke garanties voor exploitatie- en financiële kaders
- Hoofdzakelijke garanties voor de toekomst
- Hoofdzakelijke garanties voor de financiële toekomst

### Description of Portfolio Plan Scenario

**Plan X**

Significant reduction in historical real estate, incl. disposal of ICU and a number of city centre buildings due to high operating costs, poor quality (so high investments in coming period) and high gross/net factor.

A further concentration of

**Plan Y**

As Plan X, but with the following changes:

Retention of two city centre faculties concentrated in two clusters, Trans/Janskerkhof and Universiteitskwartier / Drift.

Retention of UB Ulthof and significant reduction City Centre UB. Relocation of 2

**Plan Z**

As Plan X, but with the following changes:

Retention of two city centre faculties (excl. a group tbd), concentrated in the city centre.

A TBD group will relocate to USP campus and will be integrated into accommodation and education contingent there for efficiency reasons.
functions at USP due to a shift from the city centre and ICU.
Relocation of functions on ICU premises to USP campus.
Relocation of a number of GW and REBO departments to USP in new-build volumes with lower operating costs. Or one whole faculty in the city centre and one whole faculty at the USP campus.
Disposal of UB Uithof and relocation of its functions to existing buildings (UBB, office buildings for study spaces or suchlike).
Normative budgets for relocation of DGK and Faculty of Science Experimental Research.

GW departments to UBB. Retention of book collection.
Find an alternative for a number of UBB study spaces somewhere in city centre clusters.
UCU will be accommodated at USP.

One GW department will be accommodated in UBB, retention of larger collection of books and study spaces will be left intact.
UCU will be accommodated at UCU or (retaining investment and operations) elsewhere in Utrecht, e.g. Beurskwartier, Kanaleneiland or Overvecht.

<table>
<thead>
<tr>
<th>Finances</th>
<th>Framework</th>
<th>Plan X</th>
<th>Plan Y</th>
<th>Plan Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>€750</td>
<td>€749 million</td>
<td>€876 million</td>
<td>€827 million</td>
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<tr>
<td></td>
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<td>€1,016 million</td>
<td>€1,085 million</td>
<td>€1,067 million</td>
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<tr>
<td><strong>until 2027</strong></td>
<td><strong>million</strong></td>
<td><strong>14.2%</strong></td>
<td><strong>15.2%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Investments until 2032</strong></td>
<td><strong>€1,050 million</strong></td>
<td><strong>223,000 m²</strong></td>
<td><strong>236,000 m²</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Accommodation costs 2032</strong></td>
<td><strong>15%</strong></td>
<td></td>
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<tr>
<td><strong>Portfolio size 2032</strong></td>
<td><strong>225,000 m²</strong></td>
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</tbody>
</table>

**Scenario advantages and disadvantages**

<table>
<thead>
<tr>
<th>Plan X advantages</th>
<th>Plan Y advantages</th>
<th>Plan Y advantages</th>
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</thead>
<tbody>
<tr>
<td>- More financial room in operating costs to accommodate changes or setbacks in the next decade. Emergencies, indexation and functional changes have not yet been included in these plans. - Larger concentration of UU facilities at the USP creates opportunities for interdisciplinarity collaboration. - More opportunities</td>
<td>- Satisfies interests of GW and REBO. - Two good/substantial clusters in city centre/(less dispersed). - Community building and integrality of REBO Faculty. - Municipality's interests will be better served, it wants a larger UU presence in the city centre. Such a presence could make UU more attractive.</td>
<td>All advantages as also stated under Plan X plus: number of people to be relocated puts considerable pressure on mobility. This can be remedied by creating a proportional number of student accommodation locations at the campus. - Better approach to financial frameworks than Plan Y. Higher investments, but they make a larger contribution to structurally reducing the operating costs. - Increase in economies of scale at USP (efficiency gains for education</td>
</tr>
</tbody>
</table>
for sharing facilities, such as the office and education environment and to reduce costs of facilities.

- Leverage size of Kruyt building and the strategic location in USP Centre. Intended area development offers the opportunity for further dynamics and community building.

<table>
<thead>
<tr>
<th>Plan X disadvantages</th>
<th>Plan Y disadvantages</th>
<th>Plan Z disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manageability of projects point for attention first 5 years. Requires tight control, minor growth and a further quality improvement in V&amp;C organisation and excellent collaboration between the faculties and the Real</td>
<td>Considerably higher investments that lead to a nominal reduction in operating costs.</td>
<td>Higher investments (which could possibly be offset by higher proceeds from selling real estate).</td>
</tr>
<tr>
<td></td>
<td>Feasibility of function change UB City Centre.</td>
<td>Potential division of REBO/GW Faculties across USP and city centre. REBO and GW find this highly</td>
</tr>
<tr>
<td>Estate Company.</td>
<td>achieving the quality and financial frameworks.</td>
<td>undesirable.</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>- Reduced UU visibility and presence in the city centre.</td>
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</tr>
<tr>
<td>- Division of city centre faculties or departure of one entire faculty from city centre.</td>
<td></td>
<td></td>
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<tr>
<td>- Culturally, this is a major intervention in an organisation such as this and resistance is expected.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The relocation of a large group of staff and students will further exacerbate the mobility problem at the USP.</td>
<td>- The removal or relocation of study spaces from the UBB will invoke a lot of resistance among the student population.</td>
<td></td>
</tr>
</tbody>
</table>
Faculty/Dept.
Accommodation issue Faculty or Service
Faculty/Dept. with PFM
1-to-1 PFM Consultation
Accommodation issue within frameworks
Every two months
Portfolio Board
Chair General Director Faculties/FCA Dept. & E&R Real Estate Company
Balanced EB memorandum with various scenarios
EB GD + E&R
EB meeting
EB decision
Real Estate Company
Implementation and management of decision
Portfolio and Asset Management insights and issues
Portfolio and Asset Reports
Steering committees, core teams and project reports

Aim of Portfolio Board
- Information equality for all faculties
- Better service to EB
- Integral decisions

How are we going to do this?
- By discussing issue with all parties
- By exploring various angles
- By providing investment budget monitoring/utilisation reports