

INFORMATION NOTE TO THE BUDGETARY AUTHORITY

Article 179(3) of the Financial Regulation

Institution / Agency	European Commission
DG/Service responsible	OIL
Title of the Project	Conclusion of a contract between the Luxembourg State and the Commission on the prefinancing, construction, handover and sale of the future JMO2 Building.

1. DESCRIPTION OF AND GROUNDS FOR THE PROJECT

1.1. Project description

This dossier follows on from the submission to the budgetary authority in 2009, pursuant to Article 179(3) of the Financial Regulation (Annex 1), of an initial information note on the Memorandum of Understanding between the Luxembourg State (“the State”) and the Commission on the provision of land on the Kirchberg Plateau, Luxembourg, and the arrangements for the handover of a new replacement administrative complex (Annex 2).

The two arms of the budgetary authority did not issue an opinion when the Memorandum of Understanding was examined during its meetings of 5 May and 21 July 2009.

The Memorandum of Understanding was signed on 25 September 2009. It sets out the general framework for cooperation with the State. The Annex thereto, the “Planning document” (Annex 3), defines the technical, architectural and operational elements of the building project and the stages of its implementation.

As announced by the Commission in 2009, this new Information Note relates to a draft framework contract (Annex 4) which, on the basis of the main principles set out in the 2009 Memorandum of Understanding between the State and the Commission, lays down:

- the elements to be taken into consideration for the calculation of the final cost of the project,
- the conditions for prefinancing by the State,

- the arrangements for the acquisition by the Commission of the new set of buildings,
- the arrangements for consultation of and provision of information to the Commission by the State.

The aim of this Note is to inform the budgetary authority, pursuant to Article 179(3) of the Financial Regulation, about the draft framework contract with the Luxembourg State concerning:

- the construction by the Luxembourg State and acquisition by the Commission of the new Jean Monnet 2 (JMO2) Building;
- the budget for the construction of the future Jean Monnet 2 Building and the financing arrangements set out in the draft framework contract.

1.2. Justification

As stated in the note to the budgetary authority dated 29 April 2009, the Commission departments are currently scattered around Luxembourg City, on the Kirchberg plateau in the north (JMO, BECH) and in the south (wings A, B and D of the Drosbach building, EUFO, HITEC). All these buildings are rented, except the EUFO, on which there is a long lease with option to purchase. Constructed in 1975 for a period of occupancy of 25 years, the Jean Monnet Building (JMO), with above-ground floor space of 65 000 m², has come to the end of its life. The obvious solution, given the need for a more rational spatial distribution of the Commission's offices, was to build a new complex on the Kirchberg plateau.

The discussions between the Luxembourg State and the European Commission resulted in the signature of a Memorandum of Understanding on 25 September 2009.

This overall agreement establishes the following in particular:

- the arrangements for the provision of the land;
- the general framework for the construction, financing and handover of the Jean Monnet 2 Building (JMO2);,
- the guarantees provided by the State with regard to the financing of the construction of the new building and the availability of the existing Jean Monnet Building during the Phase 1 construction work;
- the technical, operational and spatial specifications for the JMO2 Building, as laid down in the planning document.

Based on the principles agreed in the Memorandum, the State and the Commission prepared a draft framework contract setting out the financial and technical details of the implementation of the project, the handover of the building and the acquisition of the building by the Commission. It also sets out the aspects to be taken into consideration when calculating the price of the new JMO2 complex and the arrangements for consultation of and provision of information to the Commission over the lifetime of the project.

2. CURRENT SITUATION

As specified in the Memorandum, the State organised an international architectural design competition for the JMO2. Published in March 2010, the competition attracted 53 candidates, of which eight were selected to submit a project. The jury selected three winners on 16 December 2010.

In the information given in April 2009, the budgetary authority noted the limit of EUR 1 million for the cost of organising the international architectural competition. The costs prefinanced by the Luxembourg State amounted ultimately to EUR 965 955.89, so within the budget provided for. The Commission repaid EUR 500 000 to the Luxembourg State in 2011 and plans to repay the rest by means of the redeployment of appropriations made available in 2012 or 2013.

The State informed the Commission that it had been obliged to decide to rule out the “JM2 project management group”, which had been awarded the first prize in the architectural competition, on the grounds that it refused to adhere to the competition rules (Annex 5), specifically those concerning a wage ceiling for the project manager. The State therefore began negotiations with the winner of the second prize.

In the light of its discussions with the group KSP Jürgen ENGEL Architekten (winner of the second prize), the State, as contracting authority, informed the Commission of its intention, subject to a satisfactory conclusion to the negotiations, to award the “design” project management contract to the second-prize winner.

The jury's analysis noted that the architectural and technical concept enables the building to be constructed in two phases. The flexibility and modular organisational possibilities offered by the building enable it to respond to the future development needs of the Commission services. Particular attention is paid to accessibility for persons with reduced mobility, and the energy efficiency of the building (primary energy consumption of <50kWh/m²/year) complies with the regulations in force.

The building, which can be constructed at reasonable expense, strikes a satisfactory balance between investment and running costs. The estimated cost for the construction of the building as presented by KSP Jürgen is EUR 344 million before VAT (according to the building price index as at April 2012), including the data centre and the crisis centre (accounting for an estimated EUR 22 million). When the price per square metre is taken into account, this is lower than the reference cost on the Luxembourg market of comparable administrative buildings recently constructed in Luxembourg, or other institutions (Annex 12).

The project meets the building life-cycle requirements and respects the environment at all stages of the life of the building: design, construction, use and demolition. It falls squarely within the Commission's EMAS policy. It aims to obtain a mark of “excellent” under the BREEAM certification system.

The jury appreciated the intelligibility and coherence of the project and the clarity of its underlying concept. It also stressed that the architecture of the façade would reduce the visual impact of the extremely large building.

3. CONDITIONS OF THE PROJECT SUBMITTED FOR INFORMATION

3.1. General information

In application of the broad principles laid down in the Memorandum (Article II.3), the framework contract makes specific arrangements for the following:

1) Acquisition of the land and the building, prefinancing and transfer of ownership

The State will sell the land for a symbolic price of EUR 1 and guarantee prefinancing of the construction of the building under the best financial conditions possible. It undertakes to involve the Commission in the decision-making process.

2) Running of the project and responsibilities of the State

The State acts as the client for the project. Accordingly, it will direct and coordinate the studies and the performance of the work in line with the phases defined in the Memorandum (Article II.2). It will keep the Commission informed of any facts that might affect the progress of the building works, their cost and the deadlines for completion.

3) Deadline for performance

The timetable given in paragraph 3.3 takes account of the deadlines set, namely: Phase 1 to be delivered 72 months after the signature of the project management contract, and Phase 2 to be delivered 48 months after delivery of Phase 1.

4) Information and communication structure

The State and the Commission have agreed to put in place a structure to facilitate information, communication and consultation between the parties.

5) Price, financial monitoring and expertise

In accordance with Article II.6 of the Memorandum, the construction price referred to as the “final construction cost” will correspond to the sum total of the cost of the work and the research, inspection, monitoring and pre-financing costs. Half-yearly accounts will be drawn up for these costs, validated by an independent expert appointed by mutual agreement.

6) Acceptance of floor areas and handover of the building

The State and the Commission have agreed that, should it become necessary, the building may be handed over partially in accordance with the arrangements laid down in the draft framework contract.

7) Occupation of the building:

The arrangements for the occupation of the building lay down the responsibilities of the State and of the Commission, and the financial conditions that will apply before the final acceptance of the building.

3.2. Floor areas

The building will be constructed in two phases:

The first phase, with an estimated floor area above ground of 79 773 m² (including 7 857 m² for the conference centre), is to be delivered 72 months after the signature of the project management (design) contract, i.e. at the end of 2018. It is to be constructed on a piece of land next to the existing JMO. This phase will include offices and communal areas such as the conference centre, libraries, restaurants, data centre, etc. The project will make the best possible use of the topography of the site, which is on a slope, by placing certain facilities – such as part of the conference centre and the data centre – underground.

The second phase, with an estimated floor area above ground of 34 854 m², is to be delivered 48 months after the handover of the first phase, i.e. at the end of 2022. It is to be constructed on a part of the land on which the existing JMO – which will first have to be demolished – currently stands. This phase will include office space and shared facilities such as the medical centre.

The total floor area of the project in square metres, established at the competition stage, can be broken down as follows:

Function	Phase 1		Phase 2		Total	
	Under ground	Above ground	Under ground	Above ground	Under ground	Above ground
Offices, including ancillary facilities	619	65 353	0	34 480	619	99 833
Conference centre(1)	5 842	2 015	0	0	5 842	2 015
Social infrastructure	3 656	4 640	0	0	3 656	4 640
Connecting areas	0	7 764	99	374	99	8 138
Medical Centre	0	0	309	0	309	0
Data Centre	4 869	0	0	0	4 869	0
Crisis centre	613	0	0	0	613	0
Technical areas	11 120	0	441	0	11 564	0
Total excluding car park	26 720	80 373	851	34 254	27 571	114 627
Car park and unloading bay	55 033	0	16 109	0	71 142	0
Total including car park	81 753	79 773	16 960	34 854	98 714	114 627

(1) The conference rooms will be spread over two floors (underground and above ground)

Phase 1 of the future JMO2 building will replace the JMO, HITEC and Drosbach (wings A and D) buildings, and Phase 2 will replace the Drosbach (wing B) and BECH buildings (Annex 11). In light of the expiry dates of the existing leases, they will have to be extended as shown in the table below:

Building	Surface area (m² above ground)	Expiry date of the lease	Extension
JMO	57 449		2019
HITEC	3 925	22/03/2014	2019
Drosbach A	4 138	25/05/2018	2019
Drosbach B	10 370	14/09/2016	2023
Drosbach D	6 500	25/ 05/2018	2019
BECH	30 700	26/04/ 2023	2023
Total	113 082		

The EUFO Building (19 856 m² above ground) is occupied on the basis of a long lease with option to purchase and will be kept even after the JMO 2 is occupied.

3.3. Timetable and organisation

Once it has sought the opinion of the budgetary authority pursuant to Article 179(3) of the Financial Regulation, the Commission will complete and sign the framework contract with the State.

In order to avoid any undue delay in the performance of the project management tasks, the State and the Commission have already established a timetable for the delivery of Phases 1 and 2, namely 72 months for the former and 48 months after that for the latter.

Furthermore, the “design” project management contract requires the project manager to submit applications for the building permits no later than 18 months following the signature of the contract: failure to do so may result in the imposition of penalties for delay in the event that responsibility for the delay can be attributed to the project manager.

The same applies to the tenders for works and services, which will establish deadlines for implementation and penalties for delay.

The provisional timetable for the construction of the building is as follows:

- 12/2012 → 05/2014 : design and building permits;
- 06/2014 → 11/2018 : selection of undertakings and Phase 1 construction work;
- 12/2018 → 11/2022 : move, demolition of JMO and Phase 2 construction work;

- 01/2023 → 12/2024 : consolidation of the “final cost of the project”, cost price for the State, which will constitute the sale price of the JMO2 building.

3.4. Costs / Taxes

It should be noted that the “competition construction cost” proposed by the second-prize winner is 10% lower than the figures proposed by the other prize-winners. In accordance with the rules of the architectural design competition, this amount is binding on the project manager for the development of the project (Annex 6).

At this stage, the amount of the “final construction cost” is based on the “competition construction cost” plus the other associated costs and the amount of the reserve fund to be built up in order to deal with any unforeseen events that may arise on a building project of this nature.

3.4.1. Construction and other associated costs

The initial cost of the project (not including the reserve fund or the prefinancing costs) is estimated at around EUR 392 million (value as at April 2012).

This includes:

- the cost of the construction (Phase 1 + Phase 2) as submitted by the winner of the second prize in the international architectural design competition, namely EUR 305 million (index value as at April 2010), updated to EUR 322 million to reflect the index of April 2012. This includes the costs of the building construction work, general site costs, etc.;
- the cost of the special equipment for the data centre and crisis centre, namely EUR 22 million;
- the project management fees (set at 2% for the design and 6% for the implementation), namely EUR 27 million;
- associated costs to be met by the client (e.g. tenders, insurance, technical and legal reports, etc.), namely EUR 20 million.

A summary of this expenditure is given in the tables in Annexes 8 and 10.

All of this expenditure will be exempted from VAT in accordance with Article 3 of the Protocol on the privileges and immunities of the European Union.

3.4.2. Reserve Fund

Because of the complexity of the project and to cover any unforeseen circumstances, a reserve fund of a definitive and non-revisable amount of EUR 32 million, corresponding to 10% of the total construction cost, is planned. Only the steering committee may authorise drawing on the reserve fund, provided that circumstances warrant it and that there is no possibility of implementing any other solution.

3.5. Final cost of the project

The Memorandum of Understanding clearly expressed the mutual willingness on the part of the State and the Commission to take all necessary measures to create a framework for the expenditure associated with the project at all stages of its implementation.

By common accord, the two parties agreed to set the reference price as the “total construction cost” announced during the international JMO2 architectural design competition (EUR 305 000 000 according to the index as at April 2010), by the prize-winning group of architects given the task of the “design” project management.

The estimated “total construction cost”, updated during the “preliminary design” and the “detailed preliminary design” stages, may not exceed the reference price, revised in accordance with the construction price index (Article 5.1.2.a and b of the Framework Contract) (Article II.3.(i) of the Memorandum). Otherwise, the framework contract provides that the parties should agree to proceed by common accord to adapt the project and/or the budget allocated to it.

Indeed, in order to take account of, firstly, the duration of the implementation, and secondly, inevitable changes to the property market during this period, the decision was taken to index the total competition construction cost.

By signing the project management contract (Annex 7), the project manager undertakes to develop a project that adheres to the “total construction cost” (updated on the basis of the construction price index) submitted during the competition; he will also be responsible for conducting new studies should this prove necessary.

In any event, following the invitations to tender, the reference price for the construction will be the same as the total for all of the tenders, revised if necessary on the basis of the construction price index in accordance with the national legislation in force. If this reference price exceeds the “total construction cost” mentioned above, the project will have to be adapted and/or the budget allocated to the project will have to be revised.

3.6. Financing arrangements

The financing of the project concerns the “final cost of the project”, corresponding to the sum of the “final construction cost” and the “cost of the investment”:

- the “final construction cost” is equivalent to the final calculation for the different tenders for construction work, to which will be added the general site costs, project management fees and client's costs, all exclusive of VAT;
- the “cost of the investment” incorporates all of the “prefinancing costs”.

3.7. Stages in the financing process

The project financing will take place in two distinct stages corresponding to the construction of the building on the one hand and payment of the cost for the building on the other. In view of the characteristics proper to each stage, provision is made for short-term flexible-rate financing and long-term fixed-rate financing.

Stage 1: Short-term financing

The Luxembourg State, as the client, will pre-finance the operation until the sale of the building.

Accordingly, the Government will pass a law governing the financing for the JMO2 project and will approach the financial market to select the banking establishment to provide the financing.

The State has undertaken to ensure that the Commission receives the most advantageous conditions available on the market, with no additional charges.

For its part, during the construction period the Commission may make advance payments on the sale price to the State or to an ad hoc structure.

The two parties have already agreed that, as soon as the Phase 1 and Phase 2 floor spaces are handed over, the Commission will pay a building occupancy fee to the State, which will be deducted from the outstanding balance upon purchase of the building.

The cost of the pre-financing is currently estimated at EUR 100 million (see Annex 10).

The fixed building occupancy fee for Phase 1

As soon as Phase 1 has been handed over – currently scheduled for November 2018, with actual occupancy expected to begin during the second quarter of 2019 – the Commission will pay the State a building occupancy fee estimated at EUR 14 million per year (or EUR 3.5 million per quarter).

The fixed building occupancy fee for Phase 2

As soon as Phase 2 has been handed over – currently scheduled for November 2022, with actual occupancy expected to begin during the second quarter of 2023 – and in addition to the building occupancy fee for Phase 1, the Commission will pay the State a building occupancy fee for Phase 2 estimated at EUR 5.2 million per year (or EUR 1.3 million per quarter).

The prefinancing cost may vary depending on changes in interest rates on the financial markets.

These sums were estimated by DG ECFIN on the basis of the following:

- the final construction cost, not including the reserve fund (index as at April 2012), namely EUR 392 million;
- the rate of inflation of the construction index: 2.50 % per year;
- a prefinancing rate of between 0.30% and 3.00% per year.

During the prefinancing period the Commission will receive the rate negotiated with the State, with no additional charges. These calculations refer to a EURIBOR FLAT rate.

The simulations were made on the basis of market conditions as at 26 July 2012.

Stage 2: long-term financing

The State will officially hand the building over to the Commission once the latter has finally accepted the works, supplies or services.

The sale of the building to the Commission will take place by signature of a deed of sale specifying payment of the balance of the “final cost of the project” after

deduction of the building occupancy fees (Phase 1 and Phase 2) paid by the Commission at that date.

In the event that purchase takes place by means of a sub-letting/sale contract, the financing arrangements will have to be agreed by the two parties.

In the event of purchase by instalments, the conditions for the assignment of claims will be determined by the result of the consultation of the financial markets conducted by the Commission and based on the mandate received from the vendor.

In both cases, the amount of the rent and, where appropriate, the claims, will be determined by the outstanding balance of the final cost of the project, the annual rate to be applied to the said balance, and the length of the repayment period.

In the light of the revision of the Financial Regulation, the Commission may take out a long-term loan in order to finance the repayment of the balance of the “final cost of the project”.

Based on DG ECFIN’s calculations and on the basis of the market conditions as at 26 July 2012, the consolidated amount outstanding at the date of transfer of ownership, in accordance with the above working hypotheses, can be estimated at around EUR 451 million.

Following consolidation, the long-term financing will be based on the same interest rates as those used by the EIB and may, based on the underlying assumptions, have the following characteristics:

- The annual rate is estimated to be around 3.84% per year;
- the amount of the fixed annual instalment due is estimated at EUR 28 million;
- the repayment period: 25 years.

It should be borne in mind that the repayment period will affect the total amount of the project. This aspect will therefore need to be defined when the financing plan is implemented following consolidation of the final cost of the project, in the light of the prevailing economic and budgetary situation.

The table below provides a summary comparison of expenditure (not including the EUFO building) between the current situation and the future situation:

	Current situation (2012), not including the EUFO Building	Situation in 2025 (JMO2 phases 1 and 2)	Difference	Variation
Above ground – offices (m ²)	113 082	106 770	- 6 312	-6%
Conference centre (m ²)	7 298	7 857	559	8%
Underground (except parking) (m ²)	24 851	27 571	2 720	11%
Underground floor area - car park (m ²)	74 932	71 142	-3 790	-5%
Total surface area (m ²)	220 163	213 341	-6 822	-3%
Number of parking spaces	2 388	2 200	-188	-8%
Number of office occupants	2 980	3 040	60	2%
Above ground surface area per person (m ² /person)	37.9	35.1	-2.8	-7%
Total annual expenditure (EUR)	33 617 000	28 000 000	-5.617.000	-17%

At this stage in the development of the JMO2 project (draft for competition), expenditure on items such as electricity, heating, security, maintenance, etc. cannot yet be estimated. However, the energy costs are sure to be lower because the new building will be more energy-efficient than the existing buildings. Similarly, security costs will be lower for a single building than for six stand-alone buildings.

4. CONTRACTUAL CHARACTERISTICS OF LONG-TERM FINANCING

It is currently expected that the legal and financial arrangements will cover three stages:

- partial occupancy of the building, with payment of an occupancy fee;
- full occupancy of the building on a hire-purchase basis, with payment of a provisional rent;

- continued hire-purchase or transfer of ownership and purchase by instalments, with payment of the outstanding balance of the final cost of the project. In this case, both the occupancy fee and the provisional rent paid until that point will be deducted from the outstanding balance.

During the hire-purchase period, the amount of the rent paid by the Commission will be defined by mutual agreement with the State. The calculation methods will take account of the balance of the definitive cost of the project, the length of the tenancy and the fixed rate proposed by the market as well as the administrative costs paid by the property undertaking, established by the State, in its capacity as lessor and owner of the building.

The transfer of ownership will take place once the balance of the definitive cost of the project has been settled: this may take the form of rental payments, purchase by instalments, or a traditional sale in the framework of a loan.

Sale for deferred payment will require the building to be completed and imply immediate transfer of ownership to the purchaser once the deed of sale is signed. These arrangements will need to be implemented in two distinct stages:

- signature of a preliminary sale agreement and a power of attorney;
- signature of a deed of sale.

With the power of attorney, the vendor authorises the Commission to conduct, on the vendor's behalf, a competitive tendering procedure in the financial markets with a view to identifying a financial establishment or group that will accept assignment by the principal of the claims arising out of the sale of the building.

This agreement provides for the vendor to be reimbursed the sale price in a single transaction by the financial establishment or grouping on the same day that the transfer of ownership is made official by the signature of the deed of sale.

The preliminary sale agreement defines the terms and conditions agreed upon by the parties in order to later sign the deed of sale, namely:

- the date of signature of the deed of sale;
- the final cost of the project;
- the balance of the final cost of the project and the arrangements for its reimbursement;
- the establishment of the amount of the annual instalments: equal instalments calculated in accordance with the balance of the final cost of the project, the rate determined by the bank chosen following the competitive tendering procedure in the financial markets, and the number of instalments.

As soon as the competitive tendering procedure in the financial markets has been completed and the rate of financing has been established, the parties may conclude the deed of sale before a notary. The rate determining the amount of the annual instalments, according to the preliminary sale agreement, will be fixed before the deed of sale is concluded.

On the date when the deed of sale is concluded, the vendor will also sign the assignment of claims with the financial establishment or grouping selected following the competitive tendering procedure.

5. BUILDINGS PROGRAMME

Based on current hypotheses, once complete the JMO2 will replace the JMO, HITEC, Drosbach (wings A, B and D) and BECH buildings.

In view of the current timetable for the JMO2 operation, the leases on the JMO1, HITEC, Drosbach (wings A, B and D) and BECH buildings will have to be extended to ensure accommodation for the various Commission departments until such time as the different phases of the JMO2 are put into service.

The buildings programme table enclosed as Annex 11 shows the development of the need for and availability of above-ground office space in Luxembourg.

6. BUDGETARY IMPLICATIONS

Until Phase 1 of the JMO2 is delivered in 2018, the rent situation can be broken down as follows:

	2012	2013	2014	2015	2016	2017	2018
EUFO	6 323 000	6 486 000	6 655 000	6 788 000	6 924 000	7 062 000	7 204 000
JMO1	11 899 000	10 455 000	8 962 000	1 410 000	1 410 000	1 410 000	1 410 000
HITEC	1 337 000	1 337 000	1 337 000	1 337 000	1 337 000	1 337 000	1 337 000
DROSBACH A	2 134 000	2 134 000	2 134 000	2 134 000	2 134 000	2 134 000	2 134 000
DROSBACH B	3 518 000	3 518 000	3 518 000	3 518 000	3 518 000	3 518 000	3 518 000
DROSBACH D	1 937 000	1 937 000	1 937 000	1 937 000	1 937 000	1 937 000	1 937 000
BECH	12 792 000	12 792 000	12 792 000	12 792 000	12 792 000	12 792 000	12 792 000
Expenditure on available floor areas:	39 940 000	38 659 000	37 335 000	29 916 000	30 052 000	30 190 000	30 332 000

At present, based on the hypotheses (expiry dates/extensions) put forward in the table in section 3.2, three transitional periods can be identified:

1st period: 2019

Expenditure associated with:

- firstly, the rental of the EUFO building and part of the rent for the JMO1, HITEC, Drosbach (wings A, B and D) and BECH buildings until the foreseeable end date of their occupancy once the move to the JMO2 is complete,
- secondly, the payment of a building occupancy fee for phase 1 of the JMO2 from 1 January 2019 onwards,

will total **EUR 41 067 000** in rent (budget heading 26 01 23 02 “Acquisition and rental of buildings in Luxembourg”). Associated expenditure on buildings will be met using appropriations under budget heading 26 01 23 03 (“Expenditure relating to buildings in Luxembourg”).

	2019
EUFO	7 348 000
JMO1	705 000
HITEC	668 500
DROSBACH A	1 067 000
DROSBACH B	3 518 000
DROSBACH D	968 500
BECH	12 792 000
Expenditure on available floor areas:	27 067 000
Expenditure on JMO2 project:	14 000 000
JMO2 phase 1 (building occupancy fee 1/25)	14 000 000
Total expenditure OIL:	41 067 000

The rents cited for buildings vacated during the course of the year cover a period of six months.

2nd period: 2020 – 2022

From 1 January 2020 onwards, expenditure related to the rental of the EUFO, Drosbach (wing B) and BECH buildings, and to the payment of the building occupancy fee for Phase 1 of the JMO2 will be **EUR 37 805 000** (in 2020).

	2020	2021	2022
EUFO	7 495 000	7 644 000	7 797 000
JMO1			
HITEC			
DROSBACH A			
DROSBACH B	3 518 000	3 518 000	3 518 000
DROSBACH D			
BECH	12 792 000	12 792 000	12 792 000
Expenditure on available floor areas:	23 805 000	23 954 000	24 107 000
Expenditure on JMO2 project:	14 000 000	14 000 000	14 000 000
JMO-2 phase 1 (building occupancy fee 1/25)	14 000 000	14 000 000	14 000 000
Total expenditure OIL:	37 805 000	37 954 000	38 107 000

3rd period: 2023 - 2025

Expenditure associated with:

- the rental of the EUFO building and part of the rent for the Drosbach (wing B) and BECH buildings until the foreseeable end date of their occupancy in 2023 once the move to the JMO2 is complete,
- the payment of a building occupancy fee for phase 2 of the JMO2 from 1 January 2023 onwards,

will be **EUR 35 308 000**.

From 1 January 2025 onwards, expenditure related to the rental of the EUFO building and payment of the building occupancy fee for Phases 1 and 2 of the JMO2 will be **EUR 36 275 000**.

	2023	2024	2025
EUFO	7 953 000	8 112 000	8 275 000
JMO1			
HITEC			
DROSBACH A			
DROSBACH B	1 759 000		
DROSBACH D			
BECH	6 396 000		
Expenditure on available floor areas:	16 108 000	8 112 000	8 275 000
Expenditure on JMO2 project:	19 200 000	19 200 000	28 000 000
JMO-2 phase 1 (building occupancy fee 1/25)	14 000 000	14 000 000	28 000 000
JMO-2 phase 2 (building occupancy fee 1/25)	5 200 000	5 200 000	
Total expenditure OIL:	35 308 000	27 312 000	36 275 000

For 2023, the rents cited for buildings vacated during the course of the year cover a period of six months.

Following consolidation of the final construction cost, which should take place in **2025** (estimate) by which time all of the invoices related to the project will have been settled, the amount of the annual repayments will be calculated in accordance with the financing plan put in place for the acquisition of the JMO2 by the Commission.

On the basis of the hypotheses in section 3.6 above, the amount of the annual instalment for the du JMO2 from 2025 onwards will be around EUR 28 million. With the annual instalment for the EUFO building (EUR 8 275 000), the total expenditure in Luxembourg will be EUR 36 275 000 EUR, i.e. less than expenditure in 2012 (EUR 39 940 000).

7. ANNEXES

Annex 1	Information note to the budgetary authority of 29 April 2009
Annex 2	Memorandum of Understanding of 25 September 2009
Annex 3	Planning document for the international architectural competition
Annex 4	Draft framework contract
Annex 5	Rules of the international architectural design competition
Annex 6	Cost of constructing the buildings as presented by the three competition prize-winners
Annex 7	Draft project management contract
Annex 8	Total construction cost of the JMO2 project
Annex 9	Financing summary
Annex 10	Breakdown of the project costs
Annex 11	Buildings programme Luxembourg
Annex 12	Comparison of construction costs for administrative buildings in Luxembourg