

NEW ISSUE BOOK-ENTRY ONLY

Moody's: "Aa3"
 Fitch: "AA"
 (See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Corporation described herein, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the 2019 Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See "TAX MATTERS" herein regarding certain other tax considerations.

\$42,085,000

UNITED NATIONS DEVELOPMENT CORPORATION
(a public benefit corporation of the State of New York)
2019 REFUNDING BONDS, SERIES A

Dated: Date of Delivery

Due: July 1, as shown below

The 2019 Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2019 Refunding Bonds, Series A (the "2019 Bonds"). Purchasers will not receive certificates representing their ownership interests in the 2019 Bonds purchased. See "THE 2019 BONDS — Book-Entry Only System" herein. Interest on the 2019 Bonds is payable semiannually on January 1 and July 1, commencing July 1, 2019. So long as DTC or its nominee is the registered owner of the 2019 Bonds, disbursements of principal and interest are to be made directly to such registered owner and disbursement of such payments to the beneficial owners is the responsibility of DTC and the DTC Participants as described herein.

The 2019 Bonds are Bonds, as described herein, of the United Nations Development Corporation (the "Corporation"), a body corporate and politic, constituting a public benefit corporation of the State of New York. The 2019 Bonds will be payable from and secured by a pledge of Net Revenues, Funds and Accounts as described in the Indenture (as defined herein) between the Corporation and The Bank of New York Mellon, as Trustee. The 2019 Bonds are being issued to refund the Corporation's Outstanding 2009 Refunding Bonds, Series A (Senior Lien). See "PLAN OF REFUNDING" herein. The 2019 Bonds are not subject to redemption prior to maturity.

Maturities, Principal Amounts, Interest Rates, Yields, and CUSIP[†] Numbers

Due <u>July 1</u>	<u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <u>Number[†]</u>
2020	\$5,170,000	5.00%	1.460%	911157LN3
2021	5,425,000	5.00	1.490	911157LP8
2022	5,705,000	5.00	1.530	911157LQ6
2023	5,985,000	5.00	1.590	911157LR4
2024	6,280,000	5.00	1.640	911157LS2
2025	6,595,000	5.00	1.690	911157LT0
2026	6,925,000	5.00	1.740	911157LU7

The 2019 Bonds are not a debt of the United Nations, UNICEF, the United States of America or the State or City of New York, none of which shall be liable thereon. The Corporation has no taxing power.

The 2019 Bonds are offered when and if issued and received by the Underwriters and subject to the unqualified approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Corporation by McLaughlin & Stern LLP, New York, New York, as its counsel, and for the Underwriters by its counsel, Hawkins Delafield & Wood LLP, New York, New York. It is expected that the 2019 Bonds will be available for delivery at DTC in New York, New York, on or about April 11, 2019.

Goldman Sachs & Co. LLC

Drexel Hamilton, LLC

Morgan Stanley

Ramirez & Co., Inc.

Dated: April 4, 2019

[†] CUSIP numbers have been assigned by an organization not affiliated with the Corporation and are included solely for the convenience of the holders of the 2019 Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a defeasance in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Corporation or by the Underwriters to give any information or to make any representations in connection with the 2019 Bonds or the matters described herein, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Corporation and other sources which the Corporation believes to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation since the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement: the Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to any legislation or documents, including the Act (hereinafter defined), and the Indenture do not purport to be complete. Refer to such legislation and documents for full and complete details of their provisions. Following delivery of the 2019 Bonds, copies of the Indenture are expected to be on file with the Trustee.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Corporation’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The agreements of the Corporation with Holders of the 2019 Bonds are fully set forth in the Indenture and the 2019 Bonds. Neither any advertisement of the 2019 Bonds nor this Official Statement is to be construed as a contract with purchasers of the 2019 Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

IN CONNECTION WITH THE OFFERING OF THE 2019 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2019 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT
of the
UNITED NATIONS DEVELOPMENT CORPORATION
(a public benefit corporation of the State of New York)
relating to its

\$42,085,000
2019 REFUNDING BONDS, SERIES A

This Official Statement (which includes the cover page and appendices) of the United Nations Development Corporation (the “Corporation”) is provided to furnish information with respect to the Corporation, its properties and the \$42,085,000 aggregate principal amount of its 2019 Refunding Bonds, Series A (the “2019 Bonds”) offered hereby. The 2019 Bonds are to be issued pursuant to an Amended and Restated Indenture of Trust, initially dated as of December 1, 1992 and amended and restated on October 29, 2009 and further amended and restated on the date of issuance of the 2019 Bonds (the “Indenture”), as supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, to be entered into in connection with the issuance of the 2019 Bonds (the “Seventh Supplemental Indenture”), by and between the Corporation and The Bank of New York Mellon, as Trustee (the “Trustee”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in **APPENDIX A** hereto.

The 2019 Bonds are being issued to refund the \$62,310,000 aggregate principal amount of the Corporation’s Outstanding 2009 Refunding Bonds, Series A (Senior Lien)(the “2009 Bonds”). See “PLAN OF REFUNDING” herein.

INTRODUCTORY STATEMENT

The Corporation is a body corporate and politic constituting a public benefit corporation organized and existing under the laws of the State of New York (the “State”), including particularly Chapter 345, Laws of New York, 1968, as amended (the “Act”), to undertake coordinated development of office space and other facilities in the area of the United Nations headquarters in The City of New York (the “City”) needed for the official international community in the City, including the United Nations (the “U.N.”), missions to the U.N. and U.N.-related programs and activities.

Pursuant to the Act, the Corporation has: (1) developed a 39-story, combined-use office building and hotel located on the northwest corner of First Avenue and 44th Street, which opened in 1975 and is known as One U.N. Plaza (sometimes referred to as the First Phase or Phase I Property); (2) developed a 40-story, combined-use office building and hotel, located between East 44th and 45th Streets, west of and adjacent to One U.N. Plaza, which opened in 1983 and is known as Two U.N. Plaza (sometimes referred to as the Second Phase or Phase II Property); and (3) developed a 15-story office building, with an adjacent urban plaza, located on the south side of East 44th Street, between First and Second Avenues, across from One and Two U.N. Plaza, which opened in 1987 and is known as Three U.N. Plaza (sometimes referred to as the Third Phase or Phase III Property). Each of these three properties is located directly across First Avenue from U.N. headquarters in the City. The three properties are referred to collectively herein as the “UNDC Properties.” See “THE UNDC PROPERTIES” herein. The Corporation transferred its interest in all three UNDC Properties to the City and leased back the same for 99 years under the Phase I/Phase III City Lease and the Phase II City Lease, as described and defined below, and collectively referred to below as the “City Leases.” The 2019 Bonds are being issued to refund the Outstanding 2009 Bonds. See “PLAN OF REFUNDING” herein.

In 1978, the Corporation issued a bond which matures on July 1, 2028 and is currently outstanding in the principal amount of \$287,500 payable at maturity. In 1980, the Corporation issued bonds which mature on August 1, 2025 and are currently outstanding in the principal amount of \$1,250,000 payable at maturity. Debt service on such bonds (collectively, the “Prior Lien Bonds”) is payable as an Operating Expense, prior to the payment of debt service on the 2019 Bonds.

The 2019 Bonds will be payable from and secured by a pledge of (i) the Net Revenues (as defined under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Pledge of the Indenture”) and all Funds and Accounts held by the Trustee under the Indenture, and money and investments of money held in such Funds or Accounts, (ii) except as limited by the Indenture, all rights and interest of the Corporation in or to the Basic Annual Rent (as defined in the City Backup Lease, hereinafter defined) payable by the City under the City Backup Lease, including the representations, warranties and covenants of the City therein related to payment of Basic Annual Rent, and (iii) any and all other property or security interest therein from time to time granted, bargained, sold, conveyed, transferred, mortgaged, pledged and assigned as additional security under the Indenture. Amounts in the Operating Fund, which is created under the Indenture, are held by the Corporation and not the Trustee and are not subject to the pledge of the Funds and Accounts held by the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Pledge of the Indenture” herein. The Corporation has amended the Indenture to prohibit the issuance of additional Bonds, other than certain Bonds which may be issued on a parity with the 2019 Bonds (the “Bishop Bonds”) in the event owners of the Prior Lien Bonds maturing August 1, 2025 exercise their right to elect to exchange such bonds pursuant to the resolution of the Corporation adopted July 10, 1980. The 2019 Bonds, together with any bonds issued under the Indenture in exchange for Prior Lien Bonds, are collectively referred to here as “Bonds.”

The relative priorities of the Bonds as to rights of payment and enforcement of remedies in the event of any bankruptcy, insolvency, reorganization or similar proceeding with respect to the Corporation and in the context of an Event of Default (as defined under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Events of Default” herein) are described under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Remedies” herein and under “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” in **APPENDIX A** hereto.

The 2019 Bonds will not constitute a debt of the U.N., UNICEF, the United States of America or the State or the City, none of which shall be liable thereon. The Corporation has no taxing power. There are no significant assets or sources of funds available to pay the 2019 Bonds other than the Net Revenues, which may include Revenues from the Basic Annual Rent under the City Backup Lease. Consequently, Holders of 2019 Bonds must rely for repayment solely upon collection of the Net Revenues by the Trustee pursuant to the Indenture.

The 2019 Bonds are not subject to redemption prior to maturity.

This Official Statement includes summaries of the terms of the 2019 Bonds and certain provisions of the Indenture, summaries of certain leases and other agreements relating to the UNDC Properties, certain financial information with respect to the Corporation and estimates and forecasts of future revenues. The summaries or descriptions herein of documents, agreements and reports do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to such documents, agreements and reports, copies of which are available for inspection at the office of the Corporation.

THE CORPORATION

The Corporation is a body corporate and politic constituting a public benefit corporation organized and existing under the laws of the State, including particularly the Act. The Act provides that the Corporation's existence continues until terminated by law. However, no law terminating the Corporation's existence may take effect if any bonds, notes or other obligations of the Corporation are then outstanding, unless adequate provision has been made for the payment thereof. Upon termination of the existence of the Corporation, all its rights and properties not otherwise disposed of shall pass to and be vested in the State.

The Corporation's offices are located at Two U.N. Plaza, 27th Floor, New York, New York 10017. The Corporation's telephone number is (212) 888-1618.

Members

The Corporation consists of 15 members who constitute the Corporation's Board of Directors (the "Board"). Of the 15 members, two serve by virtue of their respective offices as Commissioner of the New York City Department of Housing Preservation and Development (successor to the New York City Housing and Development Administration) and as Chairman of the New York City Planning Commission, eight are appointed by and serve at the pleasure of the Governor of the State and five (including the Chairman of the Board) are appointed by and serve at the pleasure of the Mayor of the City. Members are appointed for terms of three years and may be reappointed for an unlimited number of terms, and continue to serve until their successors are appointed. No member may receive, directly or indirectly, any salary, compensation or emoluments from the Corporation in any capacity. The President of the Corporation is appointed by the Chairman after consultation with the Mayor of the City. The duties of the President are being performed by the Corporation's Executive Vice President and General Counsel.

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The Corporation's current members are as follows:

<u>Name</u>	<u>Original Date of Appointment as Member</u>	<u>Occupation/Affiliation</u>
George Klein, Chairman	November 1971	Chairman & CEO, Park Tower Group
Penny Abeywardena	March 2015	Commissioner, Mayor's Office for International Affairs
Robert Abrams, Esq.	August 2008	Partner, Stroock & Stroock & Lavan LLP
Jan Burman	October 2013	President, The Engel Burman Group
Eric Enderlin	March 2019	Commissioner, New York City Department of Housing Preservation & Development
Christine Falvo	June 2016	Chief Operating Officer, Rubenstein
Jessica Healy	June 2016	Global Real Estate Development Professional
Amabel B. James	December 2014	James Family Foundation
Marisa Lago	February 2017	Chair, New York City Planning Commission
David Mack	October 2017	The Mack Company
Samuel Natapoff	December 2010	President, Empire Global Ventures LLC
Joseph Rutigliano	September 2015	Managing Member, Ruterra Partners, LLC
Andy K. Shenoy	December 2010	President, Mitra Enterprises, Inc.; Executive Director, Trivision Health Center
Joel Silverman	March 2012	Joel M. Silverman and Associates, LLC

Corporate Officers

The following are the executive officers of the Corporation.

Robert Cole, Executive Vice President and General Counsel. Mr. Cole has been associated with the Corporation since 2004.

Jorge Ortiz, Vice President and Treasurer. Mr. Ortiz has been associated with the Corporation since 1988.

Loida Diaz-de Jesus, Vice President. Ms. Diaz has been associated with the Corporation since 2005.

Kenneth Coopersmith, Vice President. Mr. Coopersmith is a Registered Architect and has been associated with the Corporation since 2008.

PLAN OF REFUNDING

Plan of Refunding

The 2019 Bonds are being issued by the Corporation to refund the Corporation's Outstanding 2009 Bonds. The purpose of the refunding is to reduce the Corporation's debt service obligations.

The proceeds of the 2019 Bonds will be used, along with other available amounts, to redeem on July 1, 2019 all the Outstanding 2009 Bonds at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. Such moneys will be deposited in the Escrow Fund established under the Seventh Supplemental Indenture to provide for the defeasance of the Outstanding 2009 Bonds (the "Escrow Fund").

Subject to the issuance of the 2019 Bonds, the deposit of the proceeds thereof in the Escrow Fund and the satisfaction of the applicable provisions of the Indenture, the 2009 Bonds will no longer be Outstanding under the Indenture.

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the issuance of the 2019 Bonds are as follows:

Sources of Funds

Principal Amount of 2019 Bonds	\$42,085,000.00
Original Issue Premium	5,946,830.45
Release of Amounts in Debt Service Reserve Fund	10,016,452.56
Other Available Funds of the Corporation	<u>6,288,745.00</u>
Total Sources	<u>\$64,337,028.01</u>

Uses of Funds

Refunding of 2009 Bonds	\$63,584,241.09
Underwriters' Fee	290,388.25
Costs of Issuance	<u>462,398.67</u>
Total Uses	<u>\$64,337,028.01</u>

THE UNDC PROPERTIES

Debt service on the 2019 Bonds is payable by the Corporation from Net Revenues. Net Revenues and other amounts deposited in the funds and accounts under the Indenture are required to be applied to payment of principal installments of and interest on Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Flow of Funds" herein.

General

The Corporation operates the UNDC Properties, exclusive of the hotel portions thereof, hereinafter described. The UNDC Properties that the Corporation operates collectively include approximately 1,000,000 square feet of office and other space. The Corporation leases that space to third parties as described below.

The Corporation's principal tenants are the U.N. and foreign missions to the U.N. Together they lease and occupy approximately 712,000 square feet, or 99%, of the rentable office space in One and Two U.N. Plaza. The United Nations Children's Fund ("UNICEF") leases and occupies all of the approximately 205,000 square feet of office space in Three U.N. Plaza. The Corporation is the U.N.'s major landlord in the City.

Certain provisions of the Corporation's leases are summarized in **APPENDIX B** hereto, including the Corporation's lease, as amended to date, with the U.N. for One U.N. Plaza (the "One U.N. Plaza U.N. Lease"), the Corporation's lease, as amended to date, with the U.N. for Two U.N. Plaza (the "Two U.N. Plaza U.N. Lease") and the Corporation's lease, as amended to date, with UNICEF for Three U.N. Plaza (the "UNICEF Lease"). See also "One, Two and Three U.N. Plaza" below for rents and lease commencement and expiration dates for the One U.N. Plaza U.N. Lease, the Two U.N. Plaza U.N. Lease and the UNICEF Lease.

All office space in One, Two and Three U.N. Plaza is currently fully leased, which has been the case, with minor exceptions, since the initial occupancies of the buildings. The U.N., UNICEF and missions to the U.N. have paid all rent and other amounts to the Corporation as required under the applicable lease agreements from the dates of their initial occupancies, except for immaterial amounts and subject to negotiated reductions in payments of additional rent by the U.N. and UNICEF on account of operating expense calculations.

In re-letting space in One and Two U.N. Plaza at the end of any lease with the U.N. or missions to the U.N. (including the existing leases with four of those missions which terminate according to their current terms prior to the maturity of the 2019 Bonds), the Corporation will again offer to rent the space to the U.N. or missions to the U.N. and to "priority organizations" (non-governmental organizations having consultative status with the Economic and Social Council of the U.N. or listed with the U.N. Office of Public Information, non-governmental organizations which participate in U.N.-related programs and activities and other such organizations), which will not adversely affect the then existing exclusion from gross income of interest on the 2019 Bonds. Generally, whenever any space leased to a foreign mission in One or Two U.N. Plaza has become vacant, the Corporation has offered the space to the U.N., which has then leased the space on terms consistent with market rental rates at the time.

The Corporation has obtained copies of publicly available reports to the U.N. General Assembly and reports of actions of the General Assembly and other bodies of the U.N. regarding the U.N. Capital Master Plan (the "Capital Master Plan"). The Capital Master Plan concerned the refurbishment of the U.N. Secretariat and General Assembly Buildings and related buildings at U.N. headquarters located across First Avenue from the Corporation's properties. According to these reports, work on the Capital Master Plan was completed in 2017, at a total estimated cost of approximately \$2.2 billion, funded entirely by U.N. member nations in accordance with actions approved by the U.N. General Assembly and binding on the member nations. No representation is made as to the accuracy of such U.N. reports.

The Corporation has from time to time obtained copies of certain audit reports and other financial reports of the U.N. stating that the U.N. has sometimes faced financial difficulties. These reports do not include financial statements prepared and presented in conformity with accounting principles generally accepted in the United States of America. No representation is made as to the accuracy of such reports. The Corporation has been advised that upon request, financial information about the U.N. and UNICEF may be obtained from the Director, Accounts Division, U.N. Office of Programme Planning, Budget and Accounts, and from UNICEF - Office of the Comptroller, respectively. No representation is made as to the availability or accuracy of any such information.

If the U.N., UNICEF or a mission to the U.N. were to fail to pay rent to the Corporation as required by their leases, the principle of sovereign immunity could be asserted by such tenant to delay or prevent the Corporation from enforcing a judgment for rent or evicting such tenant. If such a defense were asserted, the Corporation would likely be unable to collect rent or re-let the leased premises, and the Corporation’s revenues would be correspondingly reduced.

One, Two and Three U.N. Plaza

One U.N. Plaza

One U.N. Plaza is a 39-story mixed-use office building and hotel constructed by the Corporation that is located at the northwest corner of 44th Street and First Avenue in Manhattan. One U.N. Plaza, which opened in 1975, includes approximately 358,000 square feet of office space located on floors 2 through 26, approximately 5,000 square feet of ground floor retail space, hotel space located on floors 2 and 27 through 39, and separate ground floor office and hotel lobby areas. Pursuant to a Declaration of Condominium dated June 5, 1997, as amended (the “Condominium Declaration”), One U.N. Plaza is separated into two condominium units, one unit consisting of the hotel portions of the building (“Hotel Unit”) and the second unit consisting of the office space, the ground floor retail space, and the other portions of One U.N. Plaza (the “Non-Hotel Unit”). These units do not include the building’s common elements, the operation and maintenance of which are the responsibility of the Condominium Board Managers created under the Condominium Declaration. A majority of the members of the Condominium Board are chosen by the Corporation.

The Condominium Declaration provides that the condominium is governed by a Board of Managers consisting of three persons, one selected by the owner of the Hotel Unit and two selected by the owner of the Non-Hotel Unit. The City, as the owner of the Non-Hotel Unit, subject to lease agreements between the City, as landlord, and the Corporation, as tenant (see “The Corporation’s Interests in the UNDC Properties” below), has irrevocably designated the Corporation as the City’s attorney-in-fact to select the two members of the Board of Managers selected by the Non-Hotel Unit. For a summary of certain provisions of the Condominium Declaration, see “SUMMARIES OF CERTAIN PROVISIONS OF THE AGREEMENTS AND INSURANCE COVERAGE – THE PHASE I CONDOMINIUM DECLARATION” in **APPENDIX B** hereto.

The Corporation is responsible for the operation and maintenance of the Non-Hotel Unit, and it currently leases the following office, retail and storage space in One U.N. Plaza.

One U.N. Plaza Leases

<u>Tenant</u>	<u>Square Feet</u>	<u>Rent per Sq. Ft.</u>	<u>Original Lease Commencement</u>	<u>Current Lease Expiration</u>
United Nations	339,143	\$ 41.51 ⁽¹⁾	1976 – 1998	2023
United Nations	6,997	94.51 ⁽¹⁾	2008	2023
Permanent Missions to the U.N.	11,728	71.67 – 79.81 ⁽¹⁾	1976 – 1997	2021 – 2022
JPMorgan Chase Bank, N.A. (Retail)	4,677	200.70	2006	2023
RHM-88, LLC (Retail)	375	101.33	2016	2026
RHM-88, LLC (Storage)	755	15.00	1997	Month-to-month

⁽¹⁾ Includes current base rent and additional rent based on porter’s wage escalations for 2019.

Two U.N. Plaza

Two U.N. Plaza is a 40-story mixed-use office building and hotel constructed and operated by the Corporation that is located west of and adjacent to One U.N. Plaza on 44th Street and extends to the north to 45th Street in Manhattan. Two U.N. Plaza, which opened in 1983, includes approximately 388,951 square feet of office space located on floors 2 through 28, hotel space located on floors 29 through 40, separate ground floor office and hotel lobby areas, approximately 11,000 square feet used as a pre-school, and approximately 10,000 square feet of storage space. Two U.N. Plaza originally had an underground parking garage that was closed in 2005 and has been converted to storage space for rent by the building's tenants. Approximately 6,100 square feet on the 27th floor is occupied by the Corporation as its administrative offices.

The Corporation is responsible for the operation and maintenance of Two U.N. Plaza. It currently leases the following office, pre-school and storage space located therein:

Two U.N. Plaza Leases

<u>Tenant</u>	<u>Square Feet</u>	<u>Rent per Sq. Ft. ⁽¹⁾</u>	<u>Original Lease Commencement</u>	<u>Current Lease Expiration</u>
United Nations (Office Space)	320,999	\$ 45.70	1983 – 1998	2023
United Nations (Office Space)	21,664	57.26	2010	2023
United Nations (Storage)	10,180	11.16	1983	2023
Various Permanent Missions to the U.N. and U.N.-Related Organizations	21,987	59.20 – 65.81	1983 – 2008	2019 – 2022
NYC Commission for the U.N., Consular Corps and Protocol	3,225	63.50	1984	2023
International Play Group, Inc. (Pre-school)	10,896	46.37	1996	2019 ⁽²⁾

⁽¹⁾ Includes current base rent and additional rent based on operating expense escalations.

⁽²⁾ Lease expires June 2019.

Three U.N. Plaza

Three U.N. Plaza, which opened in 1987, is a 15-story building constructed by the Corporation with approximately 205,000 square feet of office space, with an adjacent public plaza of approximately 5,000 square feet. It is located on the south side of 44th Street between First and Second Avenues, across from One and Two U.N. Plaza. The Corporation is responsible for the operation and maintenance of Three U.N. Plaza. The property includes the approximately 205,000 square feet of office space on floors 2 through 15 and on a portion of the ground floor, and two basement levels with 1,400 square feet of basement storage space and 8,800 square feet of underground space, formerly used as a parking garage. All portions of Three U.N. Plaza are leased to UNICEF as its world headquarters. The term of the UNICEF Lease, which commenced in July 1987, continues until July 2, 2026.

The Corporation and the City have agreed that upon the expiration of the UNICEF Lease on July 2, 2026 and subject to certain conditions being met, including compliance by UNICEF with its obligations under the UNICEF Lease and maintenance of UNICEF's world headquarters in the City, UNICEF or the U.N. will obtain ownership of Three U.N. Plaza, without payment by UNICEF for the transfer.

Three U.N. Plaza Leases

<u>Tenant</u>	<u>Square Feet</u>	<u>Rent per Sq. Ft. ⁽¹⁾</u>	<u>Original Lease Commencement</u>	<u>Current Lease Expiration</u>
UNICEF	205,377	\$45.02	1987	2026
UNICEF (Storage)	10,200	22.78	1987	2026

⁽¹⁾ Includes current base rent and additional rent based on operating expense escalations.

U.N. Exercise of Renewal Options and Rental of Additional Space

In September 2006, the U.N. exercised the first of two renewal options under the One U.N. Plaza U.N. Lease as amended in April 1998 and thereby extended the term of the One U.N. Plaza U.N. Lease for ten years from March 31, 2008 to March 31, 2018, at annual base rents of \$25.50 per square foot from April 1, 2008 to March 31, 2013 and \$27.50 per square foot from April 1, 2013 to March 31, 2018. In September 2016, the U.N. exercised the second of its two renewal options under the One U.N. Plaza U.N. Lease and thereby extended the term of the One U.N. Plaza U.N. Lease for five years from April 1, 2018 to March 31, 2023, at an annual base rent of \$30.00 per square foot.

The U.N. leased an additional 6,997 square feet of office space in One U.N. Plaza pursuant to an amendment dated as of March 6, 2008 to the One U.N. Plaza U.N. Lease. Under the terms of the March 6, 2008 amendment, all of the terms and conditions of the One U.N. Plaza U.N. Lease (except for the commencement of the term therefor on May 1, 2008 and the amounts of base rent) apply to the 6,997 square feet of additional space, including the lease expiration date and all renewal options. The annual base rents per square foot payable by the U.N. for the One U.N. Plaza additional office space range from \$70.00 for four years, ten months, to \$75.00 for five years, to \$80.00 for one month, until March 31, 2018. As the U.N. has exercised the second renewal option referred to above, the current annual base rent for the One U.N. Plaza additional space is \$80.00 per square foot from April 1, 2018 to March 31, 2023.

In September 2006, the U.N. exercised the first of two renewal options under the Two U.N. Plaza U.N. Lease as amended in April 1998 and thereby extended the term of the Two U.N. Plaza U.N. Lease for ten years from March 31, 2008 to March 31, 2018, at annual base rents of \$25.50 per square foot from April 1, 2008 to March 31, 2013 and \$27.50 per square foot from April 1, 2013 to March 31, 2018. In September 2016, the U.N. exercised the second of its two renewal options under the Two U.N. Plaza U.N. Lease and thereby extended the term of the Two U.N. Plaza U.N. Lease for five years from April 1, 2018 to March 31, 2023, at an annual base rent of \$30.00 per square foot.

The U.N. leased an additional 21,664 square feet of office space in Two U.N. Plaza pursuant to an amendment dated as of October 6, 2010 to the Two U.N. Plaza U.N. Lease. Under the terms of the October 6, 2010 amendment, all of the terms and conditions of the Two U.N. Plaza U.N. Lease (except for the commencement of the term therefor on October 6, 2010, the amounts of base rent, the date for base rent commencement and specified other exceptions and additional provisions principally concerning the U.N. requested improvements for the additional space), apply to the additional space, including the lease expiration date, with all renewal options taken into account. The annual base rents per square foot payable by the U.N. for the Two U.N. Plaza additional office space ranges from \$48.00 for the period beginning March 1, 2011 until February 29, 2016, to \$52.00 for the period from March 1, 2016 to March 31, 2023, as the U.N. exercised the second renewal option referred to above.

In conjunction with the U.N.'s exercise of the above-referenced lease renewal options in September 2016, and in response to the request of the U.N. in November 2018, the Corporation engaged

in discussions with the U.N. Secretariat staff regarding possible lease extensions beyond 2023. The focus of those discussions was accommodating the U.N.'s anticipated future space and staffing needs in the City. The Corporation expects that these discussions will be continuing.

No assurance is possible, however, that the U.N. or missions to the U.N. will remain in the City or will renew their leases with the Corporation at the expiration of such leases.

Disposition of Hotel and Operation by Hotel Operator

On July 23, 1997, the Corporation and the City sold their interests in the hotel portions of One and Two U.N. Plaza, which consist primarily of hotel rooms on the top 11 floors of One U.N. Plaza and hotel rooms on the top 12 floors of Two U.N. Plaza. Substantially all of the proceeds of the sale were paid to the City.

One U.N. Plaza

The Hotel Unit in One U.N. Plaza is currently owned and operated by RHM-88, LLC, which is affiliated with Millennium & Copthorne, a London based unit of CDL Hotels International Ltd. of Hong Kong (the "Hotel Operator"). The Hotel Unit is part of the One U.N. Plaza Condominium referred to above and is owned by the Hotel Operator. In conjunction with such ownership, the City Leases were amended (as part of the disposition of the hotel interests referred to above), resulting in severing the City's interest in the Hotel Unit (together with an accompanying percentage interest in the common elements of the One U.N. Plaza Condominium attributable to the Hotel Unit), and the City's interest therein was terminated.

Under the Condominium Declaration, the Board of Managers is responsible for providing essential building services at One U.N. Plaza and is responsible for the day-to-day operation and maintenance of all common elements as defined in the Condominium Declaration (the "Common Elements"). Allocation of expenses between the Non-Hotel Unit and the Hotel Unit for these services and for the day-to-day operation and maintenance is based on various criteria, depending upon the nature of the specific expense. These criteria include the square footage and hours of operation of the Hotel Unit and Non-Hotel Unit, as well as other relevant factors.

Under the Condominium Declaration, the Hotel Operator is required to maintain the Hotel Unit, among other obligations concerning the Hotel Unit, and is responsible for all expenses at One U.N. Plaza that are allocable to the Hotel Unit.

The air conditioning for the Hotel Unit relies on chilled water sourced from One U.N. Plaza mechanical equipment that is part of the Common Elements. This chilled water is brought to and then distributed within the Hotel Unit, with that distribution made through vertical pipes or risers (the "Hotel Risers") located in the walls of the hotel rooms. The Hotel Risers together generally carry each day approximately 3,700 gallons of chilled water. The Hotel Operator's obligations under the Condominium Declaration include maintaining, and when necessary, repairing and/or replacing the Hotel Risers.

In 2015 and thereafter, water leakage and other signs of deterioration in the condition of the Hotel Risers were identified and brought to the attention of the Hotel Operator, the Condominium Board of Managers and the Corporation. The reasons for the water leakage and deterioration continue to be investigated.

The Condominium Board of Managers has advised the Hotel Operator that under the Condominium Declaration, the Hotel Operator is required to address the deterioration and leakage

referred to above, including, if needed, by promptly replacing the Hotel Risers. The Hotel Operator has advised that it will not proceed with any overall replacement at this time. The Board of Managers and the Corporation disagree with such an approach by the Hotel Operator, and on March 8, 2019, they gave the Hotel Operator a written Notice of Default pursuant to the Condominium Declaration concerning the condition of the Hotel Risers. The Hotel Operator has given written notice that it disputes the Notice of Default. The Board of Managers and the Corporation are evaluating alternatives for dealing with the condition of the Hotel Risers and for addressing disagreements with the Hotel Operator, including possible negotiation, or arbitration and/or court proceedings pursuant to the Condominium Declaration.

Due to the deteriorated condition of the Hotel Risers, there is a risk of additional water leakage or possible ruptures involving one or more of the Hotel Risers. In the event of extensive leaks or of a rupture, there would be a significant risk of water damage to the Hotel Unit and other portions of One U.N. Plaza. Such damage could affect and/or prevent the use of Common Elements, such as elevators and mechanical systems, and affect and/or prevent the use of office or other space in the Non-Hotel Unit of One U.N. Plaza, located below the Hotel Unit and occupied by the U.N. and others. If such use is prevented, the U.N. and others may have a right to claim an abatement of rent and other remedies under leases with the Corporation.

There is no certainty whether damage as referred to in the previous paragraph would or would not extend to the Corporation's interests in the Common Elements or in the Non-Hotel Unit. If such damage were to occur, the Corporation expects such damage to be covered in whole or in major part by insurance that the Corporation or Condominium Board of Managers maintains (See "INSURANCE" herein). The Corporation, however, may incur costs due to any such damage that are not covered by insurance, and there is no certainty that the Corporation would recover any or all such costs. Any insurance recovery for such damage could also lead to increases in future insurance premiums.

Notwithstanding the uncertainties described above, the Corporation believes the risk is remote that any such damage or costs incurred by the Corporation would prevent the Corporation from complying with its obligations under the Indenture, including timely payment of interest on and principal of the Bonds and compliance with the Corporation's other financial obligations under the Indenture.

Two U.N. Plaza

At the same time as the sale of the Hotel Unit referred to above, the Corporation sublet the hotel portion of Two U.N. Plaza to the Hotel Operator until July 30, 2079, and received a lump-sum prepayment of rent for the term of the sublease. The hotel portion of Two U.N. Plaza is also currently operated by the Hotel Operator as subtenant under the sublease from the Corporation. Under the sublease, the Corporation as landlord is required to provide essential building services at Two U.N. Plaza and to operate and maintain all common areas. The operating expenses for providing these services are allocated pursuant to the sublease between the Corporation and the Hotel Operator based on various criteria, depending upon the nature of the specific expense. These criteria include the square footage and hours of operation of the non-hotel and the hotel portions of Two U.N. Plaza and other relevant factors. In 2018, expenses allocated to the hotel space, including the Corporation's payment of rent and of real estate taxes, equaled \$3,702,096 and primarily consisted of expenses related to the Corporation's rent payments to the City (\$1,023,081), building maintenance personnel (\$961,754), steam (\$479,652), the Corporation's payment of real estate taxes (\$318,511), and contract security personnel (\$389,880).

The Corporation's Interests in the UNDC Properties

The Corporation originally acquired fee ownership of the land at One U.N. Plaza and portions of the land now part of Three U.N. Plaza. It later acquired the remainder of the land now part of Three U.N.

Plaza and acquired from a private party the lessee's interest under a 99-year ground lease for Two U.N. Plaza (the "Phase II Ground Lease"), the term of which expires on July 31, 2079, subject to an option for the Corporation to purchase the underlying fee interest that the Corporation has the right to exercise between 2020 and 2025, and subject to prior termination as provided therein. The Corporation pays fixed net rent under the Phase II Ground Lease of \$250,000 per annum, subject to increases beginning on August 1, 2025 and every fifth year thereafter, calculated based on the increase in the Consumer Price Index issued by the Bureau of Labor Statistics over such index as of February 1, 2014. Taxes on the site of Two U.N. Plaza and such rent are not subordinate to debt service on the 2019 Bonds and failure to pay such taxes or a default under the Phase II Ground Lease could, unless cured by the Trustee, result in termination of such lease and loss of the Corporation's interest in Two U.N. Plaza thereunder.

As referred to above, the Corporation transferred its interest in all three UNDC Properties to the City and leased back the same for 99 years. The Non-Hotel Unit and Three U.N. Plaza, in each case, are leased back by the Corporation from the City under a lease dated as of August 1, 1972, as amended by the Phase II City Lease (defined below) and further amended by agreements dated as of March 31, 1994, February 3, 1995, July 23, 1997, July 15, 1998, and January 1, 2004 (the August 1, 1972 Lease, as so amended, the "Phase I/Phase III City Lease").

Amounts that the Corporation, as part of operating and maintaining the Non-Hotel Unit under the Phase I/Phase III City Lease, is required to pay to the Board of Managers pursuant to the Condominium Declaration are not subordinate to debt service on the 2019 Bonds. A default by the Corporation under the Condominium Declaration could result in an impairment of the rights of the Corporation with respect to the Non-Hotel Unit and under the City Leases. The Trustee is not currently a Registered Mortgagee, as defined in the Condominium Declaration. The Condominium Declaration gives a Registered Mortgagee a right to receive notices of and to cure events of defaults thereunder. Without such right, the Trustee may not be able to cure defaults by the Corporation under the Condominium Declaration.

The Phase II Ground Lease provides that the Corporation has title to the building erected on the site. After the Corporation transferred title to Two U.N. Plaza to the City, it leased the same back under a lease dated as of May 8, 1981, as amended by agreements dated as of March 31, 1994, February 3, 1995, July 23, 1997, July 15, 1998, and January 1, 2004 (the "Phase II City Lease" and, collectively with the Phase I/Phase III City Lease, the "City Leases").

The Corporation is required to pay the City rent calculated as provided in the City Leases (referred to herein under "Summary of Selected Financial Data" as "Base Rent to the City") and additional rent equal to 90% of the excess of amounts permitted to be deposited by the Corporation in the Surplus Fund under the Indenture over such amounts applied by the Corporation for its other corporate purposes as permitted under the City Leases. The Corporation's obligation to pay rent to the City is subordinate to compliance with the requirements of the Indenture.

Insurance

The Corporation covenants in the Indenture that it will maintain insurance as provided therein. With respect to the UNDC Properties, the insurance the Corporation is required to maintain at all times includes coverage against such risks as are customarily insured against in connection with facilities of type and size comparable to the UNDC Properties, including at least the following insurance when and to the extent available on commercially reasonable terms, with such modifications, if any, as to amounts and types of insurance that are recommended in writing by the Real Estate Consultant under the Indenture:

- (a) insurance against loss or damage by fire and standard extended coverage perils;

- (b) steam boiler, pressure vessel and sprinkler leakage insurance;
- (c) use and occupancy or business interruption insurance, covering loss of anticipated revenues by reason of total or partial suspension of, or interruption in, the operation of the UNDC Properties, or any part thereof;
- (d) workers' compensation insurance as required by the laws of the State; and
- (e) commercial general liability and commercial automobile liability insurance.

The Corporation, however, will not be in default under the Indenture if at any time the Corporation is unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby or the deductible provision thereof, but carries such insurance to the extent reasonably obtainable. Since its inception, the Corporation has maintained insurance as required by the Indenture.

Under the operating expense escalation provisions of the Two U.N. Plaza U.N. Lease, the Corporation's other leases for space at Two U.N. Plaza, and the UNICEF Lease, the U.N., other tenants and UNICEF are required to pay the Corporation amounts equal to substantially all increases in the costs of insurance coverage attributable to Two and Three U.N. Plaza.

There can be no assurance that the Corporation will be successful in obtaining in the future any specific types or amounts of insurance, including insurance covering acts of terrorism as defined under the applicable law, or that insurance coverage for such acts will be available in the future.

For additional information concerning the Corporation's current insurance coverage see "SUMMARIES OF CERTAIN PROVISIONS OF THE AGREEMENTS AND INSURANCE COVERAGE" in **APPENDIX B** hereto.

Additional United Nations Related Real Estate Needs and the City Backup Lease

As described above, the Corporation provides office space for the U.N., UNICEF and foreign missions to the U.N. From time to time, officials of the City or the U.N. request that the Corporation study and otherwise work on possibly providing additional office space to meet U.N. needs.

In response to such requests, the Corporation worked for several years, beginning in 2002, on plans and studies for a new office building to be located on City-owned land on the east side of First Avenue, between 41st and 42nd Streets (the "new building"), that would be leased to the U.N. Construction drawings and specifications for the new building were discussed but never prepared and construction of the new building never began. The Corporation anticipated that if the new building had been constructed, the U.N. would have relocated to the new building its offices from elsewhere in Manhattan, including U.N. offices in One and Two U.N. Plaza. All or substantially all of the office space leased by the U.N. in One and Two U.N. Plaza would have become vacant.

In contemplation of the possibility of the Corporation constructing the new building, the Corporation and the City entered into a Master Lease (the "City Backup Lease") under which the City agreed that if the U.N. vacates its office space at One and Two U.N. Plaza during the term of the City Backup Lease, in effect until July 1, 2026, and if at that time the Bonds have not been paid, the City would lease that space for the City's use (or for the use of other occupants to the extent consistent with Internal Revenue Code requirements for tax-exemption of interest on the Bonds). The rent to be paid by the City under the City Backup Lease in those circumstances would equal the lesser of the amount of rent

the U.N. would have continued to pay as tenant had it not vacated the space and the amount needed for the Corporation to comply with its debt service and related coverage obligations to bondholders under the Indenture. The term of the City Backup Lease continues in effect while the 2019 Bonds are outstanding. See “SUMMARIES OF CERTAIN PROVISIONS OF THE AGREEMENTS AND INSURANCE COVERAGE — THE CITY BACKUP LEASE” in **APPENDIX B** hereto.

The City’s obligations under the City Backup Lease are dependent upon an annual appropriation by the City and the availability of funds for the City’s payment of rent to the Corporation. The City is not legally obligated to make any such appropriation; however, if the City appropriates funds and the appropriation has not lapsed or been repealed, the City’s obligations will be enforceable up to the amount appropriated and available therefor. The obligations of the City under the City Backup Lease do not constitute obligations for which the City has levied or pledged any form of taxation, or debts of the City for the purposes of any statutory or constitutional limitation, or pledges of the faith and credit of the City.

SELECTED FINANCIAL DATA AND MANAGEMENT’S DISCUSSION

The Corporation’s audited financial statements as of December 31, 2017 and December 31, 2018 and for the years then ended are included in **APPENDIX C** hereto. See “INDEPENDENT AUDITORS” herein.

Schedule of Net Revenues in Excess of Debt Service Requirements

The following table summarizes selected financial data for the UNDC Properties before renewals and replacements for each of the four years ended December 31, 2015, 2016, 2017 and 2018. The information in the table was prepared in a manner consistent with the information presented on the Supplemental Schedule attached to the Corporation’s audited financial statements in each of these years. See **APPENDIX C** hereto.

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Schedule of Net Revenues in Excess of Debt Service Requirements
(accrual basis)

	For Years Ended December 31			
	2015	2016	2017	2018
Office Space:				
Revenues	\$42,150,756	\$42,379,996	\$43,079,745	\$45,659,680
Operating Expenses	15,321,916	15,185,663	16,245,590	17,038,803
Net Operating Revenues	26,828,840	27,194,333	26,834,155	28,620,877
Two U.N. Plaza Hotel				
Reimbursement ⁽¹⁾	1,270,420	1,293,177	1,384,226	1,392,592
Fee Income – Tenant Alteration				
Work	30,943	103,110	15,577	313,310
Interest Income	113,518	156,118	454,402	888,760
General and Administrative				
Expenses	2,518,086	2,528,338	2,492,003	2,278,523
Ground Rent	250,000	250,000	250,000	250,000
Real Estate Taxes to the City	1,584,495	1,576,328	1,565,425	1,561,330
Interest Expense on the Prior Lien Bonds (as defined herein)	123,000	123,000	123,000	123,000
Net Revenues Available for Debt Service	<u>\$23,768,140</u>	<u>\$24,269,072</u>	<u>\$24,257,932</u>	<u>\$27,002,686</u>
Debt Service Requirements	9,582,888	9,580,888	9,576,838	9,578,838
Maximum Annual Debt Service Coverage Levels	<u>2.48x</u>	<u>2.53x</u>	<u>2.53x</u>	<u>2.82x</u>
Net Revenues after Debt Service	\$14,185,252	\$14,688,184	\$14,681,094	\$17,423,848
Base Rent to the City	1,579,345	1,609,301	1,715,966	1,728,260
Net Revenues after Debt Service and Base Rent to the City ⁽²⁾	<u>\$12,605,907</u>	<u>\$13,078,883</u>	<u>\$12,965,128</u>	<u>\$15,695,588</u>

(1) Payment from the Hotel Operator of its proportionate share of ground rent and real estate taxes for Two U.N. Plaza, and base rent to the City. Does not include other operating expenses allocated to the hotel space in Two U.N. Plaza under the sublease of the hotel portion of Two U.N. Plaza and reimbursed by the Hotel Operator to the Corporation, which for the year ended December 31, 2018 equaled \$2,309,504 and primarily consisted of expenses for building and maintenance personnel (\$961,754), steam (\$479,652) and contract security personnel (\$389,880). Operating expenses as included above have been adjusted to reflect reimbursement of expenses by the Hotel Operator.

(2) From time to time, a portion of Net Revenues remaining after debt service, on a cash basis, are deposited to the Renewal and Replacement Fund under the Indenture. The total amounts so deposited were \$11,000,000 in 2015, \$11,000,000 in 2016, \$9,000,000 in 2017 and \$8,000,000 in 2018. Following such deposits, and amounts set aside by the Corporation for corporate purposes, 90% of the remaining balance of Net Revenues is paid to the City as additional rent under the City Leases.

Historical Maximum Annual Debt Service Coverage

The following table shows maximum annual debt service (“MADS”) coverage for the years 2004 through 2018. The MADS coverage levels shown were calculated using the same methodology as used to determine the Maximum Annual Debt Service Coverage Levels in the table entitled “Schedule of Net Revenues in Excess of Debt Service Requirements” immediately preceding.

<i>Year</i>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>MADS Coverage</i>	1.63x	1.65x	1.73x	1.89x	1.97x	1.99x	2.30x	2.33x	2.26x	2.38x	2.47x	2.48x	2.53x	2.53x	2.82x

Management’s Discussion

The Corporation’s management has provided the following information on the results of operations of the UNDC Properties, as well as amounts set aside and expended for renewals, replacements and capital improvements for each of the four years ended December 31, 2018.

For the year ended December 31, 2018, the Corporation’s net revenues available for debt service were \$27,002,686 an increase of \$2,744,754 compared to the year ended December 31, 2017. This increase is primarily due to an increase after related expenses of \$1,786,722 in base rent and operating expense escalation payments by tenants under the Corporation’s leases for office space, an increase of \$297,733 in fee income for management by the Corporation of certain tenant alteration projects at Three U.N. Plaza and an increase of \$434,358 in investment interest income. Debt service coverage for the year ended December 31, 2018, was 2.82x, as compared to the 1.25x coverage required under the Indenture.

Capital Expenditures

Past and future capital expenditures are based on the evaluation and recommendations made by the Corporation’s property management firm, architects, engineers and other consultants regarding physical enhancements that are prudent and reasonable to maintain the properties at the Class A office standard. From 1999 to 2018, the Corporation spent a total of approximately \$61,700,000 on capital improvements for the UNDC Properties. These improvements consisted primarily of security enhancements, building lobby renovations, modernization of elevators and related systems, improvements to mechanical, electrical and fire safety systems, renovations of office restrooms, replacements of roofs and cooling towers, waterproofing of building curtain walls and installation of new facade maintenance systems.

Capital expenditures are primarily funded by amounts in the Renewal and Replacement Fund under the Indenture, the current balance of which is approximately \$24,000,000, an amount expected to be sufficient to fund capital expenditures through 2020. The Corporation replenishes the balance in the Renewal and Replacement Fund from annual operating cash flow as required to meet its capital improvement and replacement needs.

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Projected Budgets

Set forth below are the Corporation's budget for 2019 and the Corporation's projected budgets for the years 2020 through 2022. The amounts included in these budgets are based upon various assumptions, including the continuing payment of rent by the Corporation's tenants at One, Two and Three U.N. Plaza under the terms of current leases, and projected rates of increase in operating expenses which vary according to category of expense. Such budgets and projections are forward looking statements which are predicated upon such assumptions. Neither the Corporation nor the Underwriters make any representation that actual results will be the same as such budgets and projections. These budgets and projections may be affected favorably or unfavorably by unforeseen future events.

	<u>Budget 2019</u>	<u>Projected Budget 2020</u>	<u>Projected Budget 2021</u>	<u>Projected Budget 2022</u>
Office Space: ⁽¹⁾				
Revenues	\$45,183,000	\$45,392,000	\$45,652,000	\$45,854,000
Operating Expenses	<u>17,169,000</u>	<u>17,730,000</u>	<u>18,314,000</u>	<u>19,405,000</u>
Net Operating Revenues	\$28,014,000	\$27,662,000	\$27,338,000	\$26,449,000
Two U.N. Plaza Hotel Reimbursement	1,429,000	1,458,000	1,486,000	1,516,000
Interest Income	300,000	300,000	300,000	300,000
General and Administrative Expenses	2,749,000	2,690,000	2,775,000	2,863,000
Ground Rent	250,000	250,000	250,000	250,000
Real Estate Taxes to the City	1,577,000	1,609,000	1,641,000	1,674,000
Interest Expense on Prior Lien Bonds	123,000	123,000	123,000	123,000
Net Revenues Available for Debt Service	<u>\$25,044,000</u>	<u>\$24,748,000</u>	<u>\$24,335,000</u>	<u>\$23,355,000</u>
Debt Service Requirements ⁽²⁾	6,756,356	7,274,250	7,270,750	7,279,500
Maximum Annual Debt Service Coverage ⁽²⁾ Levels	<u>3.44x</u>	<u>3.40x</u>	<u>3.34x</u>	<u>3.21x</u>
Net Revenues after Debt Service	18,287,644	17,473,750	17,064,250	16,075,500
Base Rent to the City	1,769,000	1,794,000	1,821,000	1,848,000
Net Revenues after Debt Service and Base Rent to the City	<u>\$16,518,644</u>	<u>\$15,679,750</u>	<u>\$15,243,250</u>	<u>\$14,227,500</u>

⁽¹⁾ The UNICEF lease is treated as a capital lease with annual non-cash amortization of approximately \$2,000,000 in 2019, \$2,400,000 in 2020, \$2,800,000 in 2021 and \$3,300,000 in 2022.

⁽²⁾ Debt service requirements take into account issuance of the 2019 Bonds and refunding of the 2009 Bonds.

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DEBT SERVICE REQUIREMENTS⁽¹⁾

Calendar Year	Prior Lien Bond Debt Service	2019 Bonds		Total Debt Service
		Principal	Interest	
2019	\$ 123,000	\$ –	\$ 467,611.11	\$ 590,611.11
2020	123,000	5,170,000	2,104,250.00	7,397,250.00
2021	123,000	5,425,000	1,845,750.00	7,393,750.00
2022	123,000	5,705,000	1,574,500.00	7,402,500.00
2023	123,000	5,985,000	1,289,250.00	7,397,250.00
2024	123,000	6,280,000	990,000.00	7,393,000.00
2025	1,373,000	6,595,000	676,000.00	8,644,000.00
2026	23,000	6,925,000	346,250.00	7,294,250.00
2027	23,000	–	–	23,000.00
2028	310,500	–	–	310,500.00
TOTAL⁽²⁾	\$2,467,500	\$42,085,000	\$9,293,611.11	\$53,846,111.11

⁽¹⁾ Excludes debt service of all Outstanding 2009 Bonds that are being refunded by the 2019 Bonds.

⁽²⁾ Totals may not add due to rounding.

THE 2019 BONDS

General

The Corporation is authorized by the Act to issue its bonds, among other purposes, for the purpose of refunding any bonds or notes of the Corporation then outstanding. The Corporation authorized the issuance of the 2019 Bonds by resolutions duly adopted by its Board on March 27, 2019. The Seventh Supplemental Indenture sets forth the terms and conditions of the 2019 Bonds.

Beneficial ownership interests in the 2019 Bonds will be available in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the 2019 Bonds will not receive certificates representing their interests in the 2019 Bonds purchased and will not be Bondholders under the Indenture, except as described below. Purchasers will not receive certificates representing their ownership interest in the 2019 Bonds purchased. See “Book-Entry Only System” below. The 2019 Bonds will be dated the date of their delivery and will bear interest at the rates, and mature on the dates, set forth on the cover page of this Official Statement. Interest on the 2019 Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2019. The principal of and interest on the 2019 Bonds will be payable in immediately available funds from the Trustee to DTC. If any 2019 Bonds are no longer registered in the name of a nominee of DTC, or a successor securities depository, the principal of the 2019 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, as Paying Agent, and interest on the 2019 Bonds will be payable by check mailed to the registered owner thereof as of the fifteenth day of the month preceding the Interest Payment Date.

No Redemption

The 2019 Bonds are not subject to redemption prior to maturity.

Corporation's Right to Purchase

The Corporation retains the right to purchase 2019 Bonds from funds not subject to the pledge and lien of the Indenture at such times, in such amounts, and at such prices as the Corporation determines.

Book-Entry Only System

The information that follows in this section "Book-Entry Only System" is based solely on information provided by The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2019 Bonds.

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transactions. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of the 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notice be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Paying Agent, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Corporation and Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered as provided in the Indenture.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered as provided in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

Neither the Corporation nor the Trustee will have any responsibility or obligation to any DTC Participant, any Beneficial Owner or other persons claiming a beneficial ownership interest in the 2019 Bonds under or through DTC or any DTC Participant, with respect: to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any DTC Participant of any amount in respect of the principal of or interest on the 2019 Bonds; any notice which is permitted or required to be given to owners under the Indenture; or any consent given or other action taken by DTC as an owner.

No assurance can be given by the Corporation or the Trustee that DTC will distribute to the DTC Participants or the DTC Participants will distribute to the Beneficial Owners (i) payments of debt service on the 2019 Bonds paid to DTC or its nominee, as the registered owner, or (ii) any notices, or that DTC or the DTC Participants will serve or act on a timely basis or in a manner described in this Official Statement.

For every transfer and exchange of a beneficial ownership interest in the 2019 Bonds, the Beneficial Owner may be charged a sum to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of the Indenture

The Bonds will be payable from and secured by a pledge of (i) the Net Revenues and all Funds and Accounts held by the Trustee under the Indenture, and money and investments of money held in such Funds or Accounts (ii) except for certain reserved rights as described in the Indenture, all rights and interest of the Corporation in or to the Basic Annual Rent payable by the City under the City Backup Lease, including the representations, warranties and covenants of the City therein related to payment of Basic Annual Rent, and (iii) any and all other property or security interest therein from time to time granted, bargained, sold, conveyed, transferred, mortgaged, pledged and assigned as additional security under the Indenture. Amounts in the Operating Fund, which is created under the Indenture, are held by the Corporation and not the Trustee and are not subject to the pledge of the other Funds and Accounts held by the Trustee. See "Flow of Funds" below.

"Net Revenues" is defined in the Indenture to mean Revenues for a particular period less all amounts set aside in or transferred from the Revenue Fund during such period for deposit in the Operating Fund. "Revenues" for any particular period is defined in the Indenture to mean all gross receipts, proceeds, revenues, income and other money derived by the Corporation during such period from or in connection with the UNDC Properties, excluding any condemnation, foreclosure, or insurance proceeds and any other amounts required under the Indenture to be deposited to a specific Fund or Account other than the Revenue Fund.

The Bonds will not constitute a debt of the U.N., UNICEF, the United States of America or the State or City of New York, none of which will be liable thereon. The Corporation has no taxing power.

The following summarizes certain covenants of the Corporation and other provisions contained in the Indenture, to which reference is made for a complete recital of the terms thereof. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in **APPENDIX A** hereto.

Revenue Covenants

The Corporation covenants in the Indenture that it will fix, charge and collect rents, rates, fees and charges in connection with the UNDC Properties that will be sufficient to produce (i) Revenue Covenant Income in each year equal to not less than the Debt Service Requirement for such calendar year and (ii) Net Revenues equal to not less than 125% of the Debt Service Requirement for such calendar year. Any failure of the Corporation to fulfill the covenant described in clause (ii) above, however, shall not constitute an Event of Default if the Corporation takes certain actions described in the Indenture. "Revenue Covenant Income" for any period is defined in the Indenture to mean Net Revenues to be realized in such period less the sum (except as provided for from sources other than Net Revenues) of the Renewal and Replacement Requirement and Net Annual Rent and Base Rent (as defined in the City Leases) for such period.

No Debt Service Reserve Fund

No amounts will be set aside in a debt service reserve fund for the 2019 Bonds.

Liquidity Balance Covenant

The Corporation covenants in the Indenture that on January 1 and July 1 of each year during which Bonds remain outstanding (hereinafter, each date a "Testing Date") it will have in either of the Surplus Fund or the Renewal and Replacement Fund or in the two Funds together, a total of cash and Investment Obligations (as defined in the Indenture), which have an aggregate value at least equal to the greatest amount payable in the then current or any future fiscal year to pay the aggregate sum of the principal of and interest on Outstanding Bonds (the "LBR"). For purposes of determining whether the LBR is satisfied, cash and Investment Obligations shall be considered to have a value equal to, in the case of cash, the notional amount of such cash, and, in the case of an Investment Obligation, the lower of cost or par of such Investment Obligation.

The Corporation further covenants in the Indenture that it shall file with the Trustee not later than 90 days after each Testing Date a certificate of an Authorized Officer stating whether the Corporation was in compliance with the LBR on such Testing Date, which certificate shall include the amounts of cash and the aggregate value of such Investment Obligations held on such Testing Date.

The Indenture provides that the failure to comply with the LBR requirement on any particular Testing Date will not constitute an Event of Default under the Indenture unless the Corporation has failed to comply with such LBR on at least two successive Testing Dates.

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Flow of Funds

Establishment of Funds and Accounts. The Indenture establishes the following funds and accounts:

<u>Funds and Accounts</u>	<u>Held By</u>
Revenue Fund	Trustee
Operating Fund	Corporation
Debt Service Fund	Trustee
Renewal and Replacement Fund	Trustee
City Rent Fund	Trustee
Surplus Fund	Trustee

Deposit of Revenues. Pursuant to the Indenture, all Revenues are to be deposited by the Corporation with the Trustee or another depository and credited to the Revenue Fund. Revenues do not include any amounts authorized or required under the Indenture to be deposited to a specific Fund or Account other than the Revenue Fund, including any insurance proceeds for damage and destruction or amounts derived from or in connection with condemnation awards, which are to be deposited into the Renewal and Replacement Fund, upon certification by the Corporation that the UNDC Properties are capable of being repaired, restored or replaced with the money available to the Corporation, including such insurance proceeds or condemnation awards, to a condition which will permit the continued operation of the UNDC Properties in a manner consistent with the Indenture.

Application of Revenues. Not less frequently than each month, the Trustee is to make the following transfers and deposits from the Revenue Fund, in the order and to the extent indicated below:

(a) To the Operating Fund upon requisition by the Corporation, free and clear of the pledge and lien of the Indenture, a sum equal to the anticipated Operating Expenses (including reimbursement for such expenses paid by the Corporation from moneys not subject to the pledge and lien of the Indenture) for the next succeeding calendar month. "Operating Expenses" for any particular period is defined in the Indenture to mean the reasonable and necessary current expenses incurred or in the reasonable judgment of the Corporation to be incurred during such period by the Corporation for the maintenance, repair, operation and administration of the UNDC Properties, or any part thereof, including payments of real estate taxes, required payments to the board of managers under the Declaration, rent payable under the Phase II Ground Lease and debt service on the Prior Lien Bonds of (i) \$123,000 annually prior to the maturity dates thereof and (ii) \$1,250,000 and \$287,500 in principal on the maturity dates thereof of August 1, 2025 and July 1, 2028, respectively;

(b) To the Debt Service Fund, a sum such that if the same amount were transferred each month, there would be on deposit 10 days before the next Interest Payment Date and 10 days before the next Principal Installment Date (but only if such Principal Installment Date is within 12 months of the date of deposit) an amount equal to the Interest Requirement and the Principal Requirement as of 10 days before such dates. The Trustee will apply amounts in the Debt Service Fund to the payment of principal installments of and interest on the Bonds. In the event that there is insufficient money in the Debt Service Fund to make payments of principal of or interest on the Bonds, the Trustee, upon notifying the Corporation, is to make withdrawals from the Funds and Accounts in the following order of priority and deposit the same in the Debt Service Fund: Surplus Fund; City Rent Fund; and Renewal and Replacement Fund.

"Interest Requirement" means, as of any date of calculation, the amount of any unpaid interest that previously became due on the Bonds plus the amount of interest that is due (if calculated on an

Interest Payment Date) or will on the next succeeding Interest Payment Date become due on the Bonds Outstanding (not including, for purposes of any transfer from the Revenue Fund or any revenue covenant, coverage test or issuance test, interest for the payment of which provision has been made from sources other than Revenues). “Principal Requirement” means, as of any date of calculation, the amount of any unpaid Principal Installment that previously became due plus the Principal Installment then due (if calculated on a Principal Installment Date) or to become due on the next succeeding Principal Installment Date;

(c) To the Renewal and Replacement Fund, a sum which, when added to the amounts then on deposit in the Renewal and Replacement Fund, is at least equal to the amount anticipated by the Corporation to be withdrawn from the Renewal and Replacement Fund during the next succeeding month; provided that the aggregate amount transferred to the Renewal and Replacement Fund in any calendar year will be equal to the Renewal and Replacement Requirement. “Renewal and Replacement Requirement” is defined in the Indenture to mean the amount recommended by the chief executive officer of the Corporation to be deposited in the Renewal and Replacement Fund for a calendar year. Upon requisition by the Corporation, the Trustee is to apply amounts in the Renewal and Replacement Fund to the reasonable and necessary expenses of the Corporation with respect to the UNDC Properties for restoration, major repairs, renewals, replacements or maintenance items of a type recurring less frequently than annually (including reimbursement for such expenses paid by the Corporation from moneys not subject to the pledge and lien of the Indenture);

(d) To the City Rent Fund to the extent necessary for the Corporation to pay rent to the City under the City Leases, other than additional rent payable only from certain amounts deposited in the Surplus Fund under the Indenture; and

(e) To the Surplus Fund, any remaining amount.

Application of Surplus. The Trustee is to apply in the following order of priority amounts remaining in the Surplus Fund, and not previously paid to the Corporation, such payments being made at any time upon the Corporation filing an Officer’s Certificate with the Trustee, which the Corporation is permitted to file at any time:

(1) To the Debt Service Fund to the extent that there is insufficient moneys in such Fund to make payments of principal of and interest on the Bonds;

(2) To the Renewal and Replacement Fund to the extent necessary to increase the amount therein to the Renewal and Replacement Requirement;

(3) Upon filing with the Trustee of an Officer’s Certificate, to acquire the Second Phase Property Site or to repair, alter, renovate or restore the UNDC Properties in such manner and to such condition as the Board by resolution shall find necessary or desirable for the continued efficient, economical and businesslike operation of the UNDC Properties; and

(4) Upon filing with the Trustee of an Officer’s Certificate requesting payment, to the Corporation to be used for any lawful purpose free and clear of the pledge and lien of the Indenture.

There is no assurance that amounts will be on deposit in the Surplus Fund at any time so as to be applied by the Trustee for purposes listed in (1) through (4) above.

Disposition of the UNDC Properties

The Corporation may not, except as otherwise permitted by the Indenture, sell, transfer, mortgage, pledge, assign or otherwise dispose of or grant a security interest in its interest in the UNDC Properties or any part thereof. So long as the City Backup Lease remains in effect and provided the Corporation is complying with its tax covenants and its obligations regarding the City Backup Lease under the Indenture, the Corporation may take such actions as it deems necessary or desirable to prepare for (but not carry out) the disposition of the UNDC Properties in whole or in part, including entering into any agreements with any tenants of the UNDC Properties for such tenants to vacate and cease paying rent for any portion of the UNDC Properties. Provided the Corporation is complying with its tax covenants under the Indenture, the Corporation may also sell, transfer, mortgage, pledge, assign or otherwise dispose of or grant a security interest in its interest in the UNDC Properties or any part thereof, subject to: (a)(i) delivery to the Trustee of a Revenue Certificate, (ii) application of the proceeds thereof, if any, to the purchase, or defeasance of the 2019 Bonds, and (iii) delivery to the Trustee of an Officer's Certificate stating that the Corporation has received Rating Confirmation with respect to all Outstanding Bonds; or (b) delivery to the Trustee of an Officer's Certificate to the effect that (i) Net Revenues for each of the first 5 calendar years following delivery of the certificate are projected to be at least 1.50 times the maximum annual Debt Service Requirement on all Bonds to be Outstanding, except that such ratio shall be reduced to 1.25 if the Corporation has obtained leases or lease commitments for at least 15 years for not less than 85% of the floor space of the UNDC Properties to be occupied by tenants; and (ii) for each calendar year of such 5-year period the Corporation is projected to be in compliance with the Revenue Covenants under the Indenture.

Events of Default

Each of the following constitutes an event of default ("Event of Default") under the Indenture:

(1) interest on any of the Bonds shall become due on any date and shall not be paid on said date, or the principal of any of the Bonds shall become due on any date and shall not be paid on said date; or

(2) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds or Indenture contained (other than a default constituting an Event of Default pursuant to clause (1) and such default shall continue for a period of 90 days after written notice to the Corporation and the Trustee from the Holders of not less than 25% of the aggregate principal amount of the Outstanding Bonds or to the Corporation from the Trustee specifying such default and requiring the same to be remedied; but so long as the Corporation is not in default under the Declaration, the City Backup Lease, the Bishop Lease or the City Leases and if the Corporation commences curing the Event of Default within such 90 days after such notice and is using its best efforts to cure such default, all as evidenced by an Officer's Certificate delivered to the Trustee to such effect, no Event of Default shall be deemed to occur on the expiration of the 90 days; or

(3) there shall be filed by the Corporation a petition seeking a composition of indebtedness under any applicable law or statute of the United States of America or of the State.

Remedies

Upon the happening and continuance of an Event of Default described in clauses (1), (2) or (3) under "Events of Default" above, the Trustee may proceed, and upon written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding or upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding

with respect to which such Event of Default described in such clause (1) has occurred, must proceed, to protect and enforce its rights and, to the full extent that the Holders of the Bonds themselves might do, the rights of such Holders under the laws of the State or under the Indenture by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained in the Indenture or in aid or execution of any power granted by the Indenture or for any proper legal or equitable remedy as the Trustee deems most effectual to protect and enforce the rights aforesaid and, without limiting the generality of the foregoing, by such of the following remedies, as the Trustee, being advised by counsel, deems most effectual to protect and insure the rights of such Bondholders:

(1) by suit, action or proceeding for specific performance in equity to require the Corporation to collect Revenues as described under “Flow of Funds — Deposit of Revenues” above;

(2) by suit or action upon the Bonds;

(3) by action or suit to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(4) by action or suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or

(5) if an Event of Default described in clause (1) under “Events of Default” above, has happened, or if so requested by the Holders of all the Outstanding Bonds, by declaring all Bonds due and payable, but such declaration is to be made only after 30 days’ notice in writing from the Trustee to the Governor of the State, to the Mayor of the City, to the Corporation, to the Attorney General of the State and to the Corporation Counsel of the City of the Trustee’s intention to declare all Bonds due and payable.

The Indenture includes provisions to the effect that after the occurrence of an event which constitutes, or which with the giving of notice or the passage of time or both would constitute, an Event of Default under the Indenture, the Trustee will be permitted to give notice limiting its responsibilities with respect to enforcement of remedies on behalf of certain Holders of the Bonds to enforcement actions solely on behalf of certain Holders of the Bonds, with no obligation to enforce remedies under the Indenture on behalf of all Holders of the Bonds.

Accounts and Reports

The Corporation covenants in the Indenture that it will annually, within 90 days after the close of each fiscal year, file with the Trustee and such officer of the State, if any, as required by law, a copy of the annual report for such fiscal year and shall promptly mail a copy of each annual report of the Corporation to Moody’s Investors Service, Inc. (“Moody’s”), Fitch Ratings, Inc. (“Fitch”) and each Bondholder the name and address of which has been filed with the Corporation for such purpose.

LITIGATION

There is no litigation pending or, to the best knowledge of the Corporation, threatened, which questions the existence of the Corporation, or which would restrain or enjoin the issuance or delivery of the 2019 Bonds or which concerns the proceedings of the Corporation taken in connection with the 2019 Bonds or the pledge or assignment and grant of security interests in the property of the Corporation under the Indenture for their payment or which contests the powers of the Corporation with respect to the foregoing.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2019 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2019 Bonds. Pursuant to the Indenture and the Tax Certificate, the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2019 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation has made certain representations and certifications in the Indenture and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Corporation described above, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

State Taxes

Bond Counsel is also of the opinion that interest on the 2019 Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the 2019 Bonds nor as to the taxability of the 2019 Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Premium

2019 Bonds sold at prices in excess of their principal amounts are “Premium Bonds”. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2019 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the 2019 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including

banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2019 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2019 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the 2019 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as **APPENDIX D** hereto. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2019 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2019 Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2019 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2019 Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2019 Bonds may occur. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding the impact of any change in law on the 2019 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2019 Bonds may affect the tax status of interest on the 2019 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2019 Bonds, or the interest thereon, if any action is taken with respect to the 2019 Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGALITY OF 2019 BONDS FOR INVESTMENT AND DEPOSIT

Pursuant to the Act: (1) the 2019 Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries in the State, and all other persons whatsoever who may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them; and (2) the 2019 Bonds may be deposited with and will be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

INDEPENDENT AUDITORS

The financial statements of the Corporation as of December 31, 2018 and 2017 and for the years then ended, included in **APPENDIX C** to this Official Statement have been audited by Marks Paneth LLP, independent accountants, as stated in their report which is also included in **APPENDIX C** hereto.

CERTAIN LEGAL MATTERS

Legal matters with regard to the authorization, issuance and sale of the 2019 Bonds are subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel, which opinion will be substantially in the form set forth in **APPENDIX D** hereto. Certain legal matters will be passed upon for the Corporation by McLaughlin & Stern LLP, New York, New York, as counsel to the Corporation. Certain legal matters will be passed upon for the Underwriters by Hawkins Delafield & Wood LLP, New York, New York.

FINANCIAL ADVISOR

The Corporation has retained Lamont Financial Services Corporation, Fairfield, New Jersey, Frasca LLC, New York, New York, and Forsyth Street Advisors LLC, New York, New York as Co-Financial Advisors (the “Co-Financial Advisors”) in connection with the structuring and offering of the 2019 Bonds. The Co-Financial Advisors are not obligated to undertake, and none of them has undertaken to make, an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”), the Corporation has undertaken in the Seventh Supplemental Indenture for the benefit of the beneficial owners of 2019 Bonds to provide certain annual disclosure within 185 days after the end of each fiscal year, and to provide certain event disclosure in a timely manner. The annual disclosure will be filed with the Municipal Securities Rulemaking Board and will include the Corporation’s audited financial statements and financial and operating data of the type included herein under “THE UNDC PROPERTIES” and “SELECTED FINANCIAL DATA AND MANAGEMENT’S DISCUSSION.” See “CONTINUING DISCLOSURE UNDERTAKING” in **APPENDIX E** hereto.

The Corporation has not previously failed to meet its continuing disclosure obligations with respect to any securities that are the subject of continuing disclosure agreements of the Corporation entered into pursuant to the Rule.

RATINGS

The 2019 Bonds have received ratings of “Aa3” by Moody’s and “AA” by Fitch, respectively. An explanation concerning such ratings and other information may be obtained from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any such rating agencies, if in their respective judgments, circumstances so warrant. A revision or withdrawal of any such rating could have an effect on the market price of the 2019 Bonds.

UNDERWRITING

Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, Drexel Hamilton, LLC and Ramirez & Co., Inc. (collectively, the “Underwriters”) have agreed, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the 2019 Bonds. The Underwriters have agreed to purchase all of the 2019 Bonds if any of the 2019 Bonds are purchased. The Underwriters will purchase the 2019 Bonds from the Corporation at a price of \$48,031,830.45, which represents the par amount of the 2019 Bonds, plus original issue premium of \$5,946,830.45. The Corporation shall pay the Underwriters a fee with respect to the purchase of the 2019 Bonds in the amount of \$290,388.25, inclusive of an amount to reimburse the Underwriters for certain out-of-pocket expenses of the Underwriters in connection with the underwriting of the 2019 Bonds, including the fees of counsel for the Underwriters. After the 2019 Bonds are released for sale to the public, the offering price and other selling terms may from time to time be varied by the Underwriters, and the 2019 Bonds may be offered and sold to certain dealers (including dealers depositing such 2019 Bonds into investment accounts) and others at prices lower than the public offering prices set forth on the cover page hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Corporation and to persons and entities with relationships with the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, one of the Underwriters of the 2019 Bonds, has provided the following three sentences for inclusion in this Official Statement. Morgan Stanley & Co. LLC has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2019 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein & Company, a firm of independent certified public accountants, will deliver to the Corporation, on or before the settlement date of the 2019 Bonds, its report indicating that it has verified the mathematical accuracy of the computations of the adequacy of the cash and the maturing principal of and interest on the government securities shown on the schedules provided by Goldman Sachs & Co. LLC on behalf of the Corporation, to pay, when due, the principal of and interest on the refunded 2009 Bonds.

**UNITED NATIONS DEVELOPMENT
CORPORATION**

By: _____ /s/ Robert Cole _____

APPENDIX A

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions of the Indenture, including the supplements thereto as proposed to be in effect at the time of issuance of the 2019 Bonds, to which reference is made for a complete recital of the terms thereof. Certain other provisions of the Indenture are summarized under “THE 2019 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the Official Statement.

Definitions

“Accountant” means a firm of independent public accountants at the time engaged by the Corporation to perform and carry out the functions of the Accountant under the Indenture.

“Accountant’s Certificate” means a certificate signed by the Accountant.

“Authorized Officer” means the Chief Executive Officer and any other person authorized by (i) resolution of the Corporation or (ii) written designation of the Chief Executive Officer, in either case to act as an Authorized Officer under the Indenture, which authorization shall be filed with the Trustee.

“Bishop Bonds” means a Series of Bonds which the Corporation has agreed to issue on a parity with the other Series of Bonds under this Indenture to the registered owners of the bond heretofore issued by the Corporation under a resolution of the Corporation adopted July 10, 1980, in the event such persons elect to exchange such bond pursuant to such resolution.

“Bishop Lease” means the lease agreement, dated as of August 1, 1980, between the Bishop Trading Company and the Corporation under which the Corporation acquired a leasehold interest in the site of the Second Phase Property.

“Bishop Purchase Option” means the Option to Purchase, dated as of August 1, 1980, between Bishop Trading Company and the Corporation, granting the Corporation an option to purchase the fee interest in the Second Phase Property Site (a) upon giving Notice of Exercise, as defined in said Option, to Bishop Trading Company at any time between August 1, 2020 and July 31, 2025, and (b) at a purchase price that is equal to the fair market value of the Second Phase Property Site determined (i) by appraisers selected as provided in said Option, (ii) as of the date on which the Notice of Exercise is given, and (iii) as otherwise provided in said Option, taking into consideration certain factors or assumptions, as described in said Option, and against which is credited the principal amount of the Prior Lien Bond designated the \$1,250,000 United Nations Development Corporation Special Obligation Bond of 1980.

“Bondholder” and the term “Holder” or “holder” or “owner” or any similar term, when used with reference to a Bond or Bonds, mean the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer.

“Bonds” means the 2019 Bonds and any Bishop Bonds hereafter issued, if any.

“Chief Executive Officer” means the President, the Executive Vice President or another Authorized Officer, from time to time, of the Corporation charged with the management and administration of the UNDC Properties.

“City Leases” means the Phase II City Lease and the Phase I/Phase III City Lease.

“City Rent Fund” means the special Fund created and so designated by Section 501 of the Indenture.

“Debt Service Fund” means the special Fund created and so designated by Section 501 of the Indenture.

“Debt Service Requirement” means at any date the sum of the Principal Requirement and the Interest Requirement, and for any period the sum of the Principal Requirements on all Principal Installment Dates and the Interest Requirements on all Interest Payment Dates in that period.

“Declaration” means the Declaration of Condominium Establishing a Plan of Condominium Ownership of Premises Located at 787-793 First Avenue, New York, New York.

“Depository” means the Trustee or any bank or banks or trust company or trust companies duly authorized under the laws of the United States of America or the State to engage in the banking business within the State and designated by the Board by resolution as a depository of money under the provisions of the Indenture.

“Fiduciary” means the Trustee, Depository or Paying Agent.

“First Phase Property” means the Office Unit and Common Elements attributable thereto under (and as defined in) the Declaration, which created a condominium regime under New York law for the multi-story building located at the northwest corner of First Avenue and East 44th Street known as One United Nations Plaza. The First Phase Property includes facilities, fixtures, equipment and furnishings related to the Office Unit and Common Elements attributable thereto and any additions, alterations and improvements.

“Fiscal Year” means the period of twelve calendar months ending with December 31 of any year which fiscal year may be amended from time to time by resolution of the Corporation.

“Interest Requirement” means, as of any date of calculation, the amount equal to any unpaid interest that previously became due, plus the amount of interest that is due (if calculated on an Interest Payment Date) or will on the next succeeding Interest Payment Date become due on the Bonds (not including, for purposes of any transfer from the Revenue Fund or any revenue covenant, coverage test or issuance test herein, interest for the payment of which provision has been made from sources other than Revenues).

“Investment Obligation” means any of the following which at the time is a legal investment for fiduciaries under the laws of the State for the money held under the Indenture and for the Corporation under the Act which is then proposed to be invested therein: (i) obligations to which the faith and credit of the United States of America are pledged (including receipts evidencing ownership of future interest and principal payments on obligations of the United States of America), (ii) obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, (iii) direct and general obligations of any state within the United States or of any political subdivision of the State, provided that at the time of purchase such obligations are rated in either of the two highest rating categories (without regard to gradations within a category) by Moody’s Investors Service, Inc. (iv) bonds, debentures, participation certificates or notes issued by any of the following: Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal

National Mortgage Association, Export-Import Bank of the United States, Student Loan Marketing Association, Farmers Home Administration, Farm Credit Administration, Federal Home Loan Mortgage Corporation, Resolution Funding Corporation or Government National Mortgage Association, (v) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States, (vi) certificates of deposit, whether negotiable or non-negotiable, issued by any bank, trust company or national banking association (including the Trustee), provided that such certificates of deposit, except in the case of certificates of deposit of a bank, trust company or national banking association in the State of New York having a capital stock and surplus of more than \$50,000,000 and rated at least A by both Moody's Investors Service, Inc. and another nationally recognized statistical rating organization, shall be continuously secured by direct obligations of or obligations guaranteed by the United States of America which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee (or any correspondent bank or trust company designated by the Trustee), as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking, (vii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association or any government securities dealer which is listed as reporting to the market statistics division of the Federal Reserve Bank of New York secured by any one or more of the securities described in clauses (i) through (iv) above, (viii) obligations of any corporation organized under the laws of any state in the United States maturing within two hundred seventy days, rated (unless Rating Confirmation is received) by at least two of Moody's, S&P and Fitch as P-1, A-1+ and F-1, respectively, (ix) Bankers' acceptances maturing within ninety days which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank or trust company, which is organized under the laws of the United States or of any state thereof and which is a member of the federal reserve system, rated (unless Rating Confirmation is received) by at least two of Moody's, S&P and Fitch as P-1, A-1 and F-1, respectively, and (x) No-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest is guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations).

“Maximum Annual Debt Service” means the greatest amount payable in the then current or any future fiscal year to pay the aggregate sum of the principal of and interest on Outstanding Bonds.

“Net Revenues” for any period means Revenues for such period less all amounts set aside in or transferred from the Revenue Fund during such period for deposit in the Operating Fund. As used in any revenue covenant, coverage test or issuance test in the Indenture, Net Revenues shall not include gifts, grants, bequests, donations and contributions made for or in connection with the UNDC Properties.

“Officer's Certificate” means a certificate signed by an Authorized Officer.

“Operating Expenses” for any period means the reasonable and necessary current expenses incurred, or, in the reasonable judgment of the Corporation, to be incurred, during such period by the Corporation for the maintenance, repair, operation and administration of the UNDC Properties, or any part thereof, and shall include, without limiting the generality of the foregoing, such items of expense as:

(a) all ordinary and usual expenses of maintenance, repair, operation and administration of the UNDC Properties, including required payments to the board of managers under the Declaration, and rental payments under the Bishop Lease;

(b) wages, salaries and pension expenses, operating expenses not annually recurring, premiums for insurance and all administrative, accounting, legal, architectural and engineering expenses relating to the maintenance, repair and operation of the UNDC Properties;

(c) fees, expenses and disbursements of the Trustee, the Paying Agent, Depositories, the Real Estate Consultant, the Insurance Consultant and the Accountant, and legal expenses;

(d) arbitrage rebate and related penalties, if any, taxes, excises, assessments or other levies, however described, lawfully levied, assessed or imposed by any taxing authority on or against the UNDC Properties, or the Corporation with respect to the UNDC Properties;

(e) payment of debt service on the Prior Lien Bonds;

(f) payment of Costs of Issuance with respect to Bonds not otherwise provided for under this Indenture;

(g) fees and expenses related to credit and liquidity support and transactions in variable-rate bonds; and

(h) any other expenses of maintenance, repair, operation or administration required or permitted to be paid by or on behalf of the Corporation with respect to the UNDC Properties under the provisions of this Indenture or by law;

but shall not include Principal Installments of or interest on Bonds, or any allowance for depreciation, or any amounts for which money is on deposit in the Renewal and Replacement Fund, or Net Annual Rent, Base Rent or Additional Rent payable to the City under City Leases, or any Excess Coverage payable to the City under the City Backup lease.

“Outstanding,” when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee, or delivered to the Trustee by the Corporation or by any other Fiduciary for cancellation, (b) any Bond for the payment of which either (i) money, equal to the principal amount thereof, with interest to the date of maturity, or (ii) Investment Obligations or money, in the amounts, of the maturities and otherwise as defined, described and required under the defeasance provisions of the Indenture, shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to maturity of such Bond), (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Indenture, and (d) for purposes of any consent or other action to be taken by the Holders of a majority in principal amount or specified percentage of Bonds hereunder, Bonds held by or for the account of the Corporation.

“Paying Agent” means any paying agent for Bonds appointed by or pursuant to the Indenture, and its successor or successors and any other corporation or association which may at the time be substituted in its place pursuant to the Indenture.

“Principal Installment” means, as of any date of calculation, an amount of money equal to the sum of the principal amount of Outstanding Bonds which mature on a single future date.

“Principal Installment Date” means each date on which a Principal Installment is required to be made.

“Principal Office,” when used with respect to a Fiduciary, means the principal office, or corporate trust, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

“Principal Requirement” means, as of any date of calculation and with respect to the Bonds Outstanding on said date of calculation, the amount of money equal to any unpaid Principal Installment that previously became due, plus the Principal Installment then due (if calculated on a Principal Installment Date) or to become due on the Bonds on the next succeeding Principal Installment Date.

“Prior Lien Bonds” means the following bonds previously issued by the Corporation: (i) the \$287,500 United Nations Development Corporation Special Obligation Bond of 1978 and (ii) the \$1,250,000 United Nations Development Corporation, Special Obligation Bond of 1980.

“Rating Agency” means each nationally recognized statistical rating organization that has, at the request of the Corporation, a rating in effect for the Bonds.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rating Confirmation” means a written notice from each Rating Agency that its rating on the Bonds will not be suspended, withdrawn or reduced in Rating Category solely as a result of action proposed to be taken by the Corporation.

“Real Estate Consultant” means the firm or person at the time engaged as the Real Estate Consultant by the Corporation under the Indenture to perform and carry out the duties imposed on the Real Estate consultant by the Indenture.

“Renewal and Replacement Requirement” means the amount recommended to be deposited in the Renewal and Replacement Fund for any 12-month period by the Chief Executive Officer pursuant to the Indenture.

“Revenue Certificate” means a certificate signed by the Chief Executive Officer with the following:

(a) a schedule, signed by the Chief Executive Officer, setting forth an estimate of anticipated Revenue Covenant Income for the then-current calendar year and each of the next succeeding five calendar years as of the date of the certificate and the basis for making such estimates;

(b) a schedule prepared by the Corporation of the annual Debt Service Requirement on the Bonds Outstanding for each year in which Bonds are to remain Outstanding both with and without the action necessitating the filing of the Certificate; and

(c) an opinion of the Chief Executive Officer stating that the action authorized and contemplated by the Section of the Indenture requiring the Certificate will not have a material adverse effect on the ability of the Corporation to pay debt service on the Bonds as compared to such ability as of the date of the Certificate without such action and stating the reasons for such

opinion, provided that a cessation or decrease of deposits to, or withdrawals from, the Surplus Fund shall not be deemed to have a “material adverse effect” pursuant to this subparagraph (c) of the definition of Revenue Certificate, provided the Corporation is projected to be in compliance with applicable Revenue Covenants under the Indenture.

“Revenue Covenant Income” means the Net Revenues to be realized in a period less the sum (except as provided for from sources other than Net Revenues) of the Renewal and Replacement Requirement and the Net Annual Rent and Base Rent (as defined in the City Leases) for such period.

“Revenues” for any period means all gross receipts, proceeds, revenues, income and other money derived by the Corporation and its successors and assigns during such period from or in connection with the UNDC Properties, or any part thereof, and excluding revenues and proceeds described below, to the extent that such revenues and proceeds are directed by the Indenture to be deposited to a specific Fund or Account other than the Revenue Fund; and Revenues shall include, without limiting the generality of the foregoing, all of the following:

- (a) revenues derived from the ownership of any interest in or the operation, lease, mortgage, sale or transfer of the UNDC Properties, or any part thereof;
- (b) proceeds derived from condemnation awards, foreclosure or payments in lieu of foreclosure, or insurance payments in connection with the UNDC Properties, or any part thereof;
- (c) payments derived from any other contract rights, whether now or hereafter owned, vested or held with respect to the UNDC Properties, or any part thereof, and all gifts, grants, bequests, donations and contributions made for or in connection with the UNDC Properties, or any part thereof; and
- (d) all investment income received with respect to any Fund held by the Trustee under the Indenture.

In any projection of Revenues, Net Revenues or Revenue Covenant Income under the Indenture, projected Revenues are to be based upon the assumption that existing office leases will remain in effect or be renewed on substantially the same economic terms and on such other assumptions that the Corporation deems reasonable.

“Rule” means, when used in relation to any particular Series of Bonds, Rule 15c2-12 of the SEC under the 1934 Act as in effect and applicable to such Series of Bonds.

“SEC” means the Securities and Exchange Commission.

“Second Phase Property” means a project comprising a multi-story building located between East 44th Street and East 45th Street known as Two United Nations Plaza, including office space, access to other buildings, certain retail and community facilities and all other facilities, fixtures, equipment, and furnishings related thereto and any additions, alterations or improvements.

“Second Phase Property Site” means the site that the Corporation leases under the Bishop Lease and on which the multi-story building known as Two United Nations Plaza is constructed as part of the Second Phase Property.

“Series Resolution” means a resolution adopted by the Corporation and becoming effective in accordance with the terms hereof, which resolution, among other things, authorizes the execution of the Seventh Supplement.

“Seventh Supplement” means the Seventh Supplemental Indenture of Trust, to be dated the date of issuance of the 2019 Bonds, by and between the Corporation and the Trustee pursuant to which the 2019 Bonds are authorized to be issued.

“Superior Instrument” means any document or instrument to which the Corporation’s interest in any portion of the UNDC Properties may be subject from time to time, including without limitation the Bishop Lease, condominium declarations with respect to portions of the UNDC Properties, and the terms of any other declaration, covenant or agreement allocating rights and obligations between the owners and tenants of portions of the UNDC Properties, including as the same relate to the owner of any condominium unit under the Declaration in whole or in part.

“Supplemental Indenture” means an agreement by and between the Corporation and the Trustee that is supplementary to this Indenture, which agreement may, among other things, amend, modify or otherwise revise this Indenture or may authorize the issuance of Bonds of a Series.

“Tax-Exempt Bonds” means the 2019 Bonds and all other Bonds so identified in any Supplemental Indenture.

“Term Bonds” means the Bonds as so designated in a Supplemental Indenture.

“Testing Date” means January 1 and July 1 of each year during which Bonds remain Outstanding.

“Third Phase Property” means a project comprising a multi-story building located on the south side of East 44th Street known as Three United Nations Plaza, including office space, and all other facilities, fixtures, equipment, and furnishings related thereto and any additions, alterations or improvements.

“UNDC Properties” means collectively the First Phase Property, the Second Phase Property and the Third Phase Property.

“UNICEF” means the United Nations International Children’s Fund, a subsidiary body of the United Nations.

“United Nations” means the international organization of governments known as the United Nations established June 26, 1945, including the organs and specialized and other agencies and subsidiary bodies thereof.

Indenture to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Corporation with the Holders of the Bonds, and shall be deemed to be and shall constitute contracts between the Corporation, the Trustee and the Holders from time to time of the Bonds. The pledge made in the Indenture and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof except as expressly provided in the Indenture.

The Corporation's Obligation to Pay Bonds. The Bonds are payable from the collateral pledged in the granting clauses of the Indenture, in the order of priority specified in the Indenture and subject to the terms and conditions of the Indenture.

Under the Indenture, the Corporation, in order to secure the payment of the principal installments of and interest on the Bonds and the performance by the Corporation of the covenants contained therein, grants, bargains, sells, conveys, transfers, pledges, grants a security interest in, and assigns unto the Trustee, as Trustee, the following:

1. Subject only to the rights of the Corporation to apply, or cause the Trustee to apply, amounts held under the Indenture, in accordance with the provisions of the Indenture, all Net Revenues, and all Funds and Accounts (not including the Operating Fund) held by the Trustee under the Indenture, and money and investments of money held in such Funds or Accounts (not including the Operating Fund), which pledge is expressly subject to the applications permitted under the Indenture respecting withdrawals from the Revenue Fund for deposit in the Operating Fund;

2. Subject to the following sentence, all rights and interest of the Corporation in or to the basic annual rent payable by the City under the City Backup Lease, including the representations, warranties and covenants of the City therein related to payment of basic annual rent. Except as specifically provided in the Indenture, such grant does not include: (i) the rights of the Corporation pursuant to provisions for consent or other action by the Corporation, notice to the Corporation, indemnity or the filing of documents with the Corporation, or otherwise for its benefit but not requiring payment of basic annual rent by the City, or (ii) any right or power reserved to the Corporation pursuant to the Act or other law; nor does such grant preclude the Corporation's enforcement of its rights under and pursuant to the City Backup Lease for the benefit of the Bondholders as provided in the Indenture; and

3. Any and all other property or security interest therein, of every name and nature from time to time after the execution of the Indenture by delivery or by writing of any kind granted, bargained, sold, conveyed, transferred, mortgaged, pledged and assigned as and for additional security under the Indenture, by the Corporation or by anyone in its behalf pursuant to the Indenture or with its consent, to the Trustee, which is authorized thereunder to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof. The Bonds do not constitute a debt of the United Nations, UNICEF, the United States of America, the State or the City, none of which shall be liable thereon. The Corporation has no taxing power.

Deficiencies in Debt Service Fund. If there is insufficient money in the Debt Service Fund to make payments of principal of or interest on Bonds, the Trustee, upon notifying the Corporation, shall make withdrawals from the Funds and Accounts under the Indenture in the following order of priority and deposit the amounts withdrawn in the Debt Service Fund:

- (1) Surplus Fund;
- (2) City Rent Fund; and
- (3) Renewal and Replacement Fund.

Agreement of State and City. In the Act, the State authorizes the Corporation to include in the Indenture, and the Corporation does thereby include, the agreement of the State that the State pledges to and agrees with the Holders of any notes or bonds issued under the Act, that the State will not limit or

alter the rights vested in the Corporation to fulfill the terms of any agreements made with the Holders thereof, or in any way impair the rights and remedies of such Holders until such notes or bonds, together with the interest thereon and all costs and expenses for which the Corporation is liable in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Under the provisions of the City Leases, the City has authorized the Corporation to include in the Indenture, and the Corporation does thereby include, the City's pledge and agreement with the Holders of the Bonds that, except as otherwise specifically provided in the City Leases, the City will not alter or limit the rights vested in the Corporation under the City Leases, or in any way impair the rights and remedies of Holders of the Bonds, until payment in full of the Bonds in accordance with their terms, including principal and interest and payment of all other obligations of the Corporation as provided in the proceedings authorizing the Bonds.

Compliance with Declaration, City Backup Lease, Bishop Lease and City Leases. The Corporation covenants to comply with the applicable requirements of the Declaration, City Backup Lease, Bishop Lease and City Leases. The Corporation further covenants to enter into any amendment of the Declaration, City Backup Lease, Bishop Lease or City Leases only upon delivery by the Corporation to the Trustee of a Revenue Certificate.

Operating Expense Covenant. The Corporation covenants that the amount expended for Operating Expenses in any calendar year will not exceed the reasonable and necessary amount therefor.

Insurance and Condemnation Proceeds. Insurance proceeds for damage to or destruction of the UNDC Properties, or any part thereof, or any amounts derived from or in connection with condemnation awards with respect to the UNDC Properties, or any part thereof shall be applied pursuant to any requirement of any Superior Instrument that insurance or condemnation proceeds be applied to "work," as defined in the Bishop Lease, or to restoration, replacement, repair, rebuilding, reconstruction, substitution or similar work at the UNDC Properties. Except as otherwise described in the preceding sentence, such proceeds shall be deposited in the Renewal and Replacement Fund, and applied therefrom with reasonable promptness in accordance with the provisions of the Indenture, as directed by an Officer's Certificate filed with the Trustee and Moody's Investors Service, which Officer's Certificate shall certify, in the event of a direction to make such deposit in the Renewal and Replacement Fund, that the UNDC Properties are capable of being repaired, restored or replaced with the money available to the Corporation, including such insurance proceeds or condemnation awards and any other money available to the Corporation for such purpose, to a condition which will permit the continued operation of the UNDC Properties in a manner consistent with the Indenture.

Accounts and Reports. (A) The Corporation shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the UNDC Properties and all Funds and Accounts established by the Indenture which shall at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Corporation shall annually, within 90 days after the close of each Fiscal Year, file with the Trustee and with such officer of the State, if any, as may be required by law, a copy of the Corporation's annual report for such Fiscal Year setting forth in reasonable detail:

- (1) its operations and accomplishments;

(2) its revenues and expenses in accordance with the categories or classifications established by the Corporation for its operating purposes; and

(3) its assets and liabilities and fund balances at the end of such Fiscal Year, including all Funds and Accounts established by the Indenture.

A copy of each such annual report shall be accompanied by an Accountant's Certificate, and such copy and Accountant's Certificate shall be mailed promptly thereafter by the Corporation to Moody's, Fitch and each Bondholder who shall have filed such Bondholder's name and address with the Corporation for such purpose.

(C) The Corporation shall annually, within 90 days after the close of each Fiscal Year, file with the Trustee an Officer's Certificate, based on the books and records of the Corporation, prepared and presented consistently with the information reported pursuant to clauses (2) and (3) of (B) above and accompanied by an Accountant's Certificate, setting forth in reasonable detail:

- (1) Revenue Covenant Income and Net Revenues for the next preceding calendar year;
- (2) the Debt Service Requirement for the next preceding year; and
- (3) the applicable coverage percentages based on such figures are as required under the Indenture; and
- (4) whether such applicable coverage percentages equal or exceed the required coverage percentages as set forth in the Indenture.

(D) The Corporation will mail to Moody's and Fitch from time to time such additional information regarding the financial position, results of operations, business or prospects of the Corporation as Moody's or Fitch may reasonably request.

(E) If a Series of Bonds (i) has been purchased by a Dealer subject to the Rule, (ii) the Rule requires Dealers to determine, as a condition to purchasing such Bonds, that the Corporation will covenant to a continuing disclosure undertaking complying with the Rule (an "Undertaking"), and (iii) the Rule as so applied is authorized by federal law that as so construed is within the powers of Congress, then the Corporation shall provide an Undertaking in the applicable Supplemental Indenture.

Revenue Covenants. The Corporation covenants that it shall fix, charge and collect, or cause to be fixed, charged and collected, reasonable rents (which may include nominal or no rent for community facilities), rates, fees and charges for the use or occupancy of, and for the services furnished or to be furnished by, the UNDC Properties, which rents, rates, fees and charges shall be as set forth in a schedule of rents, rates, fees and charges established from time to time by the Chief Executive Officer pursuant to terms prescribed in the Indenture.

The Corporation covenants that in each calendar year it shall fix, charge and collect, or cause to be fixed, charged and collected, rents, rates, fees and charges, for the use and occupancy of, and for the services furnished or to be furnished by, the UNDC Properties that will be sufficient in each calendar year to produce:

- (1) Revenue Covenant Income in an amount not less than 100% of the Debt Service Requirement for such calendar year, and

(2) Net Revenues in an amount not less than 125% of the Debt Service Requirement for such calendar year. The failure of the Corporation to maintain such 125% coverage shall not constitute or give rise to an Event of Default if (i) following such a failure, the Corporation shall direct the Real Estate Consultant to prepare and submit to the Corporation and the Trustee, after such consultation with and recommendations by qualified architects or engineers or operating managers or consultants engaged or employed by the Corporation, as the Real Estate Consultant and the Corporation determine to be desirable, a report containing such Real Estate Consultant's recommendations as to (a) the proper operation, repair and maintenance of the UNDC Properties during the calendar year immediately following the calendar year in which the Corporation failed to maintain such coverage, and the estimated amount of money necessary for so operating, repairing and maintaining the UNDC Properties during such calendar year and (b) the rents, rates, fees and charges to be charged for the use and occupancy of, and for the services furnished or to be furnished by, the UNDC Properties during the calendar year immediately following the calendar year in which the Corporation failed to maintain such coverage, and (ii) the Corporation shall, in the calendar year immediately following the calendar year in which the Corporation failed to maintain such coverage, comply with the recommendations of the Real Estate Consultant as to the proper operation, repair and maintenance of the UNDC Properties, and fix and charge, or cause to be fixed and charged, the rents, rates, fees and charges recommended by the Real Estate Consultant.

Liquidity Balance Covenant.

(A) The Corporation covenants in the Indenture that on each Testing Date it will have in either of the Surplus Fund or the Renewal and Replacement Fund or in the two Funds together, a total of cash and Investment Obligations, which have an aggregate value at least equal to Maximum Annual Debt Service (the "LBR").

(B) The Corporation shall file with the Trustee not later than 90 days after each Testing Date a certificate of an Authorized Officer stating whether the Corporation was in compliance with the LBR on such Testing Date, which certificate shall include the amounts of such cash and the aggregate value of such Investment Obligations in such Fund or Funds on such Testing Date.

(C) Notwithstanding an Event of Default described in clause (2) under "Events of Default" in the Official Statement, the failure to comply with the requirements of paragraphs (A) or (B) above regarding any particular Testing Date shall not constitute an Event of Default under the Indenture unless the Corporation has failed to comply with such requirements regarding at least two successive Testing Dates.

For purposes of this section cash and Investment Obligations shall be considered to have a value equal to, in the case of cash, the notional amount of such cash, and, in case of an Investment Obligation, the lower of cost or par of such Investment Obligation.

Insurance. The Corporation covenants that it will cause all improvements now or hereafter existing in or constituting parts of the UNDC Properties at all times to be insured against such risks as are customarily insured against in connection with facilities of type and size comparable to the UNDC Properties.

Restrictions on Debt. The Corporation shall not, except as expressly permitted by the Indenture, issue any short-term or long-term obligations of any nature whatsoever payable from the Net Revenues or the Funds or Accounts or secured by a lien thereon or a pledge or assignment thereof, or secured by a lien, mortgage or encumbrance of any kind upon the interest of the Corporation in the UNDC Properties or any

portion thereof unless any such lien, pledge, assignment, mortgage or encumbrance is made expressly subject and subordinate to the lien and pledge of the Indenture both as to Bonds, provided that nothing contained in the terms described in this paragraph or the provisions of the Indenture described under “Disposition of the Project” shall be construed as a limitation or restriction on the Corporation incurring debt in connection with the usual and ordinary operation or maintenance of the UNDC Properties, including debt incurred in the form of short or long-term leases for equipment or other items used or to be used in the usual and ordinary operation or maintenance of the UNDC Properties.

Supplements and Amendments to Indenture. (a) The Indenture may be (1) supplemented by delivery to the Trustee of a supplemental indenture certified by an Authorized Officer, to (A) provide for earlier or greater deposits into a Fund or Account, in accordance with the priorities set forth in the Indenture, (B) subject any property to the lien of the Indenture, (C) add to the covenants and agreements of the Corporation contained in the Indenture or surrender or limit any right or power of the Corporation, (D) identify particular Bonds for purposes not inconsistent with the Indenture, including credit or liquidity support, remarketing, serialization and defeasance; or (E) authorize the issuance of Bonds of a series in connection therewith determine all matters relative to such Bonds that are not prejudicial to the Holders, or to modify or rescind any such authorization or determination at any time prior to the first authentication and delivery of such Bonds; or (2) amended by the Corporation and the Trustee, to (A) cure any ambiguity or defect, (B) add provisions that are not prejudicial to the Holders or (C) adopt amendments that do not take effect unless and until (i) no Bonds Outstanding prior to the adoption of such amendment remain Outstanding or (ii) such amendment is consented to by the Holders of such Bonds in accordance with the provisions of the Indenture.

(b) Except as described in the foregoing paragraph (a), the Indenture may be amended (1) only with the written consent of the Holders of a majority in principal amount of the Bonds to be Outstanding at the effective date thereof and affected thereby; but (2) only with the unanimous written consent of the affected Holders for any of the following purposes: (A) to extend the maturity of any Bond, (B) to reduce the principal amount or interest rate of any Bond, (C) to make any Bond redeemable other than in accordance with its terms, (D) to create a preference or priority of any Bond over any other Bond of the same class or (E) to reduce the percentage of the Bonds required to be represented by the Holders giving their consent to any amendment.

(c) Any amendment of the Indenture shall be accompanied by a Counsel’s Opinion to the effect that the amendment is permitted by law and by the Indenture and does not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for Federal income tax purposes.

(d) When the Corporation determines that the requisite number of consents have been obtained for an amendment of the Indenture which requires consents, it shall file a certificate to that effect in its records and give notice to the Trustee and the Holders.

Enforcement of Declaration and Bishop Lease. Under the terms of the Bishop Lease, the Trustee is referred to as the “leasehold mortgagee” and is given certain rights and powers therein to remedy defaults by Corporation. The landlord under the Bishop Lease shall be notified as required in the Bishop Lease that the Trustee is acting as “leasehold mortgagee,” first leasehold mortgagee, First Institutional Leasehold Mortgagee and in the other capacities referred to in such Bishop Lease (collectively called “leasehold mortgagee”) and, as such, the Trustee may, and upon written request of Holders of at least 25% of principal amount of Bonds Outstanding shall, do all things necessary, subject to the limitations, protections and other applicable provisions of the Indenture, to protect the interests of the Holders of the Bonds by exercise of the rights and powers granted the “leasehold mortgagee” under the Bishop Lease,

including the withdrawal of amounts from such Funds it shall determine for the purpose of paying expenses in connection therewith.

The Corporation shall give the Trustee written notice of any default by the Corporation under the Declaration and of the Corporation's receipt of any notice of default from the board of managers under the Declaration. The Trustee may, and upon written request of Holders of at least 25% of the principal amount of Bonds Outstanding shall, withdraw amounts from such Funds, as it shall determine for the purpose of curing a default under the Declaration and paying expenses in connection therewith. The Trustee is authorized to perform such duties either directly or by or through any agents or attorneys. The Trustee shall not be obligated to use its own funds for any such purpose or to make any determinations as to the existence or non-existence of a default under the Declaration or of a notice of default from the board of managers under the Declaration.

The Trustee is not required to take notice or be deemed to have notice of any default under the Declaration or the Bishop Lease, unless the Trustee shall be specifically notified in writing of such default by the Corporation, the board of managers under the Declaration, the landlord under the Bishop Lease, or the Holders of at least 10% in principal amount of the Bonds or unless an officer in the Trustee's Institutional Trust Services department shall have actual knowledge thereof. All notices or the instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Office of the Trustee, Attention: Institutional Trust Services, and in the absence of such notice so delivered or such actual knowledge, the Trustee may conclusively assume there is no default except as aforesaid.

Restriction on Bondholder's Action. No Holder of any Bond shall have any right to institute any action or proceeding in equity or at law for the enforcement of any provision of the Indenture or for execution of any trust thereunder or for any other remedy thereunder, unless such suit, action or proceeding is brought for the ratable benefit of all Holders of all Bonds, subject to the provisions of the Indenture, and (1) (a) such Holder previously shall have given to the Corporation and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) after the occurrence of such Event of Default, written request shall have been made of the Trustee to institute such suit, action or proceeding by the Holders of not less than 25% in principal amount of the Bonds then Outstanding or, if such Event of Default is an Event of Default described in the Official Statement in clauses (1) under the caption Security and Sources of Payment for the Bonds -Events of Default," by the Holders of not less than 25% in principal amount of the Bonds then Outstanding of the Series with respect to which such Event of Default has happened, and there shall have been offered to the Trustee insurance or indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within 60 days of its receipt of such notice, request and offer of indemnity, or (2) such Holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding.

Application of Money after Default. After an Event of Default, all money paid and credited to the Revenue Fund and all other money from time to time in such Revenue Fund, shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture applicable prior to such Event of Default.

In the event that at any time after an Event of Default the money in the Revenue Fund and any other funds held by the Corporation or the Trustee or Paying Agents available for the payment of interest or principal then due with respect to Bonds shall be insufficient for such payment, such money and funds (other than funds held for the payment of particular Bonds as provided in the Indenture) shall be applied

as follows (subject to the lien of each Fiduciary on funds held by it under the Indenture with respect to payment of its reasonable compensation and reimbursement of its expenses):

First: To the payment to the persons entitled thereto of all installments of interest then due on Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any such installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due at maturity, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds so due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the persons entitled thereto, without any discrimination or preference.

The provisions described in the preceding paragraph are subject to the provisions described in the paragraph under “The Corporation’s Obligation to Pay Bonds.”

Control of Proceedings. In the case of an Event of Default, the Holders of a majority in principal amount of the Bonds then Outstanding, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Bondholders not parties to such direction.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute, except as specifically provided in the Indenture.

Defeasance. If the Corporation shall pay or cause to be paid to the Holders of the Bonds, the principal and interest to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Net Revenues and other money, securities and funds thereby pledged and the covenants, agreements and other obligations of the Corporation to the Bondholders thereunder shall be discharged and satisfied. In such event (i) the Trustee shall, upon the request of the Corporation expressed in an officer’s certificate delivered to the Trustee and the Fiduciaries, execute and deliver to the Corporation all such instruments as may be desirable and requested by the Corporation to evidence such discharge and satisfaction and the Fiduciaries shall pay over and deliver to the Corporation all money or securities held by them pursuant to the Indenture (subject to payment of amounts due them) which are not required for the payment of Bonds not theretofore surrendered for such payment and (ii) applicable provisions of the Indenture, including without limitation those pertaining to transfers and exchanges of Bonds, the rights and immunities of Fiduciaries, and the payment of debt service on Outstanding Bonds and of any other obligations payable by the Corporation under the Indenture, shall be continued in force until all such payments shall have been made.

Any Bonds and interest installments appertaining thereto for the payment of which money shall have been deposited with the Trustee by or on behalf of the Corporation, whether at or prior to the maturity of such Bonds, shall be deemed to have been paid within the meaning of the Indenture.

As an alternative cumulative to and not excluding the provisions of the preceding paragraph, any Bonds and interest installments appertaining thereto shall be deemed to have been paid within the meaning of the Indenture if Investment Obligations described in (i) and (ii) of the definition thereof the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on said Bonds on and prior to the maturity date thereof, as the case may be.

General Regulations as to Money and Funds. Each of the Funds and Accounts held by a Fiduciary shall be a trust fund for the purpose thereof. Money in each of said Funds and Accounts, on written instructions by an Authorized Officer specifying the Investment Obligations and certifying that such obligations constitute Investment Obligations permitted under the Indenture, shall be invested by the Fiduciary holding the same in Investment Obligations, the maturity or redemption or repossession date at the option of the holder of which shall coincide as nearly as practicable with (but shall not be later than) the times at which money in said Funds or Accounts will be required for the purposes in the Indenture. Any Fiduciary shall be permitted to purchase or make investments from or through its own commercial banking department.

The Trustee shall sell at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide money to meet any payment or transfer from the Fund or Account (other than a transfer to another Fund or Account) for which such investment was made.

Compensation and Expenses

Unless otherwise provided by contract with the Fiduciary, the Corporation shall pay to each Fiduciary from time to time reasonable compensation for all services rendered by it under the Indenture, and also reimbursement for all its reasonable expenses, charges, legal and engineering fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the acceptance and the performance of its powers and duties thereunder, and each Fiduciary shall have a lien therefor on any funds at any time held by it under any provision of the Indenture other than those described above under the caption "Defeasance," which lien shall be deemed to be senior to that of the Holders of the Bonds. The Corporation shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture and which are not due to its negligence or willful misconduct. Each Fiduciary shall not be obligated to use its own funds for purposes of performing its duties under the Indenture.

APPENDIX B

Summaries of Certain Provisions of the Agreements and Insurance Coverage

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THE PHASE I/PHASE III CITY LEASE

The following is a summary of certain provisions of the Lease, dated as of August 1, 1972, from the City to the Corporation, as amended by the Phase II City Lease and by agreements dated as of March 31, 1994, February 3, 1995, July 23, 1997, July 15, 1998 and January 1, 2004 (as so amended, the "Phase I/Phase III City Lease"), with respect to the properties referred to in this APPENDIX A as the Phase I Property (consisting of the office and other non-hotel portions of One U.N. Plaza) and the Phase III Property (consisting of Three U.N. Plaza). Reference is made to the Phase I/Phase III City Lease for a complete recital of the terms thereof.

Term

The term of the Phase I/Phase III City Lease commenced on December 19, 1972, when the City acquired title to the site of One U.N. Plaza. The term of the Phase I/Phase III City Lease will continue until payment in full of all obligations of the Corporation in connection with the Phase I, Phase II and Phase III Properties, but not later than December 18, 2071. Under the Phase I/Phase III City Lease, the City has title to the buildings erected by the Corporation on the land leased from the City as part of the Phase I Property and the Phase III Property.

The City may terminate the Phase I/Phase III City Lease at any time if it purchases the Corporation's leasehold interest for an amount sufficient, with other funds available to the Corporation, to pay or redeem the Bonds issued by the Corporation, and to pay other obligations of the Corporation, in connection with the Phase I, Phase II and Phase III Properties.

Rent

No rent is payable under the Phase I/Phase III City Lease. However, pursuant to the Phase II City Lease, the Corporation pays Net Annual Rent to the City with respect to the Phase I Property equal to the product of the tax rate then applicable to real estate in the Borough of Manhattan multiplied by the portion of the assessed value of One U.N. Plaza which bears the same ratio to the total assessed value of One U.N. Plaza as cubic feet of space not leased to the U.N., organizations and agencies thereof and missions to the U.N. bears to the total cubic feet of space in One U.N. Plaza. In addition, the Corporation pays the City Net Annual Rent of \$481,000 with respect to the Phase III Property. The hotel portions and an accompanying percentage interest in the common elements of One U.N. Plaza were severed from the Phase I/Phase III City Lease and sold on July 23, 1997, and the Corporation does not pay rent with respect thereto.

Net Annual Rent to the City is payable quarterly and Net Annual Rent and any additional rent is payable only from revenues of the Phase I, Phase II and Phase III Properties remaining after payment of normal and reasonable operating expenses and other obligations, including debt service on the Bonds; provided that if in any year the net revenues are insufficient to fully pay the City Net Annual Rent, the amount of any Net Annual Rent not paid is added to the Net Annual Rent for the succeeding year.

Net Lease

The rent to be paid to the City is a net payment. During the term of the Phase I/Phase III City Lease, the City is not required to expend any money, incur any liability, do any acts or take any steps affecting or with respect to the development, construction, maintenance, preservation, repair or operation of the Phase I or Phase III Properties, or any part thereof, all of which is the responsibility of the Corporation.

Repairs and Liens

The Corporation, at its sole cost and expense, is required to keep and maintain the Phase I and Phase III Properties in good state of repair, acts of God excepted, and may not permit, commit or suffer any waste of the whole or any part of the Phase I or Phase III Properties. The Corporation is also required to keep the Phase I and Phase III Properties free and clear of all liens and encumbrances except for liens permitted by the Phase I/Phase III City Lease.

Assignment and Subletting

The Phase I/Phase III City Lease permits the Corporation to assign such lease and the leasehold estate created thereby to secure payment of the Bonds issued by the Corporation in connection with the Phase I or Phase III Properties. Assignments to secure the payment of other obligations of the Corporation require the consent of the Mayor of the City.

Subleases by the Corporation do not require the consent of the City. Each sublease is required to contain provisions to the effect that it is subject to all the terms and conditions of the Phase I/Phase III City Lease, that it shall expire no later than the date of the final scheduled maturity of the Corporation's Bonds allocable to the Phase I and Phase III Properties and that if the Phase I/Phase III City Lease is terminated prior to such final maturity, the subtenant will recognize the City as its landlord. The City agrees that upon any such termination of the Phase I/Phase III City Lease, it will recognize the tenancy of any subtenant that is in compliance with its sublease and the Phase I/Phase III City Lease.

Condemnation

Notwithstanding any taking of or damage to the Phase I or Phase III Properties or any portion thereof, in or by reason of condemnation proceedings or any right of eminent domain, the Phase I/Phase III City Lease shall remain in effect until the payment in full of the Bonds allocable to the Phase I and Phase III Properties. The award for any such taking or damage is required to be applied as follows:

a. If the Phase I or Phase III Properties or any portion thereof can be repaired, restored or replaced after such damage or taking in accordance with the Act and the Corporation's Development Plan for such Properties as approved by the City, and in such manner and to such extent that revenues from the Phase I and Phase III Properties will be substantially equivalent to the revenues which would have been realized if such taking or damage had not occurred, then the condemnation proceeds and any other moneys of the Corporation available therefor shall be used to repair, restore or replace the Phase I or Phase III Properties or such portion thereof after such damage or taking. Any excess shall be paid to the Corporation for application in accordance with the Indenture.

b. If the condemnation proceeds and certain other available moneys of the Corporation are insufficient to so repair the Phase I or Phase III Properties, then so much as is required of the condemnation proceeds and of such other moneys of the Corporation available therefor shall be used to pay in full the Bonds allocable to the Phase I and Phase III Properties. Any excess condemnation proceeds remaining after such payment in full are to be paid to the City.

Defaults

If (i) the Corporation defaults in the payment of rent to the City and such default continues for thirty days after written notice, or (ii) the Corporation fails to perform any other provisions of the Phase I/Phase III City Lease, or fails to take such action as may reasonably be required by the City to enforce the terms of any sublease and such failure continues beyond the time periods for remedying the same as specified in the Phase I/Phase III City Lease, or (iii) the Bonds allocable to the Phase I or Phase III Properties have been declared due and payable because of default by the Corporation, the City may terminate the Phase I/Phase III City Lease and the Corporation shall be required to surrender the Phase I and Phase III Properties; provided that, in order so to terminate the lease, the City must purchase the Corporation's leasehold interest in the Phase I, Phase II and Phase III Properties by paying to the Corporation an amount, which with all other funds available to the Corporation therefor, will be sufficient to pay or redeem the Bonds, and to pay other obligations of the Corporation, in connection with the Phase I, Phase II and Phase III Properties. (The City has similar rights in the absence of a default by the Corporation. See "THE PHASE I/PHASE III CITY LEASE – TERM" in this APPENDIX A.)

Agreement of the City

The City pledges to and agrees with the holders of the Bonds allocable to the Phase I and Phase III Properties that except as otherwise specifically provided in the Phase I/Phase III City Lease, the City will not alter or limit the rights thereby vested in the Corporation or in any way impair the rights and remedies of the holders of the Bonds allocable to the Phase I and Phase III Properties. As authorized by the Phase I/Phase III City Lease, such agreement of the City is included in the Indenture.

THE ONE U.N. PLAZA U.N. LEASE

The following is a summary of certain provisions of the One U.N. Plaza U.N. Lease, dated as of June 21, 1974, between the Corporation, as lessor, and the U.N., as lessee, as amended, to which reference is made for a complete recital of the terms thereof.

Term

The term of the One U.N. Plaza U.N. Lease commenced in 1976 and had an initial term of ten years. Thereafter, the lease term was extended, including provision for successive renewal options exercisable by the U.N. The U.N. exercised each renewal option to extend the lease term. The expiration date of the One U.N. Plaza U.N. Lease is now March 31, 2023.

The U.N. may terminate the One U.N. Plaza U.N. Lease upon six months' written notice to the Corporation if all or substantially all of the U.N.'s headquarters in the City cease to be occupied by the U.N.

Rent

The U.N. is required to pay base rent at an annual rate equal to \$10,734,050 (\$30 per square foot for 339,143 square feet and \$80 per square foot for 6,997 square feet) for the balance of the term of the One U.N. Plaza U.N. Lease.

The U.N. pays additional rent based upon the amount by which certain union wage rates exceed a base wage rate. Tenant electricity charges are billed separately to the U.N., based upon an electricity utilization survey.

Damage or Destruction

In the event that the demised premises or any part thereof are damaged by fire or any other casualty, the rent due from the U.N. with respect to the damaged portion of the demised premises will be abated until the Corporation repairs the demised premises. If the demised premises are rendered wholly insufficient for the U.N.'s activities by fire or other casualty, the obligation to pay rent will cease from the date of the casualty until the date of the repair of the premises by the Corporation, provided that the U.N. may elect to terminate the One U.N. Plaza U.N. Lease. If the building is damaged and the Corporation uses insurance proceeds for purposes other than the restoration thereof, the Corporation may terminate the One U.N. Plaza U.N. Lease upon notice to the U.N. within ninety days of such casualty.

Repairs

The Corporation is required to maintain the public portions of the building and the U.N. is required to maintain the demised premises and make non-structural repairs thereto as and when needed to preserve them in good working order and condition.

Subleases and Assignments

The U.N. may, without the prior consent of the Corporation, sublease all or a part of the demised premises and assign the One U.N. Plaza U.N. Lease to U.N. organizations or agencies, to any mission to the U.N. and to certain tax-exempt organizations which participate in U.N.-related programs and activities, on the condition that any such assignee assumes the obligations of the U.N. under the One U.N. Plaza U.N. Lease. The U.N. may not otherwise sublease any part of the demised premises or assign the One U.N. Plaza U.N. Lease without the prior consent of the Corporation.

Condemnation

In the event that the demised premises are condemned by eminent domain, the One U.N. Plaza U.N. Lease shall terminate as of the date of such taking. If the demised premises are rendered inadequate for the U.N.'s activities by a temporary or partial condemnation, the U.N. may terminate the One U.N. Plaza U.N. Lease upon notice within thirty days of such condemnation. If more than half of the building is condemned so that the remaining portion is inadequate for the purposes of the Corporation, the Corporation may terminate the One U.N. Plaza U.N. Lease upon notice within thirty days of such condemnation.

Default

If the U.N. violates any of the covenants contained in the One U.N. Plaza U.N. Lease, if the demised premises are damaged by the negligence of the U.N., if the demised premises are abandoned by the U.N. or become the subject of an attachment issued against the U.N., or if the U.N. defaults with respect to any other lease between the Corporation and the U.N., and the U.N. fails to cure any such default within the time periods specified in the One U.N. Plaza U.N. Lease, then the Corporation may serve notice of cancellation and the One U.N. Plaza U.N. Lease will expire thirty days thereafter.

THE PHASE II GROUND LEASE

The following is a summary of certain provisions of the Phase II Ground Lease from Bishop Trading Company, a New York general partnership (the "landlord"), to the Corporation as tenant, and of

certain provisions of the Option to Purchase from the landlord to the Corporation, to which reference is made for a complete recital of the terms thereof.

Term

The term of the Phase II Ground Lease commenced on August 1, 1980 and will expire July 31, 2079, subject to prior termination as provided in the Phase II Ground Lease.

Rent

The Corporation is obligated to pay to the landlord with respect to the leased premises a fixed net rent of \$250,000 per annum, subject to increases beginning August 1, 2025 (after the forty-fifth year of the term) and every fifth year thereafter calculated based on one-half of the increase in the Consumer Price Index issued by the Bureau of Labor Statistics over the Index as of February 1, 2014. Such rent is not subordinate to the debt service on the 2019 Bonds.

Net Lease

The Phase II Ground Lease is a net lease under which the Corporation is obligated to pay rent to the landlord without the landlord being required to pay any charges, taxes, assessments, fees, impositions, expenses or deductions of any kind with respect to the leased premises.

Leasehold Mortgages

In connection with the financing of the Phase II Property, but not otherwise, the Corporation may mortgage its leasehold estate under the Phase II Ground Lease and assign the Phase II Ground Lease and its rights to rent and fees under subleases to the holder of any such mortgage; provided, however, that the holder of the first leasehold mortgage must be an Institutional Lender as defined in the Phase II Ground Lease. "Institutional Lender" as so defined includes banks, trust companies, insurance companies, governmental authorities and the Trustee. Under the Phase II Ground Lease, the Trustee is permitted to exercise the rights and perform the responsibilities of the holder of the first leasehold mortgage, whether or not the Corporation has executed and delivered a leasehold mortgage.

The Phase II Ground Lease provides that the landlord will serve upon the leasehold mortgagee a copy of all notices given to the Corporation and that the leasehold mortgagee will have the right, for a period of 25 days more than is given to the Corporation, to remedy defaults under the Phase II Ground Lease. In case of a default by the Corporation, other than a default which may be cured by the payment of money, the landlord may not terminate the Phase II Ground Lease without first giving the leasehold mortgagee a reasonable time within which either to obtain possession of the leased premises or to complete foreclosure proceedings or otherwise acquire the tenant's leasehold estate under the Phase II Ground Lease and thereafter to cure the default. If for any reason the Phase II Ground Lease terminates prior to the expiration of its term, the landlord will enter into a new lease with the leasehold mortgagee or its designee for the remainder of the term upon the same terms and conditions (including rent), provided that the leasehold mortgagee pays all unpaid sums due and cures all defaults as provided under the Phase II Ground Lease.

Insurance; Damage and Destruction

The Corporation is required, at its expense, to maintain insurance as described in the Phase II Ground Lease, including liability insurance and insurance covering buildings and any other improvements

on the leased premises against loss or damage by fire and other risks customarily insured against in an amount sufficient to prevent the Corporation from becoming a co-insurer, but in any event not less than 80 percent of replacement cost (exclusive of depreciation and foundation and other foundation related costs). All insurance policies are required to name the Corporation, the landlord, and any fee and leasehold mortgagee, as insureds, as their interests may appear. If any building, equipment or improvement on the leased premises is damaged or destroyed by fire or any other cause, the Corporation is required, at its expense, to restore the same as nearly as practicable to its condition and character immediately prior to such damage or destruction, whether or not the proceeds of insurance as a result of such loss or damage are sufficient to cover the cost thereof. There will be no abatement of rent nor any diminution of the Corporation's obligations by reason of any damage or destruction except as provided by the Phase II Ground Lease with respect to damage or destruction during the last 10 years of the lease term.

Repairs and Liens

The Corporation is obligated, at its expense, to keep and maintain the leased premises in good condition and to make all necessary repairs thereto.

The Corporation shall pay all real estate taxes, and other impositions arising from its use of the leased premises. The Corporation is required to indemnify the landlord against any mechanics liens filed against the leased premises or any buildings and improvements erected thereon.

Subletting

Each sublease is required to contain self-executing provisions to the effect that it is subordinate and subject to all the terms and conditions of the Phase II Ground Lease. The landlord is required to deliver nondisturbance agreements, upon the request of the Corporation, to any subtenants who have received such agreements from the leasehold mortgagee.

Condemnation

In the event of a total taking or a constructive total taking of the fee title to the leased premises by condemnation or eminent domain proceedings, the Phase II Ground Lease will terminate on the date title vests pursuant to such proceedings and the award will be apportioned among the landlord, the leasehold mortgagee and the Corporation as provided in the Phase II Ground Lease, with the landlord first receiving an amount equal to the fair market value of the leased premises, considered as vacant, unimproved and subject to the Phase II Ground Lease, but no less than the amount due the holder of the first mortgage on the fee interest of the landlord.

In the event of a partial taking of the leased premises, the Phase II Ground Lease will continue in effect and the award will be apportioned among the landlord, the leasehold mortgagee and the Corporation as provided in the Phase II Ground Lease, with the landlord first receiving an amount equal to the value of the part of the leased premises taken plus any consequential damage to the part of the leased premises not taken, but not more than certain amounts due the holder of the first mortgage on the fee interest of the landlord.

Default

If the Corporation fails to pay any rent when due and such default continues for 15 days after written notice or fails to perform any other provision of the Phase II Ground Lease and such default

continues beyond the time periods for remedying the same as specified in the Phase II Ground Lease, or upon certain other events, such as the filing of a bankruptcy or insolvency petition, the landlord may terminate the Phase II Ground Lease and require the Corporation to surrender the leased premises to the landlord. As described above, the leasehold mortgagee may cure defaults under the Phase II Ground Lease and is entitled to certain rights upon default by the Corporation.

Option to Purchase

The Option to Purchase provides that the Corporation, by notice given to the landlord no sooner than August 1, 2020 and no later than July 31, 2025, may exercise the Corporation's right to purchase the fee interest of the landlord retained under the Phase II Ground Lease. The price to be paid by the Corporation is equal to the fair market value of the fee interest as determined by appraisers as provided in the Option to Purchase. The Corporation is entitled to credit against the purchase price equal to \$1,250,000, the principal amount of the Corporation's prior lien bond issued to the principals of the landlord pursuant to a resolution of the Corporation adopted July 10, 1980.

THE PHASE II CITY LEASE

The following is a summary of certain provisions of the Lease, dated as of May 8, 1981, from the City to the Corporation with respect to the Phase II Property, as amended by agreements dated as of March 31, 1994, February 3, 1995, July 23, 1997, July 15, 1998 and January 1, 2004 (as so amended, the "Phase II City Lease"). Reference is made to the Phase II City Lease for a complete recital of the terms thereof.

Term

The term of the Phase II City Lease commenced on May 8, 1981, when the City acquired title to the Two U.N. Plaza building. The term of the Phase II City Lease will continue until payment in full of all obligations of the Corporation in connection with the Phase I, Phase II and Phase III Properties, but not later than May 7, 2080 (the "Expiration Date"). Upon payment of the Bonds of the Corporation issued in connection with the Phase I, Phase II and Phase III Properties, the Phase II City Lease will terminate.

The City may terminate the Phase II City Lease at any time if it purchases the Corporation's leasehold interest for an amount sufficient, with other funds available to the Corporation, to pay in full the Bonds issued by the Corporation in connection with the Phase I, Phase II and Phase III Properties. In addition, the Phase II City Lease will terminate in the event of the termination of the Phase II Ground Lease before the Expiration Date. If the Phase II City Lease terminates before the Expiration Date, the liabilities and responsibilities of the Corporation and the City under the Phase II City Lease will cease on the date of termination. (After any such termination, it is probable that all portions of the Phase II Property will be subject to payment of real estate taxes to the City, regardless of occupancy of any portion of the Phase II Property by the U.N. or missions to the U.N. The amount of real estate taxes payable to the City on all portions of the Phase II Property is likely to be substantially greater than the rent payable to the City under the Phase II City Lease if the U.N. and missions to the U.N. rent a significant part of the office space in the Phase II Property. The payment to the City of real estate taxes, unlike the payment of rent under the Phase II City Lease, would not be subordinate to the payment of debt service on the Bonds.)

Rent

The Corporation is obligated to pay rent to the City under the Phase II City Lease comprised of Base Rent and Additional Rent specified in the Phase II City Lease, and Net Annual Rent specified in the Phase I/Phase III City Lease. The “Base Rent” equals the product of the tax rate then applicable to real estate in the Borough of Manhattan multiplied by the portion of the assessed value of the Phase II Property which bears the same ratio to the total assessed value of the Phase II Property as cubic feet of Base Rent Space bears to the total cubic feet of space in the Phase II Property. “Base Rent Space” is defined in the Phase II City Lease to include the hotel portion of the Phase II Property and any office space not leased to the U.N. or missions to the U.N. or used as community space. The Additional Rent is payable only from a portion of amounts deposited in the Surplus Fund under the Indenture.

The Phase II City Lease amends the Phase I/Phase III City Lease so that the Net Annual Rent previously payable under the Phase I/Phase III City Lease is no longer payable thereunder and is payable instead under the Phase II City Lease in the amounts, on the dates and in the manner specified in the Phase I/Phase III City Lease.

Subordination

The Phase II City Lease provides that Base Rent, Additional Rent and Net Annual Rent are payable only from revenues of the Phase I, Phase II and Phase III Properties remaining after payment of normal and reasonable operating expenses and other obligations, including debt service on the Bonds, provided that if in any year such revenues are insufficient to fully pay Base Rent and Net Annual Rent, the amount of such rent not paid shall be added to such rent for the succeeding year.

The Corporation covenants that, to the extent feasible, it will fix, charge, and collect rents, rates, fees and charges for the use and occupancy of, and for the services furnished by, the Phase I, Phase II and Phase III Properties in amounts that will produce revenues from the Phase I, Phase II and Phase III Properties sufficient to pay operating expenses, Base Rent, Net Annual Rent and all of its other obligations under any document relating to outstanding debt incurred by the Corporation.

Net Lease

The rent to be paid to the City is a net payment. During the term of the Phase II City Lease, the City is not required to expend any money, incur any liability, do any acts or take any steps affecting or with respect to the development, construction, maintenance, preservation, repair or operation of the Phase II Property or any part thereof, all of which is the responsibility of the Corporation.

Repairs and Liens

The Corporation, at its sole cost and expense, is required to keep and maintain the Phase II Property in good state of repair, acts of God excepted, and may not permit, commit or suffer any waste of the whole or any part of the Phase II Property. The Corporation is also required to keep the Phase II Property free and clear of all liens and encumbrances except liens permitted by the Phase II City Lease.

Assignment and Subletting

The Phase II City Lease permits the Corporation to assign such lease and the leasehold estate created thereby to secure payment of the Bonds issued by the Corporation in connection with the Phase I,

Phase II or Phase III Properties. Assignments to secure the payment of other obligations of the Corporation require the consent of the Mayor of the City.

Subleases by the Corporation do not require the consent of the City. Each sublease is required to contain provisions to the effect that it is subject to all the terms and conditions of the Phase II City Lease, that it shall expire no later than the date of the final scheduled maturity of the Bonds issued by the Corporation in connection with the Phase I, Phase II or Phase III Properties, and that if the Phase II City Lease is terminated prior to such final maturity the subtenant will recognize the City as its landlord. The City agrees that upon any such termination of the Phase II City Lease, it will recognize the tenancy of any subtenant that is in compliance with its sublease and the Phase II City Lease.

Condemnation

In the event of any taking of the Phase II Property or any portion thereof, in or by reason of condemnation proceedings or any right of eminent domain, the Phase II City Lease shall remain in effect. The Corporation and the representative of the holders of its Bonds are entitled to file a claim in any such condemnation or similar proceeding. The award for any such taking or damage will be applied as provided in the Phase II Ground Lease and the Indenture.

Defaults

If (i) the Corporation defaults in the payment of rent required by the Phase II City Lease and such default continues for ten days after written notice, or (ii) the Corporation fails to perform any other provision of the Phase II City Lease, or fails to take such action as may reasonably be required by the City to enforce the terms of any sublease and such failure continues beyond the time periods for remedying the same as specified in the Phase II City Lease, or (iii) the Bonds have been declared due and payable because of a default by the Corporation, the City may terminate the Phase II City Lease and the Corporation is required to surrender the Phase II Property; provided that the City purchases the Corporation's leasehold interest in the Phase II Property by paying to the Corporation an amount, which with all other funds available to the Corporation therefor, will be sufficient to pay or redeem the Bonds, and to pay other obligations of the Corporation, in connection with the Phase I, Phase II and Phase III Properties. The City has similar rights in the absence of a default by the Corporation. See "THE PHASE II CITY LEASE – TERM" in this APPENDIX A.

Agreement of the City

The City pledges to and agrees with the holders of the Bonds that, except as otherwise specifically provided in the Phase II City Lease, the City will not alter or limit the rights thereby vested in the Corporation or in any way impair the rights and remedies of the holders of the Bonds. As authorized by the Phase II City Lease, such agreement of the City is included in the Indenture.

THE TWO U.N. PLAZA U.N. LEASE

The following is a summary of certain provisions of the Two U.N. Plaza U.N. Lease, dated as of May 8, 1981, between the Corporation, as lessor, and the U.N., as lessee, as amended, to which reference is made for a complete recital of the terms thereof.

Term

The term of the Two U.N. Plaza U.N. Lease commenced in 1983 and had an initial term of fifteen years. Thereafter, the lease term was extended, including provision for successive renewal options exercisable by the U.N. The U.N. exercised each renewal option to extend the lease term. The expiration date of the Two U.N. Plaza U.N. Lease is now March 31, 2023.

The U.N. may terminate the Two U.N. Plaza U.N. Lease upon six months' written notice to the Corporation if all or substantially all of the U.N.'s headquarters in New York City cease to be occupied by the U.N..

Rent

The U.N. is required to pay base rent at an annual rate equal to \$10,756,498 (\$30 per square foot for 320,999 square feet and \$52 per square foot for 21,664 square feet) for the balance of the term of the Two U.N. Plaza U.N. Lease.

The U.N. pays, as additional rent, its proportionate share of increases in operating expenses allocable to the office portion of Two U.N. Plaza. The U.N. pays for its use of electricity at Two U.N. Plaza based on metering, except it pays for such use based on sub-metering for 21,664 square feet of space.

Damage or Destruction

In the event that the demised premises or any part thereof are damaged by fire or any other casualty, the rent due from the U.N. with respect to the damaged portion of the premises will be abated until the Corporation repairs the demised premises. Upon the total destruction of the demised premises, the obligation to pay rent will cease from the date of the casualty until the date of the repair of the premises by the Corporation, provided that the U.N. may elect to terminate the Two U.N. Plaza U.N. Lease. If Two U.N. Plaza is damaged and the Corporation uses insurance proceeds for purposes other than the restoration thereof, the Corporation may terminate the Two U.N. Plaza U.N. Lease upon notice to the U.N. within ninety days of such casualty.

Repairs

The Corporation is required to maintain the public portions of Two U.N. Plaza and the U.N. is required to maintain the demised premises and make non-structural repairs thereto as and when needed to preserve them in good working order and condition.

Subleases and Assignments

The U.N. may, without the prior consent of the Corporation, sublease all or part of the demised premises and may assign the Two U.N. Plaza U.N. Lease to any mission to the U.N. and to certain tax-exempt organizations which participate in U.N.-related programs and activities, on the condition that any such assignee assumes the obligations of the U.N. under the Two U.N. Plaza U.N. Lease. The U.N. may not otherwise sublease any part of the demised premises or assign its interest in the Two U.N. Plaza U.N. Lease without the prior consent of the Corporation.

Condemnation

In the event that the demised premises are condemned by eminent domain, the Two U.N. Plaza U.N. Lease shall terminate as of the date of such condemnation.

If the demised premises are rendered inadequate for the U.N.'s activities by a temporary or partial condemnation, the U.N. may terminate the Two U.N. Plaza U.N. Lease upon notice within thirty days of such condemnation. If more than half of the building is condemned so that the remaining portion is inadequate for the purposes of the Corporation, the Corporation may terminate the Two U.N. Plaza U.N. Lease upon notice within thirty days of such condemnation.

Default

If the U.N. violates any of the covenants contained in the Two U.N. Plaza U.N. Lease, if the demised premises are damaged by the negligence of the U.N., if the demised premises are abandoned by the U.N. or become the subject of an attachment issued against the U.N., or if the U.N. defaults with respect to any other lease between the Corporation and the U.N., and the U.N. fails to cure any such default within the time periods specified in the Two U.N. Plaza U.N. Lease, then the Corporation may serve notice of cancellation and the Two U.N. Plaza U.N. Lease will expire thirty days thereafter.

THE UNICEF LEASE

The following is a summary of certain provisions of the UNICEF Lease, dated as of August 13, 1984, between the Corporation, as lessor, and UNICEF, as lessee, as amended, to which reference is made for a complete recital of the terms thereof.

Term

The term of the UNICEF Lease commenced on July 3, 1987 for 180,491 square feet of office space and currently expires on July 2, 2026. As of the stated expiration date, the City will transfer ownership of Three U.N. Plaza to UNICEF or the U.N., if certain "Transfer Conditions" are met as set forth in the UNICEF Lease and the Transfer Agreement executed and delivered in February 1995 by and among the City, the New York City Economic Development Corporation, the Corporation and UNICEF.

Additional Leased Space

On April 30, 2008, UNICEF exercised its option under the UNICEF Lease to lease for its office use an additional 24,886 square feet of space located primarily on the 14th and 15th floors of Three U.N. Plaza that was previously used for residential apartments. The Corporation managed the conversion of this space from residential to office use at UNICEF's expense. UNICEF occupied the additional office space in mid-2010, and effective October 1, 2009, the additional 24,886 square feet of space was added to the office space previously leased under the UNICEF Lease for a term expiring on July 2, 2026.

UNICEF leased an additional 1,400 square feet of space in the basement of Three U.N. Plaza from the Corporation under a February 1, 2000 amendment to the UNICEF Lease, which is currently leased on a month-to-month basis. UNICEF also leased from the Corporation under a May 4, 2005 amendment to the UNICEF Lease an additional 8,800 square feet of below-grade space in Three U.N. Plaza, formerly used as a parking garage, with a term expiring on July 2, 2026.

Rent

UNICEF is required to pay base rent at an annual rate equal to \$6,562,766 (\$32.50 per square foot for 180,491 square feet and \$28 per square foot for 24,886 square feet) for the balance of the term of the UNICEF Lease.

UNICEF pays additional rent equal to operating expenses and charges for electrical consumption allocable to the demised premises.

UNICEF also pays annual base rent of \$16.25 per square foot for its 1,400 square feet of basement space and its 8,800 square feet of storage space, and operating expense escalations equal to one half the rate applicable to the office space referred to above.

Damage or Destruction

If the demised premises are damaged by fire or other casualty, the rent due from UNICEF will be apportioned according to the part of the premises which is usable. If all the demised premises are destroyed, the obligation to pay rent will cease from the date of the casualty until the date of repair unless UNICEF elects to terminate the lease. If the Corporation receives insurance proceeds from such casualty and uses them for purposes other than to restore the building, the Corporation may terminate the lease upon notice to UNICEF within ninety days of such casualty.

Repairs

The Corporation is required to maintain and repair the public portions of the building not included in the demised premises. UNICEF is required to maintain the demised premises and make non-structural repairs thereto as and when needed to preserve them in good working order and condition.

Subleases and Assignments

UNICEF may, without the prior consent of the Corporation, sublease all or part of the demised premises or assign the UNICEF Lease to any mission to the U.N. and certain tax-exempt organizations which participate in U.N. related programs and activities, on the condition that any such assignee assumes the obligations of UNICEF under the UNICEF Lease. In addition, any such tax-exempt organization must agree to pay to the Corporation any increase in rent to be paid to the City plus any real estate taxes levied because of occupancy by the organization. UNICEF may also sublet, or assign the UNICEF Lease with respect to, up to one whole floor of the office space above the ground, without the consent of the Corporation, to an entity that will not jeopardize the tax-exempt status of the Corporation's borrowings and will agree to pay any increases in rent to be paid to the City plus any real estate taxes levied because of its occupancy and in the case of an assignment, will assume the obligations of UNICEF under the UNICEF Lease. UNICEF may not otherwise sublease or assign its interest without the prior consent of the Corporation. Upon notice to the Corporation of UNICEF's intention to sublet all or any part of the demised premises or assign all or part of the UNICEF Lease as provided in the UNICEF Lease, the Corporation may terminate the UNICEF Lease with respect to the space affected by the proposed assignment or sublease.

Condemnation

In the event that the demised premises are condemned by eminent domain, the UNICEF Lease will terminate as of the date of such condemnation.

If the demised premises are rendered inadequate for UNICEF's activities by a temporary or partial condemnation, UNICEF may terminate the UNICEF Lease upon notice within thirty days of such condemnation. If more than half of the UNDC Properties is condemned so that the remaining portion is inadequate for the purposes of the Corporation, the Corporation may terminate the UNICEF Lease upon notice within thirty days of such condemnation.

Default

If UNICEF violates any of the covenants contained in the UNICEF Lease, if the demised premises are damaged by the negligence of UNICEF, if the demised premises become vacant or deserted, or become the subject of an attachment against UNICEF, or if UNICEF defaults with respect to any other lease between the Corporation and UNICEF, and UNICEF fails to cure any such default within the time periods specified in the UNICEF Lease, then the Corporation may serve notice of cancellation and the UNICEF Lease will expire thirty days thereafter.

THE PHASE I CONDOMINIUM DECLARATION

The following is a summary of certain provisions of the Phase I Condominium Declaration, dated as of June 5, 1997, as amended as of July 21, 1998 ("Condominium Declaration") by the City, to which reference is made for a complete recital of the terms thereof. Certain of the defined terms used in this summary are defined in the Condominium Declaration.

Declaration

The City, as the fee owner of One U.N. Plaza, filed a Condominium Declaration creating a condominium regime under New York law for One U.N. Plaza, consisting of the following three components: (i) a Hotel Unit (floors 28 through 38, and portions of the basement, the ground floor and floors 2, 27 and 39, together with all elevators that service the other portions of the Hotel Unit); (ii) an Office Unit (floors 3 through 26, and portions of the basement, the ground floor and floors 2 and 27, together with all elevators that service the other portions of the Office Unit); and (iii) Common Elements.

Management

The condominium is governed by a three-member board of managers, with one member selected by the Hotel Unit Owner and two members selected by the Office Unit Owner. The City has irrevocably designated the Corporation as its attorney-in-fact to elect the two members of the board of managers representing the Office Unit Owner and to represent the City at all Unit Owner meetings. The board of managers supplies all basic building services and is responsible for the day-to-day operation and maintenance of all common areas. The board of managers maintains fire and other casualty insurance in an amount not less than the replacement cost of the common elements. The board of managers is obligated to rebuild and restore the common elements after any casualty.

The decisions requiring the concurrence of all Unit Owners acting unanimously include: (i) operating and capital budgets for One U.N. Plaza; (ii) imposition of Special Assessments; (iii) establishment of reserves; (iv) selection of management companies from which to solicit bids for the management of the common elements, and the terms of any management agreement; (v) the terms of service contracts where the annual charges exceed \$100,000; (vi) rules and regulations for the operation of One U.N. Plaza; (vii) alterations affecting common areas; and (viii) development of fire command and fire safety programs and procedures.

Unit Owner Costs and Expenses

Each Unit Owner is obligated to maintain its Unit in good condition and in compliance with all applicable laws; to pay, as common charges, its allocable share of operating expenses, including salaries of building staff, insurance premiums, professional fees and administrative overhead; to maintain insurance against damage from fire and other casualty to the Unit and its contents in an amount not less than the replacement cost and liability insurance in a minimum amount of \$50 million in the aggregate and per occurrence; to pay payroll taxes, fees and other governmental charges payable with respect to its Unit and discharge all liens filed against One U.N. Plaza that arise from the actions of the Unit Owner; and to rebuild and restore its Unit after any casualty.

Operating expenses of the condominium are allocated based upon various criteria, depending on the nature of the specific expense. These criteria include the square footage and hours of operation of the respective Units as well as other relevant factors. Electricity costs are allocated based on submetering where available and otherwise, on an engineering analysis of electricity usage. Common expense allocations may be reconsidered at the request of a Unit Owner on an annual basis with disagreements to be resolved by means of expedited arbitration. Changes in allocation are prospective only.

The Hotel Unit Owner is obligated to operate the Hotel as a full-service first-class hotel and to provide persons or entities affiliated with the U.N. certain reservation priorities. The Office Unit Owner is obligated to operate the Office Unit as first-class office space, with ancillary uses.

Defaults

Each Unit Owner has the right, after applicable notice and grace periods, to cure defaults by the board of managers in performing the board's obligations. Likewise, the board of managers has the right to cure defaults by each Unit Owner. The board of managers is granted the following remedies against a defaulting Unit Owner: (i) the right to maintain an action to recover amounts expended in curing the defaulting Unit Owner's obligations; (ii) the right to maintain an action for specific performance or other injunctive relief; and (iii) the right to prosecute a lien for the amount of any unpaid sums against the Unit of the defaulting Unit Owner. To the extent of unpaid Unit Owner common charges and electricity payments, such lien is superior to the lien of any mortgage encumbering the Unit. Registered Mortgagees have rights to notice of, and to cure, any monetary and non-monetary defaults under the Condominium Declaration. The board of managers will accept performance of Registered Mortgagees as the performance of the relevant Unit Owner. The Trustee is not currently a Registered Mortgagee and, accordingly, may not be able to cure defaults under the Condominium Declaration. The obligations of the Hotel Unit Owner are cross-defaulted with the obligations of the sublessee under the Sublease granted to RHM-88, LLC.

THE SUB-LEASE TO RHM-88, LLC

The following is a summary of certain provisions of the Sublease, dated as of July 23, 1997, as amended by agreement dated as of July 21, 1998 (the "Sublease"), between the Corporation, as landlord and RHM-88, LLC, as lessee (the "Hotel Lessee"), to which reference is made for a complete recital of the terms thereof. Certain of the defined terms used in this summary are defined in the Sublease.

Sublease

As part of the disposition of the Corporation's interest in the Hotel (see "The Property - Disposition of Hotel") on July 23, 1997, the Corporation, as lessee of the Two U.N. Plaza land and

improvements, entered into a sublease with the Hotel Lessee, as sublessee, for a term expiring on July 30, 2079, coterminous with the expiration of the Two U.N. Plaza Ground Lease. The premises under the sublease (the "Premises") encompass the following in Two U.N. Plaza: (i) floors 30 through 40, the duplexes and banquet space portions of the 29th floor and 29th mezzanine, as well as portions of the 2nd floor, lobby and basement and (ii) all elevators that service the other portions of the Premises.

The Corporation, as Landlord

The Corporation is responsible for the day-to-day operation and maintenance of all common areas and is obligated to supply chilled water, condenser water, hot water, domestic water, and central fire command station services; to repair and maintain the exterior, including the roof of Two U.N. Plaza; and to operate, maintain, repair, and replace mechanical, electrical, and certain other central building systems shared by the Premises and the office portions of Two U.N. Plaza. The Corporation is obligated to supply electricity for the Premises, the cost of which shall be reimbursed by the Hotel Lessee. The Corporation maintains insurance against damage from fire and other casualty in an amount not less than the replacement cost of Two U.N. Plaza. The Hotel Lessee is required to reimburse the Corporation for the Hotel Lessee's share of the cost to maintain such insurance. The Corporation is required to operate the office portions of Two U.N. Plaza as first-class office space and must rebuild and restore Two U.N. Plaza after any casualty.

Hotel Lessee

The decisions requiring the consent of the Hotel Lessee include: (i) operating and capital budgets for Two U.N. Plaza; (ii) imposition of Special Assessments; (iii) establishment of reserves; (iv) selection of management companies from which to solicit bids for the management of the common elements and the terms of any management agreement; (v) terms of service contracts where the annual charges exceed \$100,000; (vi) rules and regulations for the operation of Two U.N. Plaza; (vii) alterations affecting common areas; and (viii) development of fire command and fire safety programs and procedures.

The Hotel Lessee is obligated to operate the Premises as a full-service, first-class hotel; to provide certain reservation priorities to U.N. related guests; to maintain the Premises in good condition and repair; to pay its allocable share of operating expenses, including all costs incurred by the Corporation with respect to the services provided by the Corporation, salaries of building staff, insurance premiums, professional fees, and administrative overhead for the operation of Two U.N. Plaza; to pay to the Corporation the Hotel Lessee's allocable share (based on cubic footage occupied) of the City Rent under the Phase II City Lease; to pay to the Corporation 20.4% of the real estate taxes payable with respect to the land under Two U.N. Plaza and 20.4% of the rent payable under the Phase II Ground Lease between the Corporation and Bishop Trading Company; to maintain liability insurance in a minimum amount of \$50 million in the aggregate and per occurrence; and to pay all fees and other governmental charges payable with respect to the Premises and the operation of the Premises and to discharge all liens filed against Two U.N. Plaza that arise from the actions of the Hotel Lessee or the operation of the Premises.

The Hotel Lessee is permitted to perform alterations in the Premises that do not affect building systems without the Corporation's consent. The Hotel Lessee may only assign its interest in the Premises if the Hotel Unit at One U.N. Plaza is simultaneously conveyed to the assignee.

Allocation of Expenses

Allocation of operating expenses between the Corporation and Hotel Lessee is based on various criteria, depending upon the nature of the specific expense. These criteria include the square footage of

non-hotel and the hotel portions of Two U.N. Plaza, hours of operation of the hotel and non-hotel portions, as well as other relevant factors. Electricity costs are allocated based on submetering where available and otherwise on engineering analyses of electricity usage. Either party may, on an annual basis, require a reconsideration of the common expense allocations, with any disagreements to be resolved by means of expedited arbitration. Any changes in allocation are prospective only.

Remedies

The Corporation's remedies against the Hotel Lessee include: (i) the right to maintain an action to recover any amounts, damages and interest owed by the Hotel Lessee to the Corporation; (ii) the right to maintain an action for specific performance or other injunctive relief; and (iii) the right to prosecute a lien for the amount of any unpaid sums against the Hotel Lessee's interest in the Sublease and other secured property. To the extent of certain unpaid expenses of the Hotel Lessee and electricity payments, such lien is superior to the lien of any mortgage encumbering the Hotel Lessee's leasehold interest. The Hotel Lessee is required to maintain a security deposit of \$500,000 for the first year of the lease, reduced to \$250,000 thereafter until the tenth year of the lease when the obligation may terminate. In accordance with the terms of the Sublease, the Corporation returned the \$250,000 security deposit to the Hotel Lessee in 2007. Any assignee of the leasehold interest is likewise required to post a security deposit on the effective date of any assignment, in like amounts for a new ten-year period. The obligation of the Hotel Lessee in Two U.N. Plaza is cross-defaulted with the obligations of the Hotel Unit Owner under the Condominium Declaration in One U.N. Plaza. Recognized Mortgagees will be given rights to notice of, and to cure any monetary default and non-monetary defaults under the Sublease. The Corporation will accept performance of Recognized Mortgagees as the performance of the Hotel Lessee.

THE CITY BACKUP LEASE

The following is a summary of certain provisions of the City Backup Lease, dated as of December 31, 2003, between the Corporation, as lessor, and the City, as lessee, to which reference is made for a complete recital of the terms thereof.

Demised Premises

The demised premises under the City Backup Lease will be comprised of those portions of One U.N. Plaza and Two U.N. Plaza leased by the Corporation to the U.N. that cease to be occupied and are surrendered to the Corporation by the U.N. The total amount of space included in the demised premises can change over time, as and to the extent that the U.N. occupies and vacates space in such buildings. The maximum amount of space that can be included in the demised premises is the space that is occupied by the U.N. under each of the One U.N. Plaza U.N. Lease and the Two U.N. Plaza U.N. Lease on the first day on which the term begins for any portion of the demised premises.

Term

For any particular portion of the demised premises, the term of the City Backup Lease will begin on the later of (i) the date on which the U.N. vacates such portion, and (ii) the first anniversary of the date on which notice is given by the Corporation to the City that the term for such portion will begin. The term for any portion of the demised premises cannot begin before April 1, 2008 or after July 1, 2026.

The term terminates on the earlier of (i) the date on which the Corporation's interest in One U.N. Plaza and Two U.N. Plaza is sold, and (ii) the date on which (x) the 2004 Bonds are no longer outstanding, and (y) if any bonds are issued to refinance the 2004 Bonds or to refinance any subsequently

issued refinancing bonds, provided that the latest scheduled maturity date of any such refinancing bonds is no later than July 1, 2026, all such refinancing bonds are no longer outstanding.

Rent

For any portion of the term occurring prior to April 1, 2023, the base rent payable by the City for the demised premises will be the same amount that the U.N. would have been obligated to pay for such space if it had remained the tenant thereof and had exercised all of its renewal options with respect thereto. For any portion of the term occurring on or after April 1, 2023, the base rent payable by the City for the demised premises will be at an annual rate equal to the rate per square foot that would have been payable by the U.N. in March 2023 for such space if it had remained the tenant thereof.

If at any time the aggregate revenue received by the Corporation from rent paid by the City and by the other tenants of One, Two and Three U.N. Plaza is greater than the amount of revenue required for operating expenses, and for interest, principal and coverage requirements for the 2004 Bonds or the then-outstanding refinancing bonds, the City will be entitled to a refund or credit equal to the excess of revenue received over revenue required.

The City will be obligated to pay operating expenses and electric charges for the demised premises on the same terms as such expenses and charges would have been payable by the U.N., had it remained the tenant of the demised premises.

Initial Alterations

In connection with commencement of the term for any portion of the demised premises, the Corporation is obligated, at the request and according to the directions of the City, to perform alterations and improvements (including the preparation of plans therefor) for the purpose of the initial occupancy thereof. The costs and expenses for performing the foregoing are required to be paid by the Corporation initially and then reimbursed by the City within a reasonable time thereafter.

Obligations Subject to Appropriation

The obligation of the City under the City Backup Lease is subject to annual appropriation. Such obligation will not constitute a debt of the City within the meaning of any constitutional or statutory provision and will be deemed executory only to the extent of funds appropriated and available to the City.

The City will incur no liability under the City Backup Lease beyond funds appropriated and available to the City for such purpose (see "The City Backup Lease").

Subleases and Assignments

The City is permitted, without the prior consent of the Corporation, to license or sublease all or part of the demised premises and to assign the City Backup Lease to the State of New York, or the departments, agencies or instrumentalities thereof, for use by any of them, or to any other entity, so long as the licensing, subletting, or assignment to, and occupancy by, such other entity would not cause the interest on the Corporation's then-outstanding bonds to become taxable. As a condition of any such assignment, the assignee is required to assume performance of the City's obligations under the City Backup Lease. The City may, without the consent of the Corporation, permit use or occupancy of the demised premises by any department, agency or instrumentality of the City for use by any of them. The City may not otherwise license, sublease or assign its interest without the prior consent of the

Corporation. The City is not released from any of its obligations under the City Backup Lease as a result of any use, licensing, subletting or assignment referred to above.

Sale of One and Two U.N. Plaza

The City Backup Lease provides that consistent with the rights of Bondholders and any other obligations of the Corporation to third parties, the Corporation, at the City's request, is required to cooperate with the City, and may not unreasonably refuse or delay, in offering for sale the Corporation's interests in One U.N. Plaza and Two U.N. Plaza in the manner requested by the City. The City is permitted to make such a request to the Corporation at any time after the Corporation and the U.N. enter into an agreement under which each has the right, by giving notice to the other, to terminate the One U.N. Plaza U.N. Lease and the Two U.N. Plaza U.N. Lease.

Other Terms

Except as otherwise provided in the City Backup Lease, all terms and conditions of the One U.N. Plaza U.N. Lease and the Two U.N. Plaza U.N. Lease are incorporated into the City Backup Lease.

INSURANCE COVERAGE

The following summarizes basic provisions of the insurance policies the Corporation currently maintains, pursuant to the Indenture. Those policies provide the following coverages with respect to the UNDC Properties: (1) all-risk property insurance, which provides coverage for property damage and business interruption as a result of such property damage; (2) commercial general liability and hired and non-owned automobile liability insurance; and (3) workers' compensation insurance as required by the laws of the State of New York.

All-risk Property Insurance

Effective between April 1, 2019 and April 1, 2020, the Corporation's all-risk property insurance with Factory Mutual Insurance Company covers all risks of physical loss or damage to real and personal property, to the extent of the interest of the Corporation in such property, subject to certain policy exclusions and limitations described therein. Covered risks resulting in physical loss or damage to real and personal property include fire, standard extended coverage perils, defects in the One U.N. Plaza Hotel Unit chilled water risers and any escaped water therefrom, and acts of terrorism. This coverage extends to loss or damage to the Corporation's interest in the Common Elements under the Condominium Declaration (such as the roof, structure and exterior of the building), and any loss of anticipated rental and other income due to the interruption in the total or partial use or occupancy of any of the UNDC Properties.

The maximum coverage limit per occurrence for property loss under the current all-risk property policy is \$669,736,000. For each occurrence of loss the Corporation sustains under the all-risk property insurance policy, the policy only covers the amount of loss greater than a deductible amount of \$50,000 per occurrence. Certain additional limits of liability apply to specific losses and occurrences, including but not limited to the following:

- (a) earthquake: \$300,000,000 in the aggregate during any policy year; and
- (b) flood: \$250,000,000 in the aggregate during any policy year.

Commercial General Liability and Automobile Liability Insurance

The Corporation maintains commercial general liability and commercial automobile liability insurance, including (1) a primary insurance policy provided by Zurich American Insurance Company, effective between October 1, 2018 and October 1, 2019 and (2) umbrella and excess liability insurance policies, effective between October 1, 2018 and October 1, 2019.

The following limits on coverages apply under the primary insurance policy:

(a) Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 aggregate;

(b) Commercial Auto Liability: \$1,000,000 combined single limit for property damage and bodily injury covering both hired non-owned autos (the Corporation does not own any automobiles).

The umbrella and excess liability insurance the Corporation maintains consist of a lead insurance policy and a layered structure of eleven excess liability insurance policies, for a total coverage amount of \$300,000,000 per occurrence and \$300,000,000 aggregate. The lead insurance policy has a limit of \$25,000,000 per occurrence and \$25,000,000 aggregate. Each of the eleven excess liability insurance policies provides additional coverage of \$25,000,000 per occurrence and \$25,000,000 aggregate in excess of the underlying policies, totaling limits of liability of \$301,000,000 each occurrence and \$302,000,000 aggregate (in each case including the primary policy).

The carriers providing the above excess liability coverages are as follows:

a) The lead excess liability insurance policy is provided by Ace Property & Casualty Ins. Co.

b) The additional excess liability insurance policies are provided by the following carriers, in increasing amounts of aggregate coverage: Ironshore Indemnity Inc.; The Ohio Casualty Insurance Co.; The North River Insurance Co.; Westchester Fire Insurance Co.; QBE Insurance Corporation; The Ohio Casualty Insurance Co.; Great American Alliance Insurance Co.; Colony Specialty Insurance Co.; Philadelphia Cover Cos.; Liberty International Underwriters; and Fireman's Fund Insurance Co.

Workers' Compensation Insurance

The Corporation maintains Workers' Compensation Insurance with the New York State Insurance Fund, effective between June 26, 2018 and June 26, 2019, in compliance with the laws of the State of New York.

APPENDIX C

Financial Statements of the United Nations Development Corporation

APPENDIX D

Proposed Form of Opinion of Bond Counsel

[Date of Delivery]

United Nations Development Corporation
Two United Nations Plaza
New York, New York 10017

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$42,085,000 aggregate principal amount of 2019 Refunding Bonds, Series A (the “Bonds”), by the United Nations Development Corporation (the “Corporation”), a body corporate and politic constituting a public benefit corporation organized under the laws of the State of New York (the “State”).

The Bonds are issued under and pursuant to Chapter 345, Laws of New York, 1968, as amended (the “Act”), a resolution adopted by the Board of Directors of the Corporation on March 27, 2019 (the “Series Resolution”), an Amended and Restated Indenture of Trust, initially dated as of December 1, 1992 and amended and restated on October 29, 2009 and further amended and restated on April 11, 2019, as supplemented, including as supplemented by the Seventh Supplemental Indenture of Trust, dated April 11, 2019 (collectively, the “Indenture”), by and between the Corporation and The Bank of New York Mellon, as trustee (the “Trustee”).

The Bonds are part of an issue of Bonds of the Corporation which the Corporation has established and created under the terms of the Indenture and is authorized to issue from time to time for the purposes authorized by the Indenture, as then in effect, and without limitation as to amount, except as provided in the Indenture, the Series Resolution or as may be limited by law. The Bonds are being issued to refund the Corporation’s 2009 Refunding Bonds, Series A (Senior Lien) and to pay certain costs in connection with the issuance of the Bonds.

The Bonds are dated, mature, are payable and bear interest, all as provided in the Indenture.

We are of the opinion that:

1. The Corporation is a public benefit corporation duly organized and existing under the laws of the State, and is authorized under the laws of the State, particularly the Act, to enter into the Indenture and to issue the Bonds.

2. The Indenture has been duly authorized, executed and delivered by the Corporation and is the legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

3. The Indenture creates the valid pledge of Net Revenues as defined in the Indenture that it purports to create, subject only to the provisions of the Indenture permitting the withdrawal, payment or setting apart of such Net Revenues for the purposes and on the terms and conditions set forth in the Indenture.

4. The Bonds have been duly and validly authorized and issued in accordance with the laws of the State, and in accordance with the Indenture. The Bonds are legal, valid and binding special obligations of the Corporation payable as provided in the Indenture and are enforceable in accordance with their terms and the terms of the Indenture.

5. The Internal Revenue Code of 1986 (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Indenture and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation has made certain representations and certifications in the Indenture and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law and assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

6. Interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York), assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 5 herein.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Indenture and the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally or as to the availability of any particular remedy.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to Bonds or the proceeds thereof upon the advice or approval of other counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of any document or agreement by any party other than the Corporation. We have assumed the due authorization, execution and delivery of the Indenture by the Trustee.

Very truly yours,

APPENDIX E

Continuing Disclosure Undertaking

The following is a summary of certain provisions of the Seventh Supplemental Indenture setting forth certain continuing disclosure obligations of the Corporation (as defined in the Indenture and summarized below, the “Undertaking”). Reference is made to the Seventh Supplemental Indenture for a complete recital thereof. All terms used and not otherwise defined herein are used as defined in the Indenture.

The Undertaking

(A) The Corporation covenants, for the sole benefit of the Holders (and, to the extent specified in the Indenture and described in this Appendix E, the Beneficial Owners) of the Outstanding 2019 Bonds and subject (except to the extent otherwise expressly provided in the Indenture, as described in this Appendix E) to the remedial provisions of the Indenture, that the Corporation shall provide:

(a) within 185 days after the end of each fiscal year, to Electronic Municipal Market Access system (“EMMA”) (<http://emma.msrb.org>) established by the Municipal Securities Rulemaking Board (“MSRB”), core financial information and operating data for the prior fiscal year, including its audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and material historical quantitative data on the Corporation’s revenues, expenditures, financial operations and indebtedness, generally (unless otherwise specified by the Supplemental Indenture) of the types included in the Official Statement with respect to the 2019 Bonds (the “2019 Official Statement”), under the headings “The UNDC Properties” and “Selected Financial Data and Management’s Discussion”; and

(b) to EMMA in a timely manner, not in excess of ten business days after the occurrence of each event, notice of any of the following events with respect to the 2019 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the 2019 Bonds;
- (7) modifications to rights of Holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

material;

(10) release, substitution or sale of property securing repayment of the 2019 Bonds, if

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Corporation;

(13) consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all of substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Corporation, any of which affect Bondowners, if material;

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Corporation, any of which reflect financial difficulties; and

(17) failure to comply with clause (a) above.

(B) The Corporation does not undertake to provide such notice with respect to credit enhancement if (1) the enhancement is added after the primary offering of the 2019 Bonds, (2) the Corporation does not apply for or participate in obtaining the enhancement and (3) the enhancement is not described in the 2019 Official Statement.

(C) Any Beneficial Owner of 2019 Bonds described in the Indenture may bring a Proceeding to enforce the Undertaking without acting in concert if (1) such owner shall have filed with the Corporation (a) evidence of beneficial ownership and (b) written notice of, and request to cure, the alleged breach, (2) the Corporation shall have failed to comply within a reasonable time, and (3) such Beneficial Owner stipulates that (a) no challenge is made to the adequacy of any information provided in accordance with the Undertaking and (b) no remedy is sought other than substantial performance of the Undertaking. To the extent permitted by law, each Beneficial Owner agrees that all Proceedings shall be instituted only as specified in the Act, and for the equal benefit of all such owners of the Outstanding Bonds benefited by the same or a substantially similar continuing disclosure undertaking. Violation by the Corporation of the Undertaking shall not constitute an Event of Default or an event which with the giving of notice or the passage of time or both would constitute an Event of Default and the Trustee shall have no responsibility for enforcing compliance with the Undertaking.

(D) Any Supplemental Indenture amending the Undertaking may only be entered into:

(a) if all or any part of the Rule, as interpreted by the staff of the SEC at the Issue Date of the 2019 Bonds, ceases to be in effect for any reason and the Corporation elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly, or

(b) if: (i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Corporation, or type of business conducted, (ii) the Undertaking, as amended, would have complied with the requirements of the Rule at the Issue Date of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the amendment does not materially impair the interests of the Holders of the 2019 Bonds, as determined by parties unaffiliated with the Corporation (such as, but without limitation, the Corporation's financial advisor or bond counsel) or as determined by Holder consent pursuant to the Indenture, and (iv) the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided.