

UNITED NATIONS DEVELOPMENT CORPORATION

Measurement Report for the year ended December 31, 2014

The Public Authorities Law requires that state and local public authorities adopt a mission statement (“Mission Statement”) and performance measures/goals to assist the authority in determining how well it is carrying out its mission. Each authority must annually review its mission statement and performance measures/goals and prepare a measurement report (“Measurement Report”) for the most recent year. The Mission Statement of the United Nations Development Corporation (the “Corporation”) is provided below, followed by the Corporation’s Measurement Report for 2014. The Measurement Report restates the Corporation’s annual performance goals and evaluates the Corporation’s 2014 performance in meeting these goals. The Mission Statement and Measurement Report for 2014 are available on the Corporation’s website at www.undc.org.

MISSION STATEMENT

The mission of the United Nations Development Corporation is (a) to provide office and other facilities that help meet the current and future needs of the United Nations (the “UN”), missions to the UN and UN-related programs (together, the “UN Community”), and (b) otherwise to assist the UN Community in meeting its current and future real estate needs. To accomplish its mission and help the City and State of New York fulfill their responsibilities as hosts to the UN Community, the Corporation develops and operates office and other facilities for the benefit of the UN Community. The Corporation also provides advice and services, including studies, with respect to real estate needs and development within the State of New York as requested by the State or City of New York, the United States or the UN

Under its enabling statute, the Corporation is currently permitted to develop and operate real estate only within a prescribed area (the “Development District”) in the vicinity of UN headquarters in Manhattan. The boundaries of the Development District and other powers of the Corporation are subject to change to the extent provided by additional legislation. The Corporation has from time to time sought the enactment of such additional legislation, and may do so in the future, consistent with its mission and at the request of the UN or the City or State of New York, and in order to respond to and help meet changing real estate needs of the UN Community.

**MEASUREMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014**

Performance Goal #1

Meeting the real estate needs of the UN Community in the City and State of New York by providing office and other facilities at rental rates and on other terms that encourage the UN Community to remain and continue its activities in New York City, as measured by long-term occupancy, minimal tenant turnover, timely compliance by tenants with rent and other obligations, and absence of disputes with tenants.

Evaluation #1

The Corporation continued to meet the real estate needs of the UN Community in 2014. During 2014, all office tenants in the Corporation's buildings at One, Two and Three UN Plaza (almost exclusively the UN and others in the UN Community) continued their long-term occupancy. There were no disputes between the Corporation and its tenants during 2014, and to the best of the Corporation's knowledge, all of the Corporation's tenants complied with their lease obligations.

Performance Goal #2

Responsiveness to the other real estate needs of the UN Community and the UN-related needs of the City and State of New York, as measured by projects and studies undertaken by the Corporation as requested by the UN, the City or the State without any start-up or other funds provided by the City or the State.

Evaluation #2

From time to time the Corporation undertakes projects and studies, or otherwise provides advice or services, requested by the UN, the City or the State in response to the real estate needs of the UN Community or the needs of the City or State of New York. As described in Performance Goal #6 below, the Corporation, at the request of the City and the UN, continued discussions with both concerning possible construction of a new office building that would be located at First Avenue between 41st and 42nd Streets adjacent to the UN campus. The new building would be occupied exclusively by the UN, including UN employees consolidated from other buildings leased by the UN in Manhattan.

Performance Goal #3

Enhancing the long-term value of the Corporation's properties, maintaining the competitiveness of the Corporation's properties in their relevant submarkets, and operating and maintaining the Corporation's properties safely, efficiently and in accordance with Class A standards, as measured by: increases in the relative value of the Corporation's properties, consistently low vacancy rates, and building and capital improvements, including security enhancements, energy efficiency and sustainability projects and preventive maintenance programs, all in accordance with approved budgets.

Evaluation #3

The Corporation continually works to enhance the long-term value of its properties, maintain the competitiveness of the properties in their submarkets in close proximity to the current UN Headquarters, and operate and maintain its properties safely, efficiently and in accordance with Class A standards. All of the Corporation's office space was occupied and under lease for the entirety of 2014.

The Corporation implemented building and capital improvement projects in 2014 in accordance with approved budgets, including the following:

- Replacement and refurbishment of mechanical and electrical equipment and systems to improve energy efficiency at One, Two and Three UN Plaza.
- Installation of a state-of-the-art fire alarm and safety system at Two UN Plaza in place of the original 1983 system.
- Expansion of building-wide recycling programs and implementation of environmentally sensitive building cleaning methods.
- Restoration and improvements to the public plaza at Three UN Plaza, including waterproofing to address below-grade water infiltration.

Performance Goal #4

Complying with all obligations under the Corporation's bond financing and real estate agreements, as measured by the Corporation exceeding thresholds for compliance with revenue covenants, timely payment of rent under its leases from the City of New York, and the absence of defaults by the Corporation in performing its obligations.

Evaluation #4

During 2014 the Corporation complied with all obligations under its bond financing and real estate agreements. The Corporation's buildings produced net revenues after payment of operating expenses with coverage of over two times debt service requirements in 2014, exceeding the coverage of 1.25 times debt service required under the revenue covenants in the Corporation's bond indenture. The Corporation paid rent under its leases with the City of New York on a timely basis and there were no defaults by the Corporation under its bond financing and real estate agreements.

Performance Goal #5

Implementing policies and procedures to ensure that the Corporation complies with its enabling statute, by-laws, corporate governance guidelines, applicable federal, State and City laws, rules and regulations, and financial and other obligations, as measured by absence of violation notices, penalties or other sanctions, or defaults under contracts or other agreements.

Evaluation #5

The Corporation has policies and procedures in place to ensure such compliance. In 2014, the Corporation was not in default under contracts or other agreements and was not subject to any penalties or other sanctions.

Performance Goal #6

Having the State Legislature approve and Governor sign additional legislation that permits the Corporation to develop and operate real estate outside the current boundaries of the Development District and/or changes other powers of the Corporation, as appropriate, to permit the Corporation, consistent with its mission and at the request of the UN or the City or State of New York, to respond to and help meet changing real estate needs of the UN Community, as measured by the enactment of such legislation and by the Corporation responding to and helping to meet changing real estate needs of the UN Community.

Evaluation #6

During 2014 the Corporation continued its discussions with the UN and the City concerning the proposed development of a new build-to-suit office building for exclusive UN use along First Avenue and across 42nd Street from UN Headquarters (the “Consolidation Building”). The Consolidation Building would permit the UN to consolidate in a single location certain office space currently located throughout midtown Manhattan. The UN has made no commitment to the Consolidation Building and is continuing to study possible options for meeting its long-term space needs in the City, including leasing the Consolidation Building from the Corporation and other options. A commitment by the UN to the Consolidation Building requires the approval of the UN General Assembly.

To permit this development, State legislation in July 2011 amended the Corporation’s enabling statute to expand the boundaries of the UN Development District and other powers of the Corporation to include the Consolidation Building. In addition, and as required by the State legislation, the Mayor and State legislative leaders signed a Memorandum of Understanding in October 2011 setting forth a framework for the transfer by the City to the Corporation of the site for the Consolidation Building as permitted under the legislation, and funding by the Corporation for the City to plan and create specified parkland and other open space improvements.

Performance Goal #7

Stability in management and operations, as measured by consistency in annual revenues and expenses without any City or State funding, absence of financial emergencies or unplanned financial demands, and longevity of service by key managers and others.

Evaluation #7

The Corporation’s management and operations were stable during 2014. Annual revenues, derived primarily from long-term leases with office tenants at the Corporation’s buildings, were stable and both revenues and expenses were in line with approved budgets. The Corporation experienced no financial emergencies or unplanned financial demands and received no City or State funding in 2014. A smooth transition in senior management has occurred, with the retirement in 2014 of an employee of the Corporation for more than thirty-five years who had been serving as the Corporation’s President, and with the Corporation’s Secretary and legal officer employed by the Corporation for over ten years being elected Senior Vice President and General Counsel and assuming responsibility for management of the Corporation.