

UNITED NATIONS DEVELOPMENT CORPORATION

Measurement Report for the year ended December 31, 2015

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 2015. The Measurement Report restates the Corporation’s annual performance goals and evaluates the Corporation’s 2015 performance in meeting these goals. The Mission Statement and Measurement Report for 2015 are available on the Corporation’s website at www.undc.org.

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 2015. During 2015, 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 2015, 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 the possible financing and construction by the Corporation of a new build-to-suit office building for exclusive UN use along First Avenue and across 42nd Street from the UN Headquarters

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 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 2015.

The Corporation implemented building and capital improvement projects in 2015 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 new fire alarm and safety system at Two UN Plaza.
- Design and planning work for the installation of a new façade maintenance system at One and Two UN Plaza, with a scheduled construction start in mid-2016.
- Construction of ADA-compliant restrooms at Three UN Plaza.

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

The Corporation complied with all obligations under its bond financing and real estate agreements in 2015. The Corporation's buildings produced net revenues after payment of operating expenses with coverage of over two times debt service requirements in 2015, exceeding the coverage of 1.25 times debt service required under 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. The Corporation was not in default under contracts or other agreements and was not subject to any penalties or other sanctions in 2015.

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

The Corporation has proposed to the UN the financing and construction by the Corporation of the UN Consolidation Building, a new build-to-suit office building for exclusive UN use along First Avenue and across 42nd Street from the UN Headquarters. The Consolidation Building is intended to assist the UN to meet its space needs in the City and would permit the UN to consolidate in a single location certain office space leased at multiple buildings on the east side of Manhattan.

State legislation enacted in 2011 and a Memorandum of Understanding signed by the Mayor and State legislative leaders authorize the Corporation to finance and construct the Consolidation Building, subject to specified conditions, including a deadline for financing the project, which was extended in July 2015 from December 2015 to December 2019. The Corporation would issue its bonds to finance the project, with the bonds secured by the UN's rental payments under a long-term lease of the building. The UN would, without additional cost, obtain ownership of the Consolidation Building at the expiration of the lease term.

The UN Secretary General has recommended that the UN pursue the Consolidation Building in his reports to the UN General Assembly. At the end of 2015, however, the UN General Assembly and its committees took actions to again postpone decisions on the space needs of the UN in New York City. These actions mean that either the financing and construction of the Consolidation Building may not occur for a number of years or that the project may not proceed at any time.

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 2015. 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 2015.