

UNITED NATIONS DEVELOPMENT CORPORATION

Measurement Report for 2023

The Public Authorities Law requires state and local public authorities to develop and adopt a mission statement and performance measures to assist the authority in determining how well it is carrying out its mission. The mission statement is part of the annual report filed with the NYS Authorities Budget Office. Public authorities are expected to annually review their mission statements and performance measures and to publish a measurement report. Mission statements and measurement reports are required to be posted on public authority websites.

The Mission Statement and Measurement Report for 2023 of the United Nations Development Corporation is as follows.

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 2023

The Corporation’s Measurement Report for 2023 is as follows. Performance measures (in bold) assist the Corporation in determining how well it is performing its mission and an evaluation is provided under each performance measure.

- 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.**

The Corporation continued to meet the real estate needs of the UN Community in 2023. As of its lease expiration on March 31, 2023, the UN had vacated 12 floors of space at One UN Plaza as part of a plan to consolidate office space from several locations into Two UN Plaza. The UN Development Programme (UNDP), a subtenant of the UN at One UN Plaza since the mid 1980's, has agreed in principle to expand its space at One UN Plaza from 9 to 15 floors as UNDP's world headquarters. The UN and UNDP have signed letters of intent and negotiations on definitive leases are expected to conclude soon. The terms of the UN Leases at One and Two UN Plaza have been extended through [June 30, 2024] until new leases become effective. In 2024 the Corporation expects to enter into new leases with other existing tenants at One and Two UN Plaza, including permanent missions to the UN and UN organizations. In July 2026, UNICEF will obtain ownership of Three UN Plaza upon expiration of its lease with the Corporation providing certain conditions are met, including maintenance by UNICEF of its world headquarters in the City.

Planning for a comprehensive renovation and capital improvements program (the "Project") at One and Two UN Plaza (together, the "Buildings") continued in 2023. The purpose of the Project is to replace certain original equipment and to improve energy efficiency at the Buildings. The Project will provide substantial benefits for office tenants and the Hotel occupying the top floors of the Buildings. Specific components of the Project were identified by engineering consultants as necessary to (i) replace end-of-useful life equipment, (ii) substantially improve energy efficiencies, (iii) conform to current fire safety codes and regulations, (iv) and renovate common areas, including lobbies, a bicycle room and other improvements.

The Buildings are subject to Buildsmart 2025, New York State's energy program mandating BTU energy savings at buildings owned by "Affected State Entities" including the Corporation as a public authority. The goal of the program is to advance economic growth, environmental protection and energy security in New York State. The Corporation's engineering consultants evaluated energy use at the Buildings and recommended projects consistent with Buildsmart 2025 requirements. Projects include, among others: BMS control systems, LED lighting upgrades, high efficiency motor replacements, chiller plant and modular chiller replacements and cooling tower replacements.

There were no disputes between the Corporation and its office tenants during 2023 and to the best of the Corporation's knowledge, all office tenants complied with their lease obligations.

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.

The Corporation is undertaking the above-described Project to benefit office tenants and the Hotel. The Project will increase the economic value of the Buildings, encourage sustainability and energy efficiency, enhance the surrounding neighborhood and benefit the City and State of New York as hosts to the UN.

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.

As planning proceeded on the Project during 2023, the Corporation continued to operate and maintain its properties safely and efficiently consistent with its building repair and maintenance program. Projects focused on energy efficiency, the tenant experience and safety and security, including: installation of new air handling units and CRAC units at Three UN Plaza; local law 11 repairs at Three UN Plaza; upgrades of elevator operating systems at One and Two UN Plaza; new lightning protection systems at One and Two UN Plaza; replacement of original bulkhead roof and design for new HVAC system for high-rise elevator machine room (EMR) at Three UN Plaza; replacement of steam coils on Air Handling Units at One UN Plaza; new fiber and removal of abandoned copper cabling at One UN Plaza; upgrade of access control and video surveillance system at One, Two and Three UN Plaza; upgrade of fire protection in compliance with local law 191 at One, Two and Three UN Plaza; and study to replace automatic transfer switches at Two UN Plaza.

- 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.**

In 2023, the Corporation complied with all obligations under its 2019 bond indenture. The Corporation complied with all obligations under its real estate agreements. For 2023, net revenues provided coverage of approximately 2.9x debt service requirements, exceeding the 1.25x coverage required under the 2019 bond indenture. All rent payments under the Corporation's leases with the City of New York were timely and there were no defaults by the Corporation under its bond financing and real estate agreements.

- 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.**

The Corporation has established policies and procedures consistent with its compliance obligations. The Corporation was not in default under any contracts or other agreements and was not subject to any penalties or other sanctions in 2023.

- 6. Take appropriate action to have the State Legislature approve and the 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 of 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.**

Though no action before the State Legislature and Governor is currently planned, the Corporation has in the past taken such actions to respond to the changing real estate needs of the UN Community. This included New York State legislation from 2011 that permitted the development by the Corporation of a new office building for the UN on First Avenue and 42nd Street across from the UN Headquarters and a related Memorandum of Understanding (MOU) for this project. Though the UN did not approve the new building project, the MOU was extended through December 31, 2029 for other development projects under consideration by the Corporation and the City.

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.

Management and operations at the Corporation were stable in 2023. Revenues from the UN lease at One UN Plaza decreased in 2023 because the UN vacated approximately 51% of its space effective March 31, 2023. Revenues at Two UN Plaza and Three UN Plaza were consistent in 2023 because the UN and UNICEF, respectively, continued to occupy all space under existing leases.

No financial emergencies or unplanned financial demands occurred in 2023. No City, State or Federal funds were received by the Corporation in 2023.