

UNITED NATIONS DEVELOPMENT CORPORATION

2024 Measurement Report

New York State Public Authorities Law mandates that the Corporation, like other public authorities, adopt a mission statement and performance measures. These are reviewed annually by the Board, and a measurement report is prepared. Both the mission statement and the measurement report are published on the Corporation's website and submitted to the Authorities Budget Office as part of the Corporation's annual report.

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.

2024 Measurement Report

The Corporation's 2024 Measurement Report is below. Performance measures are in bold, followed by the Corporation's evaluation.

- 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.**

On February 3, 2025, the City and State of New York and the Corporation announced a \$500 million development plan for One and Two United Nations Plaza that will help create more than 1,800 jobs and infuse billions of dollars back into the City's economy. The plan includes the following:

- The United Nations signed 15-year leases, with two 5-year options, at One and Two UN Plaza. The UN Secretariat will occupy Two UN Plaza and the United Nations Development Programme (UNDP), with other UN entities and missions, will occupy One UN Plaza. UNICEF, which occupies all of Three UN Plaza as its world headquarters, will assume ownership of the building in 2026 upon expiration of its lease with the Corporation.
- The development plan will include comprehensive building-wide renovations by the Corporation and renovations by the UN and UNDP of their leased premises. Building-wide renovations will include new systems with enhanced efficiency under the State's BuildSmart 2025 program and common area improvements, including renovations to lobbies, restrooms and common areas, and the creation of an indoor bicycle parking area.
- Construction is expected to begin in the second quarter of 2025, and the project is scheduled to be completed in approximately 48 months.

There were no disputes with office tenants in 2024 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 development plan described above to provide for the real estate needs of the UN Community. The plan is expected to support approximately 1,800 construction and related jobs, in addition to preserving thousands of existing jobs created directly or indirectly by the UN community.

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.

The development plan described above will enhance the long-term value of One and Two UN Plaza by modernizing the buildings and making them more energy efficient, allowing the Corporation to operate and maintain them safely, efficiently and in accordance with Class A standards.

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 2024 the Corporation complied with all obligations under its 2019 bond indenture and real estate agreements. Net revenues in 2024 provided coverage of approximately 2.0x debt service requirements, exceeding the 1.25x coverage required under the 2019 bond indenture. All rent payments by the Corporation under its 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. The Corporation plans to issue approximately \$365 million in bonds to fund the development project.

- 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 implemented policies and procedures to meet the compliance obligations described above. During 2024, the Corporation was not in default under any contracts or other agreements and was not subject to any penalties or other sanctions.

- 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.**

No action before the State Legislature and Governor is currently planned. The Corporation has previously taken such actions, including obtaining State legislation in 2011 to develop a new office building for UN occupancy at First Avenue and 42nd Street adjacent to UN Headquarters. This initiative was supported by a Memorandum of Understanding (MOU), dated October 4, 2011, as amended, with the Mayor and elected officials.

- 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.**

The Corporation's management and operations have been stable. The Corporation's 2024 revenues declined in 2024 as compared to 2023 due to the UN's significant reduction in leased space at One UN Plaza effective April 2023. The consolidation of UN personnel to Two UN Plaza from One UN Plaza and other locations will maximize efficiencies of the organization. Revenues at Two UN Plaza and Three UN Plaza were consistent in 2024 because those buildings were fully occupied by the UN and UNICEF, respectively.

No financial emergencies or unplanned financial demands occurred in 2024. No City, State or Federal funds were received by the Corporation in 2024.