

UNITED NATIONS DEVELOPMENT CORPORATION

2021 Measurement Report

The Mission Statement and Performance Goals of the Corporation are reviewed annually, as required under the Public Authorities Law. In addition, each year the Corporation prepares a Measurement Report which evaluates its performance as compared to the Performance Goals.

The Corporation's current Mission Statement and its Measurement Report for 2021 are set forth below.

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 "U.N."), missions to the U.N. and U.N.-related programs (together, the "U.N. Community"), and (b) otherwise to assist the U.N. 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 U.N. Community, the Corporation develops and operates office and other facilities for the benefit of the U.N. 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 U.N.

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 U.N. 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 U.N. or the City or State of New York, and in order to respond to and help meet changing real estate needs of the U.N. Community.

2021 MEASUREMENT REPORT

The Corporation's Performance Goals are numbered below, followed by Evaluations in italics.

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 2021 at the Corporation's One, Two, and Three UN Plaza buildings. During 2021, all office tenants at the Corporation's properties (including the UN and foreign missions) continued their long-term occupancies. The Corporation managed various tenant renovation projects for foreign missions and UNICEF in 2021. There were no disputes between the Corporation and its office tenants during 2021, 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 has previously undertaken projects and studies and provided advice or services as requested by the UN, the City or the State in response to the real estate needs of the UN or the needs of the City or State. No such requests were made during 2021.

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.

During 2021, the Corporation continued to maintain and enhance the long-term value and competitiveness of its properties. All of the Corporation's office space remained under lease during 2021.

Throughout the COVID-19 pandemic, the Corporation and its property manager maintained building-wide health and safety protocols in compliance with Federal, State, and City requirements and best practices. The protocols included social distancing and face coverings in common areas, enhanced cleaning of common areas, enhanced ventilation, new signage, and promoting and enabling hand washing/hand sanitizing. The Corporation implemented a vaccination requirement for all building employees and vendors that perform work in the buildings. The Corporation and its property manager communicated often with tenants regarding COVID protocols and reopening procedures.

Building and capital improvement projects continued in 2021 consistent with the Corporation's capital program, approved budgets and COVID-19 guidelines. Key projects, which focused on energy efficiency, the tenant experience, and safety and security, included:

- *Replacement of the west perimeter setback roof at Two UN Plaza.*
- *Replacement of curtainwall gasketing at Two UN Plaza.*

- *Installation of new air handling units at Three UN Plaza.*
 - *Replacement of entry doors in conformance with ADA standards at One and Two UN Plaza.*
 - *Planned upgrade of the destination-based elevator operating systems at One and Two UN Plaza.*
 - *Installation of a back-up domestic water distribution pump and associated controls at Two UN Plaza.*
 - *Installation of a new emergency generator breaker panel at One UN Plaza.*
 - *Commissioned infrastructure systems studies for compliance with the BuildSmart 2025 New York State energy initiative at One and 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 2021, the Corporation complied with all of its obligations under its bond indenture for the 2019 Bonds. The Corporation complied with all obligations under its real estate agreements. For 2021, net revenues provided coverage of over three times debt service requirements, significantly exceeding the 1.25x coverage required under the Corporation’s 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 policies and procedures in place to ensure such compliance. These policies and procedures are reviewed by management to ensure continuing compliance. The Corporation was not in default under any contracts or other agreements and was not subject to any penalties or other sanctions in 2021.

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 U.N. or the City or State of New York, to respond to and help meet changing real estate needs of the U.N. 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 U.N. Community.

The Corporation in the past proposed to the UN the development of a new, build-to-suit office building, for exclusive UN use, located on First Avenue and 42nd Street across from the UN Headquarters. If the new building, known as the “UN Consolidation Building,” had been constructed, the UN would have relocated to the new building its offices from elsewhere in Manhattan, including UN offices in One and Two UN Plaza. In 2011 New York State legislation was enacted for this project and a Memorandum of Understanding (MOU) was signed by the Mayor of the City of New York and State legislative leaders. The MOU was extended most recently in 2019 and currently expires on December 31, 2029. Though the UN Consolidation Building received a strong recommendation from the Secretary-General, the UN General Assembly ultimately did not approve the project and the UN more recently advised that the UN Consolidation Building is not currently being considered as an option to consolidate and accommodate the UN’s long-term space needs.

The UN and the United Nations Development Programme (UNDP) have instead decided to consolidate staff at One and Two UN Plaza under new long-term leases beginning April 2023. Discussions with the UN and UNDP on the terms of the leases is currently underway.

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 were stable during 2021. Beginning in March 2020, the Corporation successfully adapted its business and operations in response to the COVID-19 pandemic. Revenues, which are derived primarily from long-term office leases with the UN and UNICEF, were consistent and revenues and expenses were in-line with approved budgets. The Corporation experienced no financial emergencies or unplanned financial demands in 2021 and received no City or State funding in 2021, as has been true since its establishment in 1968.