

UNITED NATIONS DEVELOPMENT CORPORATION

2022 Measurement Report

As required by the Public Authorities Law, the Corporation conducts an annual review of its Mission Statement and Performance Goals in September and prepares a Measurement Report in March for the prior year to benchmark its performance against the Performance Goals.

The Corporation’s Mission Statement and Measurement Report for 2022 are provided below. The Measurement Report will require Board approval at the Corporation’s March annual meeting.

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.

2022 MEASUREMENT REPORT

The Corporation’s 2022 Measurement Report is set forth below.

#	Performance Goal	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.	<i>The Corporation continued to meet the real estate needs of the UN Community in 2022 at the Corporation’s One, Two, and Three UN Plaza buildings. During 2022, all office tenants at the Corporation’s properties (including the UN and foreign missions) remained in occupancy. There were no disputes between the Corporation and its office tenants during 2022 and to the best of the Corporation’s knowledge, all office tenants complied with their lease obligations.</i> <i>The Corporation is discussing long-term lease renewals with the UN for Two UN Plaza and the UN Development Programme (UNDP) and other UN tenants for One UN Plaza in anticipation of lease</i>

		<p><i>expirations in March 2023. The Corporation plans to implement comprehensive building upgrade programs at One and Two UN Plaza over the next several years consistent with the future long-term occupancy of its tenants. The Corporation also managed various tenant renovation projects for UNICEF in 2022.</i></p>
2	<p>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.</p>	<p><i>The Corporation did not undertake any projects or studies in 2022, other than those described elsewhere in this report relating to building improvement projects, as none were requested by the UN, the City, or the State of New York.</i></p>
3	<p>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.</p>	<p><i>During 2022, the Corporation continued to maintain and enhance the long-term value and competitiveness of its properties. All office space remained under lease during 2022.</i></p> <p><i>Building repair and maintenance and capital improvement projects continued in 2022 consistent with the Corporation's capital programs and approved budgets. Key projects focused on energy efficiency, the tenant experience and safety and security, including: new air handling units at Three UN Plaza; upgrades of elevator operating systems at One and Two UN Plaza; back-up domestic water distribution pump and controls at One UN Plaza; restore roof-mounted catwalk and steel dunnage at One and Two UN Plaza; replace automatic transfer switches at One and Two UN Plaza; NYPA contract to replace existing fluorescent light fixtures with LEDs in stairwells, MERs, EMRs and other areas at One and Two UN Plaza; fabrication of curtainwall glass for attic stock (expected to reduce energy for heating and cooling of the buildings); new lightning protection systems at One and Two UN Plaza; study to replace original emergency generator at One UN Plaza; study of existing conditions and refurbishment of passenger and freight elevator motors; replace original bulkhead roof and design for new HVAC system for high-rise elevator machine room (EMR) at Three UN Plaza.</i></p> <p><i>The Corporation conducted studies on New York State BuildSmart 2025 program requirements and to address the longevity of the One and Two UN Plaza buildings.</i></p> <p><i>The comprehensive building upgrade programs at One and Two UN Plaza planned for the next several years will further enhance the long-term value of the</i></p>

		<p><i>Corporation's properties and improve the tenant experience.</i></p> <p><i>Many of the Corporation's planned projects relate to Buildsmart 2025, New York State's program for pursuing energy efficiency through BTU energy savings at buildings owned by "Affected State Entities" (including the Corporation) while advancing economic growth, environmental protection and energy security in New York State. The Corporation's engineering consultants have evaluated energy use at One and Two UN Plaza and recommended various projects to meet or exceed the Buildsmart 2025 energy goals. These projects include, but are not limited to: BMS control systems, LED lighting upgrades, high efficiency motor replacements, chiller plant and modular chiller replacements, and cooling tower replacements. It is anticipated that these projects will be designed and installed over the next several years.</i></p>
4	<p>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.</p>	<p><i>In 2022, the Corporation complied with all obligations under its 2019 bond indenture. The Corporation complied with all obligations under its real estate agreements. For 2022, net revenues provided coverage of over three times debt service requirements, significantly 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.</i></p>
5	<p>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.</p>	<p><i>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 2022.</i></p>
6	<p>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</p>	<p><i>The Corporation has in the past taken such actions to respond to and help meet 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 this project, the MOU was extended</i></p>

	<p>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.</p>	<p><i>through December 31, 2029 for other development projects under consideration by the Corporation.</i></p>
7	<p>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.</p>	<p><i>Management and operations at the Corporation were stable in 2022. The Corporation successfully managed its operations and back to office program for its staff and tenants through Covid. Revenues from long-term office leases with the UN, UNICEF and other tenants were consistent and revenues and expenses were consistent with approved budgets. No financial emergencies or unplanned financial demands occurred in 2022. No City, State or Federal funds were received by the Corporation in 2022, as has been true since the Corporation's establishment in 1968.</i></p>