

World Trade Center Tower 2 Authorization of Agreement

December 10, 2015



Overview

- 21st Century Fox (21CF) and NewsCorp (NC) entered into non-binding Letter of Intent (LOI) with Silverstein Properties (SPI) in June 2015 as anchor tenant for approximately 50% of Tower 2
- 21CF and NC have not yet made final decision to relocate from current location
- Financial benefits to the Port Authority of development of Tower 2 are substantial, by accelerating ground rent and capital recovery and, thereby, increasing capital capacity over the period to 2023 by over \$500 million, to fund critical transportation needs

Financial Benefits to the Port Authority

Increases Capital Capacity

Approved 2014-2023 Capital Plan did not assume the development of Tower 2 in the ten-year period

Pursuant to terms of the existing Net Lease, construction of Tower 2 will trigger:

- Commencement of ground rent payments worth approximately \$130 million in period to 2023
- Reimbursement by SPI to the PA of \$174 million (plus additional payments) in previously constructed site infrastructure and Tower 2 structure-to-grade work
- Realization of substantial net proceeds from approx 100,000 sf of retail space at Tower 2, pursuant to existing agreement with Westfield

Proposed Ground Rent Adjustments

Adjustments applicable only to NC & 21CF space

- The adjustments only apply for the initial 30-year term to equivalent of 1.35 million square feet of space leased by NC & 21CF

Adjustments to Existing Net Lease Formula

- Extension of construction-period partially abated ground rent for an additional five years
- Waiver of Fair Market Value reset in the ground rent formula at stabilization and 20 years later

Value of the Adjustments

- Present value of these ground rent adjustments, net of certain NYS/ESD credits to 21CF/NC that will be payable to the Port Authority is approximately \$28 million
- SPI has agreed to make \$19 million payment at closing to the PA; net cost of \$9 million to the Port Authority

Other Key Points

- Project expected to generate approx. 10,000 construction job-years
- Port Authority will be kept whole with respect to costs emerging from any potential building design changes
- Development of T2 with 21CF and NC as anchor tenant enhances value of Port Authority's at 1WTC investment and entire WTC site
- Accelerates completion of WTC and exit from non-transportation real estate development, and return to core transportation mission, consistent with the Special Panel report and Board's adoption of those recommendations