

The World Trade Center

Presentation on the East Side Development Plan

August 26, 2010

Growing Momentum

Agreement builds on significant progress at the WTC site

- All of the steel to build the 9/11 Memorial has been installed with the two signature reflecting pools fully formed on the Memorial Plaza. The Plaza remains on schedule to open on the 10th anniversary of the 9/11 attacks.
- The Durst Organization recently committed to invest \$100 million of equity into One World Trade Center to become the agency's private sector partner.
- The Port Authority recently signed a letter of intent with Condé Nast for 1 million square feet of office space in One World Trade Center.
- Construction of One World Trade Center has reached the 36th floor, and is scheduled to be completed in 2013.
- The WTC Transportation Hub is progressing, with all 54 signature Calatrava designed arches for the Hub Connector installed, and with additional arches and giant plate girders being installed on the Hub's mezzanine level.

Certainty on East Side of the Site

- New Development Plan between the Port Authority and SPI, NYS, NJS and NYC brings new certainty to the east side of the site.
- Closely reflects the March 25, 2010 Framework developed by Silverstein Properties and the public parties.
- Provides for the immediate restoration of the east side of the site, while phasing in the office development:
 - Completion of Tower 4 by 2013
 - Tower 3 built to at least podium level
 - Tower 2 site built to ground level
 - “Cash Trap” to ensure that the public gets paid back before cash flows to SPI
 - 9/11 Memorial, One World Trade Center and the public infrastructure will continue to progress on their current schedules

Tower 4

- Construction continues on the 2 million square foot tower, with completion expected by 2013.
- Financing would be primarily supported by the Port Authority.
- \$1.81 billion project funded by \$1.36 billion of Liberty Bonds and \$450 million of insurance proceeds.
- Building is 60% pre-leased to the Port Authority's headquarters and the City of New York, which helps protect the Port Authority's backstop.

Tower 3

- Podium construction to commence immediately, funded by insurance proceeds, and will provide required infrastructure for the WTC Transportation Hub.
- Should SPI meet certain private market triggers, tower construction to continue to expected completion in 2015.
- Tower's financing will be private-market driven with the following conditions:
 - 400,000 sqft of preleasing at a minimum rent of \$60/sf with CPI adjustment.
 - Requirement to raise \$300 million of additional equity and/or unsupported, subordinated mezzanine debt dependent on tower economics.
 - Securing \$1.3+ billion of Liberty Bonds/taxable debt.
- Should private-market triggers be met, capped public support for the tower of \$200 million each from the Port Authority, NYC and NYS.

Tower 2

- Immediate construction to bring the site to street level.
- Meets the infrastructure needs of the WTC Transportation Hub.
- Preserves flexibility for future development of office tower, which will be based solely on market demand without any public support.

Cash Trap

- All building profits – net cash flow and net capital event proceeds from T3 and T4 – are “trapped”, as well as certain fees until all public sector support is repaid.
- The cash trap terminates only when the T3 public sector backstop is terminated and all amounts advanced there under are repaid, all T4 Port Authority support payments have been repaid, and, in respect of T4 only, so long as a 1.25x minimum debt service coverage ratio is achieved for T4.
- This ensures that the public is paid back before SPI can pull profit.

Capital Capacity Impact to the Port Authority

- The Development Plan represents a modest improvement to the capital capacity impact on the PA discussed with the Board in March 2010.
- Impact is now projected to be \$1.1 billion to \$1.3 billion through 2016, with the higher amount of this range based on a “worst-case” assumption that the entire \$200 million Port Authority Tower 3 backstop would be drawn down should the tower be built.
- The full impact of the Development Plan has already been accounted for in the Port Authority’s capital plan and will not result in any further deferment of agency projects.
- The Development Plan avoids billions of dollars in potential Port Authority losses due to expensive WTC Hub workarounds and the lack of future ground rent and retail revenue.