

ON3 Campus Update

Phase IV Presentation

118.7 Acres in Total
67.39 acres in Clifton
51.31 acres in Nutley

Roche occupied the site
from 1926 through 2015.

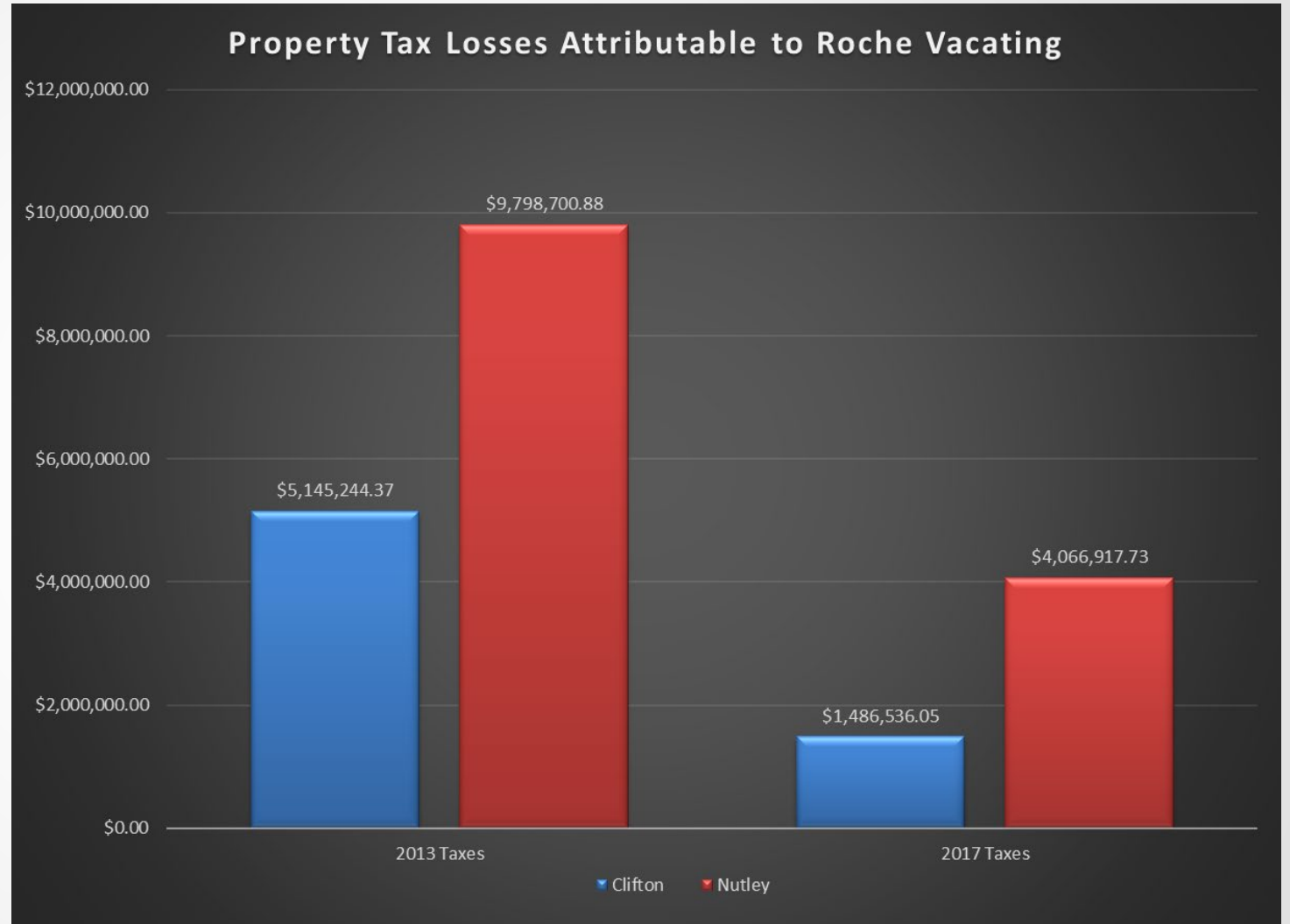
Peak Development –
4.1mm Square Feet
10,000 Employees

Prism purchased Site in
October 2016.

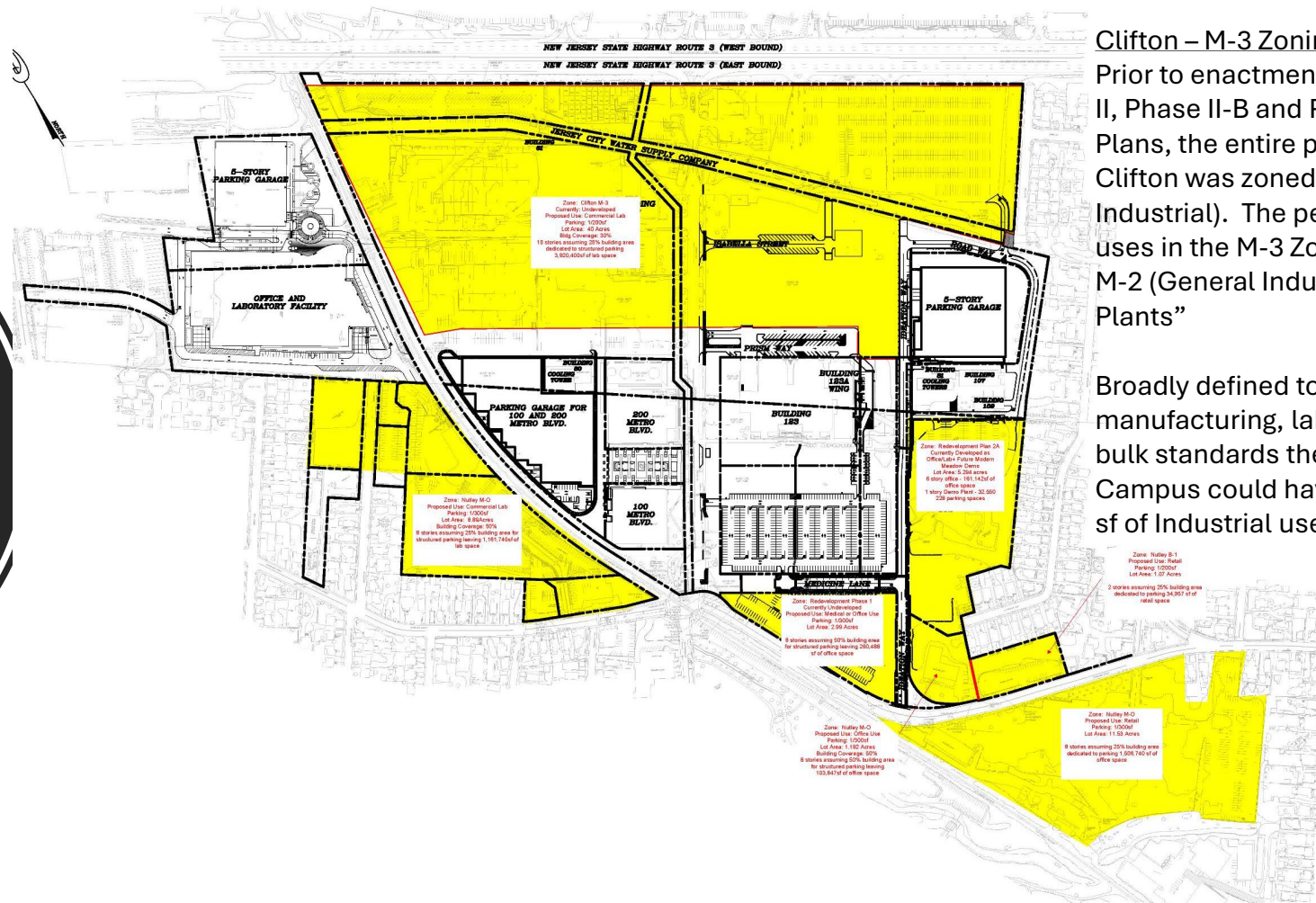
Basic Facts

Property Tax Loss

- Clifton lost \$3.7mm in annual taxes when Roche vacated.
- Together, Clifton and Nutley lost \$9.5 million.



Maximum Existing Zoning Build-Out



Clifton – M-3 Zoning

Prior to enactment of the Phase I, Phase II, Phase II-B and Phase 3 Redevelopment Plans, the entire portion of the Campus in Clifton was zoned M-3 (Special Industrial). The permitted and prohibited uses in the M-3 Zone are the same as the M-2 (General Industrial): “Industrial Plants”

Broadly defined to include warehouse, manufacturing, laboratory. Based upon bulk standards the Clifton Portion of the Campus could have developed 3,920,000 sf of Industrial uses.

Area in Need of Redevelopment - JRC

- March 3rd, 2015, Nutley declares their portion of the site “An Area in Need of Redevelopment”
- May 15th, 2015 Clifton declares their portion of the site “An Area in Need of Redevelopment”

N.J.S.A 40A:12A-1-63. “Local Redevelopment and Housing Law”

Findings, determinations, declarations:

...”To promote the advancement of community interest through programs of redevelopment, rehabilitation and incentives to the expansion and improvement of commercial, industrial, residential and civic facilities.”

The designations follow a comprehensive study of the site for Clifton and Nutley by Maser Consulting as well as the findings of the Joint Repurposing Commission (“JRC”) which was funded by Roche and formed by both Clifton and Nutley sometime in 2013.

The JRC used \$500,000 from Roche to hire the noted Architectural and Master Planning firm, Perkins Eastman, to assess the site and provide viable options for its redevelopment and reuse.

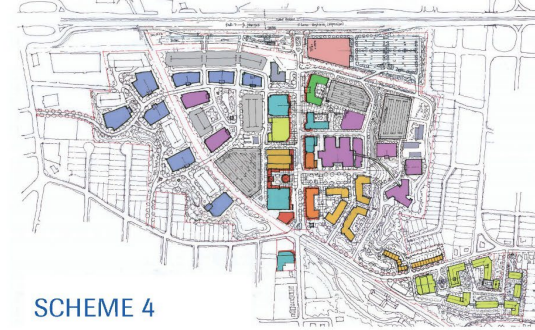
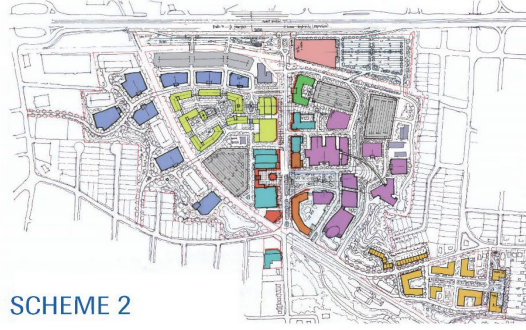
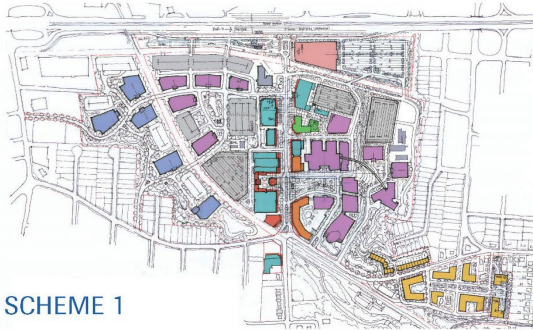
In January 2014 Perkins Eastman published its study providing 3 separate options for the future of the Campus. All 3 options integrated commercial and residential uses.

ROCHE NUTLEY CAMPUS

Joint Repurposing Committee

Scheme 1, 2 & 4 Data Comparison

There is no Scheme 3



SCHEME 1

SCHEME 2

SCHEME 4

OVERALL PROGRAM

FAR
Total
Lt. Industrial + Office + BioTech
Hotel
Residential
CCRC
Commercial / Retail

SCHEME 1	
0.77	
3,884,000 GSF	100%
2,756,600 GSF	71.0%
160,000 GSF	4.1%
752,400 GSF	19.4%
-	-
215,000 GSF	5.5%

SCHEME 2	
0.78	
3,974,250 GSF	100%
2,551,000 GSF	64.2%
120,000 GSF	3.0%
723,600 GSF	18.2%
364,650 GSF	9.2%
215,000 GSF	5.4%

SCHEME 4	
0.74	
3,736,200 GSF	100%
2,101,600 GSF	56.2%
80,000 GSF	2.1%
996,400 GSF	26.7%
343,200 GSF	9.2%
215,000 GSF	5.8%

MIXED USE PROGRAM

Light Industrial
Office
Existing + New Buildings
New Medical Office
(existing + new) BioTech / R&D
Hotel
Residential
Converted Condos
Age-restricted Townhouses
6-8-story High-End Condos
Live/Work Over Retail
CCRC
Parking

300,000 GSF
839,600 GSF
839,600 GSF
-
1,617,000 GSF
200 keys
613 units
-
21 units
484 units
108 units
-
10,096 cars

510,000 GSF
784,000 GSF
679,000 GSF
105,000 GSF
1,257,000 GSF
150 keys
589 units
-
21 units
484 units
84 units
332 units
9,740 cars

510,000 GSF
548,600 GSF
443,600 GSF
105,000 GSF
1,043,000 GSF
100 keys
798 units
268 units
21 units
417 units
92 units
312 units
8,162 cars

Estimated Redevelopment Time Frames

Based on absorption trends and market activity, Perkins & Eastman estimate the amount of time to reach full absorption as follows:

Scheme 1: More than 25 years

Scheme 2: 20 to 25 Years

Scheme 4: 15 to 20 Years

Total Density ranged from .74 to .78 FAR.

Total site is 5,183,640 square feet. So total development ranged from 3.76mm square feet to 3.97mm square feet.

The Roche Campus – Constantly Changing

Nearly every decade since 1926, the Roche Campus underwent significant development changes. Most of which went unnoticed by the public eye.

As shown in the following historical aerials, you can see how the Campus was in constant evolution.

Prism's redevelopment of the Campus as "ON3", is just the next step in its constant evolution in response to changing economic conditions and lifestyle trends.



1931



1954



1966



1984



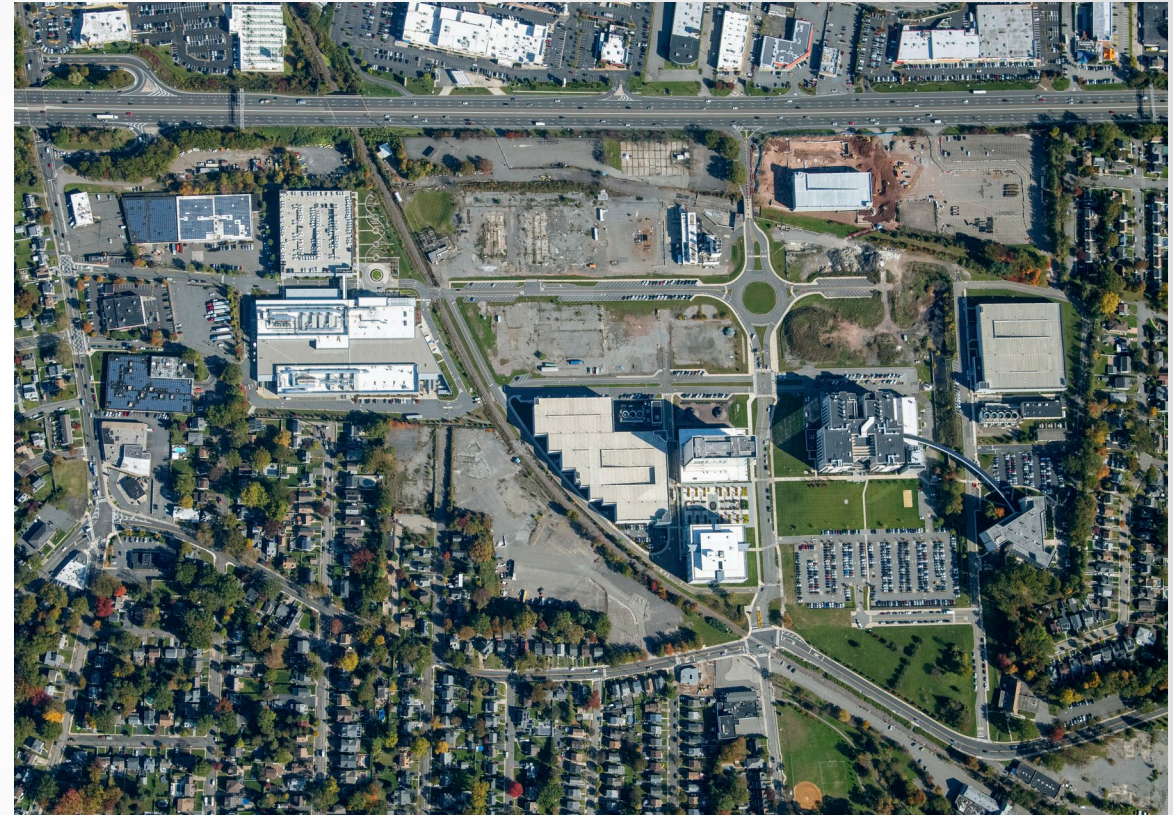
1995



2006



2016



2023

Progress to Date

Since acquisition, significant progress has been made.

1. All vacant buildings have been 100% leased
 - a) Hackensack-Meridian Health/Seton Hall University – 477,151 sf
 - b) Ralph Lauren – 251,000 sf
 - c) Eisai Pharmaceuticals – 330,000 sf
 - d) Modern Meadow and CDI Labs – 156,000 sf
2. New Construction for Quest Diagnostics – 250,000sf Diagnostic Laboratory + 1,300 space parking garage.
3. New 2,500 space garage for Eisai Pharma and Ralph Lauren Buildings.
4. New 1,100 space garage for Medical School
5. New Medical Aarts Building under construction – 80,000 sf
6. Starbuck’s under construction – 2,500 sf
7. 261 Room Hotel fully approved.
8. \$40 million spent in roadway infrastructure and traffic improvements.
9. Over \$250mm overall spent not accounting the cost of acquiring the Property.

Redevelopment Plans and Actions



MIXED-USE

The foundations for a Mixed-use plan are borne out of decades long successes of similar projects developed across the United States.

Mixed-use projects provide significant benefits to the communities in which they are developed over traditional single-use developments.

The mix of sympathetic uses reduces negative impacts from development in several ways: (1) Peak-hour traffic reductions as multiple uses profile different entry and exit times during the day, (2) once on the Campus, people tend to “stay” on the campus to take advantage of the adjacent services including lunches, dinners and convenience shopping reducing overall daily trip counts, (3) the proximity of living opportunities to workplace environments results in some people “living where they work” and therefore reduces overall trip counts.

Perhaps the greatest overall benefit of Mixed-Use development comes from the increase in value of the component parts and the stability and longevity of these multiple asset class properties. Studies have shown that rents for all components of a mixed-use plan are higher than rents achieved by similar property types in the market that are not integrated with other uses. Increased rental value translates into higher tax ratable for the community. Properties within Mixed-use developments also have lower vacancy rates than their asset class peer groups that are not integrated with other property types. Lower vacancy rates translate into greater long-term property stability and lower turnover amongst property users. Adoption of a mixed-use plan helps avoid the devastating impact to the community when a former single occupant, like Roche Pharmaceutical vacates.



Hotel



MARRIOTT DUAL BRAND
Clifton, New Jersey



July 16, 2019



MARRIOTT DUAL BRAND
Clifton, New Jersey



July 16, 2019

MIXED-USE

Although mixed-use developments provide these beneficial outcomes for their communities, there is another reason these types of developments are occurring in greater numbers around the United States. The competition for labor amongst corporate users is fierce. Major employers are demanding these types of developments for their corporate locations. With changes in work-life habits dramatically shifting the in-office status of most companies, corporate America is picking and choosing to locate into mixed-use developments where the employee can take advantage of the conveniences typically found in urban environments. The United States has over 700 million square feet of vacant office buildings and New Jersey is no different with its office vacancy rate now approaching 30%. A company has plenty of alternatives to pick from and they are choosing areas that profile like mixed-use environments where their employees can live, shop, dine and relax in walking or close proximity to their offices.

The current commercial and academic occupants of the ON3 Campus believed in this vision, when they chose to locate at ON3 and they believed that the local government would support and approve this type of "smart-growth" development. In order for Prism to remain successful in attracting additional commercial occupants it is imperative that we realize the completed vision of the ON3 Campus as a vibrant mixed-use, live, work, play and learn campus.



PHASE IV

The Phase IV plan now proposes to introduce residential uses for the site consisting primarily of luxury, mid-rise and high-rise apartment buildings with supporting retail/commercial services. Prism however, is remaining true to its original commitment that this once single occupant commercial campus would remain “primarily” a commercial center.

The adjacent table shows the current proposed breakdown of uses at ON3.



ON3 PROGRAM AREA BREAKDOWN

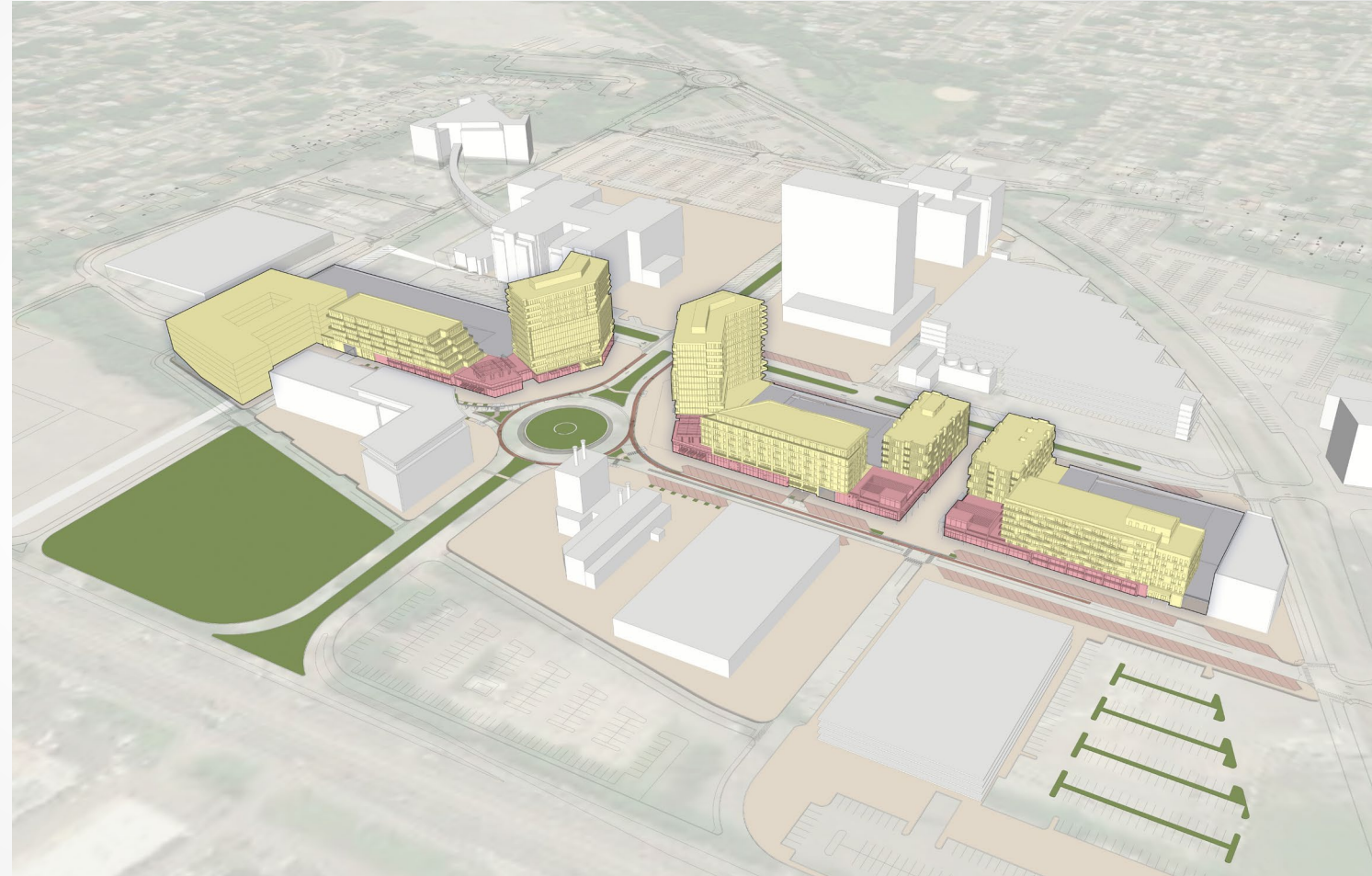
USE	CLIFTON	NUTLEY	TOTAL	% OF TOTAL
RETAIL & AMENITY				
Phase III	40,288 SF		40,288 SF	1.07%
Phase IV	75,409 SF		75,409 SF	2.01%
OFFICE/RESEARCH/ACADEMIC				
123 Metro	286,291 SF	190,860 SF	477,151 SF	12.69%
111 Ideation Way		154,335 SF	154,335 SF	4.11%
100 Metro		255,018 SF	255,018 SF	6.78%
200 Metro	30,647 SF	275,824 SF	306,471 SF	8.15%
Quest	250,000 SF		250,000 SF	6.65%
PHASE II-B				
Medical Office Building	80,000 SF		80,000 SF	2.13%
Headquarters Buildings	386,000 SF		386,000 SF	10.27%
Hotel	175,684 SF		175,684 SF	4.67%
PHASE IV				
Prism Office Building	71,000 SF		71,000 SF	1.89%
DATA CENTER/INDUSTRIAL				
		150,000 SF	150,000 SF	3.99%
PROPOSED LABORATORY				
		200,000 SF	200,000 SF	5.32%
RESIDENTIAL				
	1,078,000 SF	60,000 SF	1,138,000 SF	30.27%
TOTALS				
	2,473,319 SF	1,286,037 SF	3,759,356 SF	100%
% OF TOTAL PROGRAM				
	65.79%	34.21%		
Total Existing				
	566,938 SF	876,037 SF		
Proposed				
	1,826,381 SF	350,000 SF		
Under Construction				
	80,000 SF	0 SF		



PHASE IV

From an allocation perspective, Commercial/Office/Research uses make up 62% of the total program allocation at ON3. Retail and amenity uses only provide 3% of the allocated space and residential and hospitality combine to provide only 35% of the program allocation. ON3 clearly remains primarily a commercial campus.

PHASE IV AXIOM PLAN



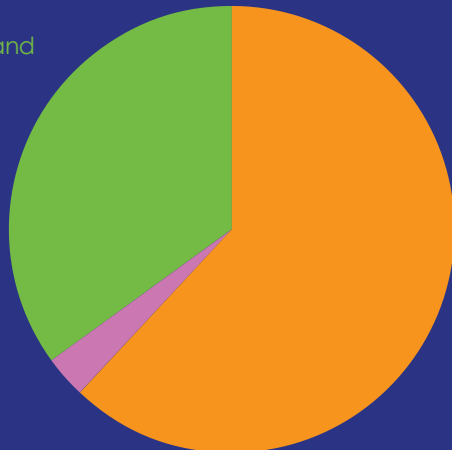
TOTAL PROGRAM ALLOCATION AT ON3 CAMPUS

35%

Residential and Hospitality

3%

Retail and Amenity



62%

Commercial
Office
Research

PHASE IV

The plan is also balanced as between the two municipalities. Clifton comprises approximately 60% of the total land area associated with the ON3 Campus and will benefit from approximately 66% of the total development while Nutley will receive approximately 34% of the development associated with its roughly 40% of the land area.

The land use in Clifton is slightly more intense than in Nutley due to the more liberal maximum height of buildings permitted in Clifton than in Nutley.

At the height of its operation, Hoffman LaRoche occupied more than 4.1 million square feet of buildings on this site. Prism's total proposed plan does not even replace all of the density previously developed at the ON3 Campus. Not only is Prism's plan less intense than the Hoffman LaRoche use, it accomplishes its plan with less impervious coverage, adding nearly 20 acres of additional greenspace than existed during Roche's use of the campus. The Roche campus was previously 97% impervious while Prism's plan will be roughly 80% impervious.

In addition to less intense use than the Roche era, Prism accomplishes its plan with a variety of uses that will reduce negative impacts from development. In particular, the Mixed-Use plan, combined with recent shifts in work from home lifestyle, will drastically reduce the peak-hour trip counts in and out of the Campus. Prism has also committed to making those traffic improvements which are reasonable and necessary to reduce its impact on local roadways. Some of these improvements include the following:

1. Prism has received DOT approval to reconstruct 4 new entrances to the Campus from Route 3 in connection with approvals to add an acceleration/deceleration lane the entire length of the Campus on Route 3.
2. Prism has made traffic light and roadway improvements valued at more than \$1 million on Bloomfield Avenue in connection with the development of the Quest facility.
3. Prism has committed to make other improvements to the surrounding county roads including Kingsland Street and Passaic Avenue (Cathedral Street).
4. Prism has agreed to contribute its fair share to any major highway interchange improvements approved by the NJ DOT.

Density Analysis

	Property Name	Address	City	Acres	# of Units	Units per Acre	# of Stories	Year Built
1	Grove Crossing	50 Arlington Avenue	Bloomfield	8.42	348	41.33	4	2016
2	Six Points at Bloomfield Station	30 Farrand Street	Bloomfield	1.67	176	105.39	6	2020
3	Avalon Bloomfield Station	300 Glenwood Avenue	Bloomfield	3.12	224	71.79	5	2015
4	Parkway Lofts	5 Lawrence Street	Bloomfield	2.68	361	134.70	6	2013
5	Country Club Tower	101-104 Hepburn Road	Clifton	4.57	452	98.91	19	1964
6	The AVE	743 Passaic Avenue	Clifton	4.75	258	54.32	4	2007
7	Black Prince	691 Clifton Avenue	Clifton	7.72	300	38.86	4	2024
8	Central & Oak	10-20 Oak Street	East Rutherford	4.8	208	43.33	4	2020
9	Vinty	190 Union Street	Elizabeth	2.48	267	107.66	5	2022
10	The Landings at Riverwalk	300 Roverfront Blvd	Elmwood Park	2.9	214	73.79	4	2012
11	The Vivian	75 Sterling Blvd	Englewood	3.02	184	60.93	4	2016
12	The Sheffield at Englewood South	100 Sterling Blvd.	Englewood	2.56	252	98.44	4	2008
13	One William	1 William Street	Englewood	2.45	185	75.51	5	2018
14	The Current on River	18 E. Camden Street	Hackensack	2.34	254	108.55	5	2020
15	Avalon Hackensack at Riverside	414 Hackensack Avenue	Hackensack	4	226	56.50	5	2013
16	The Jefferson	2 Kinderkamack road	Hackensack	5.98	377	63.04	6	2022
17	The Brick of Hackensack	150 Main Street	Hackensack	1.49	379	254.36	14	2021
18	Ivy & Green	1 Park Avenue	Hackensack	4.31	377	87.47	6	2023
19	The Wyldes	1100 S. 5th Street	Harrison	2.96	399	134.80	5	2023
20	Harrison Urby	200 Angelo Cifelli Drive	Harrison	3.55	1060	298.59	4	2017
21	Harrison Station 330 - Harrison Station	330 Angelo Cifelli Drive	Harrison	2.36	330	139.83	4	2015
22	Vermella East	60 Passaic Avenue	Kearny	5.18	268	51.74	4	2020
23	Parc at Lyndhurst	601 Riverside Avenue	Lyndhurst	2.07	161	77.78	6	2006
24	Sofi Lyndhurst	1301 Wall Street W.	Lyndhurst	5.8	328	56.55	4	2006
25	Avalon Maplewood	200 Boyden Avenue	Maplewood	3.87	235	60.72	4	2018
26	Valley & Bloom - Montclair Center	34 Valley Road	Montclair	3.34	258	77.25	6	2015
27	Meredian On Westfield	240 W. Westfield Avenue	Roselle Park	1.8	213	118.33	6	2020
28	SoFi Gaslight Commons	28 W. 3rd Street	South Orange	4.83	200	41.41	4	2002
29	Third & Valley	150-154 Valley Street	South Orange	2.7	215	79.63	5	2016
30	One500	1500 Teaneck Road	Teaneck	4.54	228	50.22	4	2020
31	Avenue Union	1070 Morris Avenue	Union	3.41	227	66.57	4	2007
32	Edison Lofts	33 Ashland Avenue	West Orange	4.46	333	74.66	6	2018
TOTALS (Average)				120.13	9,497	111.89	5.77	

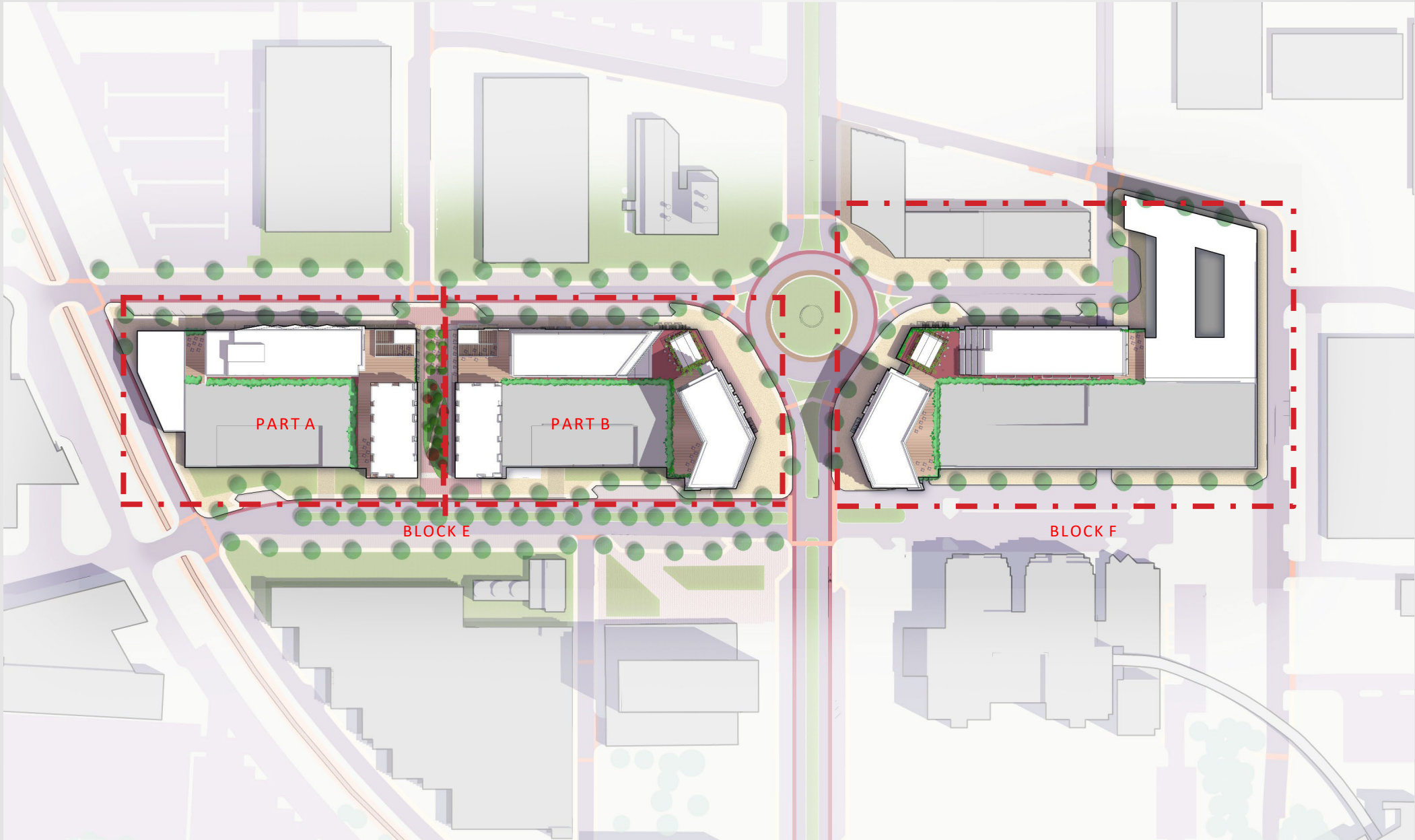
64.03 Average

	Phase IV Redevelopment Area	Density per Acre	# of Units	Density/Acre - Total Clifton Area	Density/Acre Total Campus Area
Phase IV Compared to Average of Table of Properties	21.648 - Acres	111.89 Units/Acre	2,422 Units	37.26 Units/Acre	20.88 Units/Acre
Phase IV Compared to Average of Clifton Properties Only	21.648 - Acres	64.03 Units/Acre	1,386 Units	21.32 Units/Acre	11.95 Units/Acre
Phase IV Optimal Density	21.648 - Acres	50.22 Units/Acre	1,087 Units	16.73 Units/Acre	9.37 Units/Acre
Phase IV Compared to Black Prince Density	21.648 - Acres	38.86 Units/Acre	841 Units	12.94 Units/Acre	7.25 Units/Acre
Phase IV Sustainable Density	21.648 - Acres	41.00 Units/Acre	888 Units	13.65 Units/Acre	7.65 Units/Acre

ON3 MASTER PLAN



PHASE IV





**EAST VIEW PHASE IV
REDEVELOPMENT AREA**



**SOUTH VIEW PHASE IV
REDEVELOPMENT AREA**

**PRISM BUILDING PHASE IV
ADDITIONAL 71,000 SF OF OFFICE
AND RESEARCH REDEVELOPMENT AREA**



ECONOMIC IMPACT

Prism engaged the well-known firm of Benecke Economics to study and analyze the economic impact to Clifton from the redevelopment of the ON3 Campus into the Mixed-Use Campus currently proposed by Prism. The full study is attached but the highlights are quite meaningful and impactful to the Clifton community.

Creation of over 2,968 construction jobs with annual spending power of over \$400,000,000 into the local economy;

Over \$467,000,000 in new commerce annually in Clifton will be generated by the project;

Anticipated net increase in tax revenue over ten years of more than \$94mm;

Estimated 8% increase in the aggregate economic output for the entire City of Clifton;

When you include Prism's investment of more than \$800,000,000 to fully develop the project, and account for the income and economic multiplier effects of the Project, including the employment factors, an additional \$460,000,000 in permanent annual dollars is circulated throughout the Clifton area economy from the ON3 project.

Tax Revenue Impacts - Clifton

Phase I		Size	PSF or Per Unit	Actual PILOT	Estimated PILOT @ 11% Revenue	Estimated Ad Valorem Taxes	Retained by City
	Medical School	282,091 SF	\$2.97	\$837,000			
	Med School Garage	1,138 Spaces	\$139.72	\$159,000			
Phase II-A							
	Quest	250,000 SF	\$3.38	\$845,000			
Phase II-B							
	Medical Office Building	80,000 SF	\$5.00		\$400,000	\$400,000	\$112,000
	Hotel	261 Rooms	\$1,535.17		\$400,680	\$911,000	\$255,080
	Hotel Occupancy Tax	261 Rooms	\$1,375.48		\$359,000	\$359,000	\$359,000
	TBD HQ (Office/Lab))	386,000 SF	\$5.28		\$2,038,080	\$2,316,000	\$648,480
Phase III - Retail							
	Grocery	27,400 SF	\$4.13		\$113,080	\$164,400	\$46,032
	Restaurants	16,681 SF	\$8.99		\$150,000	\$175,151	\$49,042
Phase IV *							
	Residential	1,087 Units	\$3,600.74		\$3,914,000	\$4,456,700	\$1,247,876
	Office	71,000 SF	\$3.85		\$273,350	\$390,500	\$109,340
	Retail	75,409 SF	\$7.96		\$600,000	\$791,795	\$221,702
* If PILOT at 10% of Revenue				\$1,748,950	\$7,835,781	\$9,964,545.00	\$3,048,552.60
TOTAL					\$9,584,731	\$11,713,495.00	\$4,797,502.60
**Additional Municipal Services Required							
	POLICE				\$468,000		
	Fire				\$400,000		
	School				\$100,320		
TOTAL					\$968,320		\$968,320
TOTAL DIRECT ANNUAL TAX BENEFIT TO CITY					\$8,616,411		\$3,829,183
Inflated at 2% for 10 Years the Total 10 Years Benefit to Clifton from a full development of ON3 would be:					\$94,347,290.99		\$41,928,481.13

Both Clifton and Nutley have approved PILOT (Payment IN Lieu of Tax Agreements) agreements for nearly all of the existing properties.

PILOT revenue is not counted towards a Municipality's Net Income in the state school funding formula. So a Municipality keeps the state revenue in addition to generating additional revenues from the PILOT.

A properly structured PILOT will yield more revenue to a Municipality than Ad Valorem Taxes.





















SCALE: 1" = 100'

OVERALL NORTH ELEVATION



SCALE: 1" = 30'



SCALE: 1" = 100'

OVERALL NORTH ELEVATION



SCALE: 1" = 30'













