



COMMUNITY UPDATE:

Former Bell Labs Site

A Question & Answer update for residents of Holmdel Township concerning redevelopment plans for the 472-acre Lucent Technologies site.

March 19, 2007

**Preferred Real Estate
Investments, Inc.**

TO THE RESIDENTS OF HOLMDEL TOWNSHIP:

As a follow up to our community meetings on June 28th, 2006 and August 30, 2006, we felt it timely to bring the community up to date on our efforts. Additionally, we would like to take this opportunity to answer some questions in response to a recent editorial by Terence Wall published in the *Holmdel Independent* on February 21, 2007.

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What plan was presented to the community in June of 2006?

www.preferredrealestate.com

On June 28, 2006, Preferred introduced its company, reviewed past projects the company has successfully developed, and presented a general site plan identifying redevelopment zones on the site. The company also listened to specific concerns identified by the community: save the building; limit commercial development within the oval; maintain history of innovation; incorporate a public space; maintain green space and landscape architecture; traffic impact; taxes; and residential development.

What plan was submitted to the community in August of 2006?

On August 30, 2006, Preferred's presentation included saving the original Phase I building; incorporating a greenway trail; developing 1.5 million square feet of commercial; developing 350 residential units; limiting all development zones to approximately +/-218 acres of the existing 472 acres.

What were the community comments regarding residential?

The main issues identified were: no town homes; concern about impact on school system; and the opportunity to create an option for local residents looking to downsize while staying in the Holmdel community.

What communications have taken place with the Town Planner?

In the spring of 2006, the Town Council appointed planner Paul Phillips to conduct a study of the potential redevelopment of the former Bell Labs facility, with the goal of making a submission to the Town Council in the winter of 2006. Subsequently, Preferred met with the Town Council's appointed planner in June 2006, September 2006, and November 2006.

What communication with the Town Council have taken place?

On February 1, 2007, Preferred met with the entire Town Committee, including the Town Manager, Town Appraiser, and Town Planner, contrary to assertions made in the aforementioned *Holmdel Independent* article.

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What does the present plan show?

The current proposal, presented to the entire Town Committee in February 2006, includes the following components:

- Preserve Phase One of the existing building as designed by architect Eero Saarinen
- Maintain setbacks and preserve site vistas and green space
- Maximize commercial development while also limiting development to within and behind the ring road
- Maintain existing site features, including trees, water tower, and monument to scientist Karl Jansky
- Incorporate a greenway system/trail connector into the site
- Accelerate the reestablishment of the tax base after Lucent's departure to achieve the most efficient returns during and after development
- Limit residential development to age-restricted housing with no town homes
- Designate a portion of the site for public access
- Reduce overall residential units from 350 to 300 age-restricted units
- Pursue an option for low traffic impact data center use along with office uses
- Incorporate on-site walking and jogging trails on the property.

What documents have been shared with the Town Committee?

Preferred has presented the following documents to the Town Committee: Draft Development Plan; Economic Impact Study; Traffic Impact Study; Market Study; and Engineering Memorandums.

What are the benefits of the development?

- Traffic projections at full build-out will be less than that of Lucent's peak occupancy of more than 6,000 employees
- Lucent's 2006 property taxes were +/- \$3,000,000. At full build-out, projected over a seven-and-a-half year period, tax revenues will be in excess of \$8,000,000 (in 2007 dollars)
- Existing setbacks will be maintained
- Impervious coverage will be less than 35% of the site
- Multiple corporate users on the site, in lieu of a single user, will minimize the risk of the site becoming vacant again and causing another dramatic loss of tax base
- Existing farm land will be preserved
- 300 new age-restricted residential units will have no impact on schools, while providing an opportunity for those residents wishing to downsize to stay in the community
- A developer in Preferred with a proven track record and a commitment to community involvement.

What happens if residential is not approved?

The existing Bell Labs building will need to be razed in its entirety, as the sale of residential units is necessary to offset the cost of rehabilitation of the existing building. It would be unlikely that Preferred would remain involved in the project, and it is equally unlikely that a new developer would be able to salvage the existing building. Additionally, the project would be delayed for years as another group would necessarily be starting from the beginning of the development process. This delay would result in a substantial tax reduction for the property, possibly for years before returning to its current ratable, let alone to our projections.

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What is the timing of the project?

We have projected a 5- to 10-year project timeline after full site approvals. Expediting the approvals are critical to the start of the project.

Where can we get more information on the project?

See our project website at www.opennewworlds.com and company website, www.preferredrealestate.com.

Does not doing residential increase the commercial development and therefore the size of the ratable?

No. Our market projection predicts that it will take up to 10 years to achieve full occupancy of 1.5 million square feet, making additional commercial development unfeasible. Additionally, our economic impact projection reflects a positive tax ratable from the residential component; thus if residential development is not approved, the ratable associated with it will not be replaced.

We have included our most recent site rendering below, and encourage you to visit our website highlighting the property at www.opennewworlds.com. We urge you to take this opportunity to come out on March 22nd and support the redevelopment of the former Bell Labs site.



Artists rendering of proposed redevelopment plan for the 472-acre Lucent Technologies site, depicting the Phase One Saarinen building with up to 6 new buildings totaling +/-1,500,000 square feet of commercial development; and +/- 300 units of age-restricted, detached housing.

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