

J.C. WILLIAMS GROUP

March 7, 2016

Horizon Management Ltd.
Attention: John Wheatley
479 Rothesay Ave
St John, NB E2J 2C6

Re: Proposed Development "The Crossing"
Municipal Plan Amendment and Rezoning

Dear Mr. Wheatley,

You have requested that I prepare a review of the February 16, 2016 Council Report on the application by Horizon Management Ltd. This report contains observations and opinions prepared by myself as founding partner of J.C Williams Group Limited (see Credentials), as follows:

- 1) Observations on The Crossing mixed-use development as now proposed.
- 2) The current commercial development is dominated with large traditional malls.
- 3) The Crossing strategic plan and role is different.
- 4) Some comments on the opposition issues.
- 5) In Summary.
- 6) Credentials.

J.C. Williams Group Limited

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1.0 Observations on the Proposed The Crossing Mixed-use Development

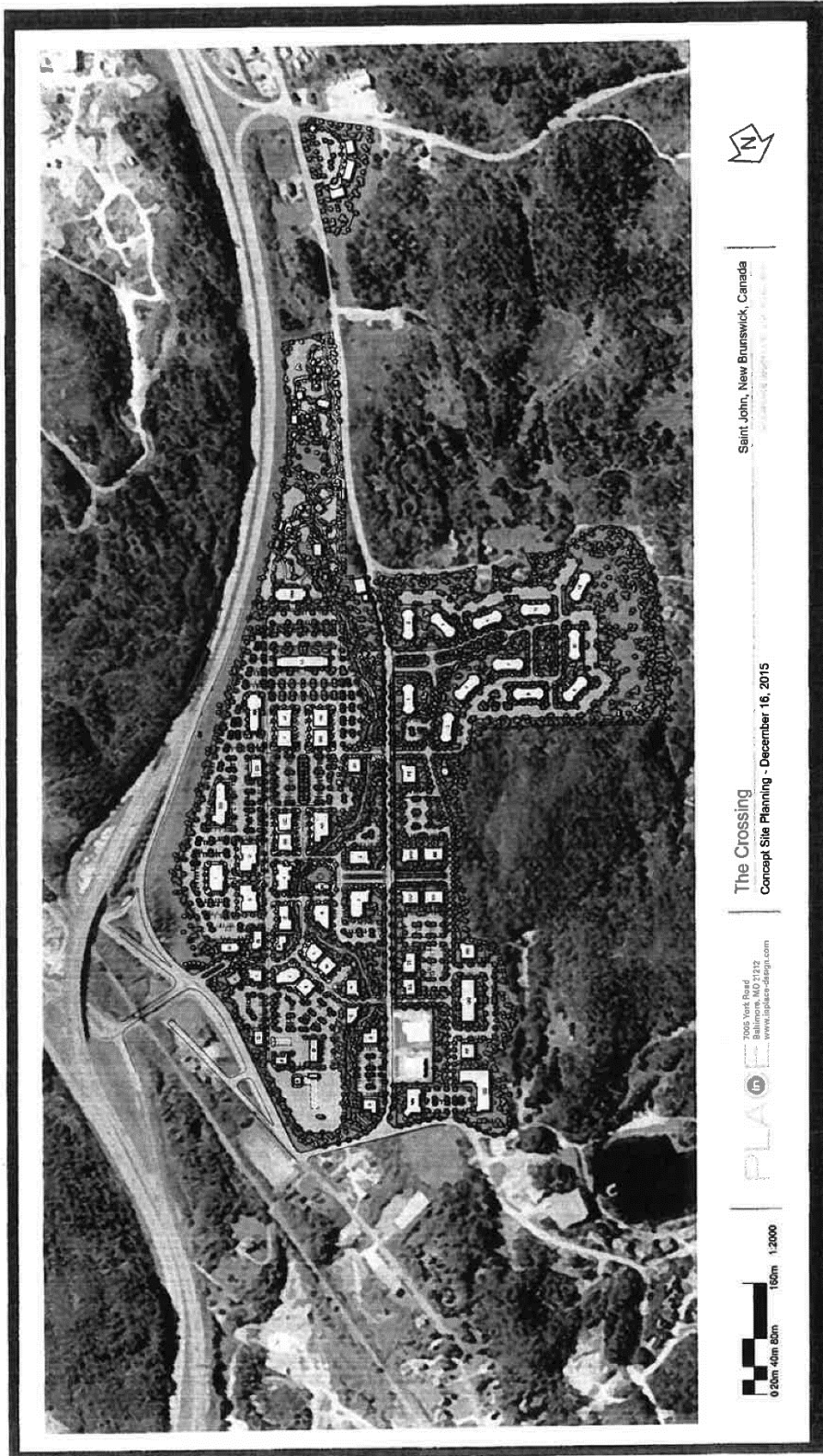
The Proposed Site

The preliminary development site extends along Ashburn Road and totals approximately 48 hectares. Included in this node, there will be a mix of residential and commercial uses extending over parcels of adjoining land.

Geographically, this is directly adjacent to and an extension of the eastern Commercial Corridor and the eastern Regional Retail Centre.

See image on next page (from Approvals Application, December 18, 2015).

The Crossing – Concept Site Plan



2.0 The Current Commercial Development Is Dominated with Large Traditional Malls

The Crossing is planned as a mixed-use development that will include approximately 400,000 square feet of development buildings. It will not be anything like the traditional regional shopping centres (e.g., McAllister Place – 483,000 square feet; Smart Centre/Walmart – 261,298 square feet; Lancaster Mall – 235,000 square feet, or the large format centre East Point’s planned 750,000 square feet) in terms of physical shape, size, ambiance/design, tenant mix, or function.

The three traditional malls (and/or REITs) that have objected to the Horizon Management application have the following distinct characteristics, namely:

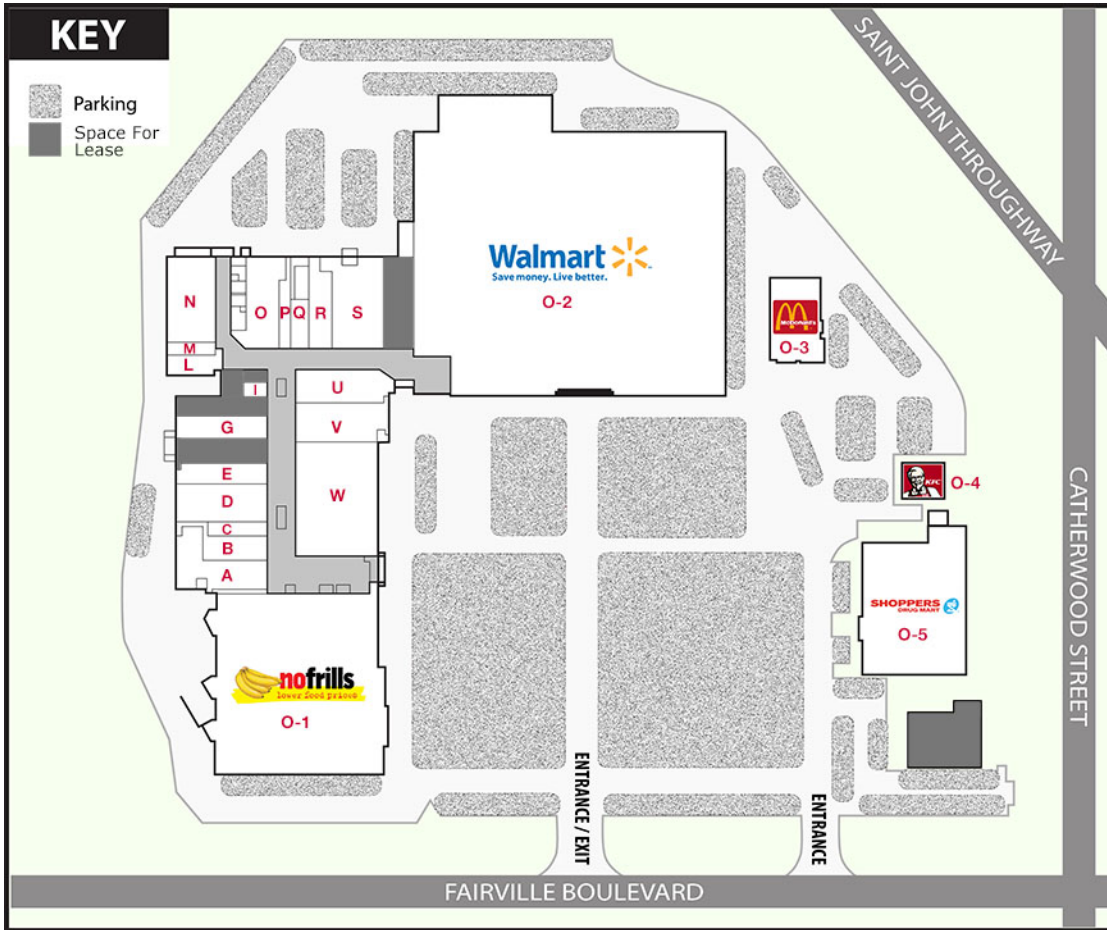
Location and Site:	On a main arterial road in eastern and western suburbs	
Function:	A “must drive to” destination primarily for shopping goods (e.g., fashion apparel, furniture, jewellery and accessories, gifts, leisure products, and food services).	
Concept:	A pre-planned, one-stop shopping trip for women’s and children’s wear and related merchandise that anchor food and services.	
Target Market:	Predominantly local Saint John trading area residents. With East Point, it is more of a combined regional destination for area residents.	
Visual Design:	Traditional, basic	
Tenant Mix:	<u>McAllister Place</u>	<u>Smart Centre</u>
Apparel, etc.	±30 stores Sears	±36 stores
Size and Shape:	<i>See plans or pictures on the next pages (from Mall websites)</i>	

As outlined above, these three shopping malls are mature, enclosed traditional-format centres that have a distinctly defined role in the Saint John retail hierarchy.

SmartCentres Aerial Map



Lancaster Mall Directory



3.0 The Crossing’s Strategic Plan and Role is Different.

While the regional shopping centres have a somewhat restricted offering and role (a strategic decision), The Crossing has chosen a very different (strategic) role in the greater Saint John marketplace. As such, it will largely complement rather than compete with the current retail offering.

3.1 The Crossing in Review

As planned, The Crossing will be a unique, hybrid commercial business, highway services, retail, and residential mixed-use node.

Location

- An Eastern Saint John gateway creation on the major provincial highway.
- Adjacent to an extension of a major thoroughfare.
- Not enclosed in a suburban destination location.

Site

- A welcoming entry-point to the city.
- An extension of a Commercial Corridor.
- Large, and so it requires its own unique quantity of real estate.
- Adjacent to the eastern Regional Retail Centre, so unique space is added to create greater “critical mass,” drawing power, convenience, and service to trade area residents and visitors.

Concept

- A hybrid, mixed-use, and residential development.
- Service to highway and arterial road travellers.

Target Market

- Focus on highway vehicular traffic (not currently entering Saint John), which includes tourists and commuters.
- Local residents and/or business people for largely convenience products/ services.

Visual Design

- Not like a traditional mall.
- A new-look Main Street.

Tenant Mix

- The envisioned main components of The Crossing will likely reflect a mix as outlined below based on a review of the Site Plan and Horizon Management’s commentary. These could be subject to change.

Travel Related, Local Convenience

Highway Services

Convenience pick- up

Restaurants, Fast Food

Retail and Related

Hospitality

Entertainment, etc.

Commercial

Residential

General Theming

More specifically, the following commercial tenants will not be significant, if any, competition to the traditional malls and will fill a gap in the Saint John retail marketplace. Proposed types of tenants could include:

- Residential
- Commercial office, business park
- Hotels
- Travel services, service stations, and washrooms
- Welcome and information centre
- Stores and tourist appeal merchandise
- Food services, fast casual dining, fast food
- Entertainment venue.

3.2 Reality of the Proposed The Crossing Development

The Crossing is a different type of development for different types of customers. However, it is entirely understandable that an already established, mature, traditional mall might feel threatened by the news of a 500,000 square foot retail (not commercial) development being planned nearby. But as shown above, this is not the plan.

4.0 Some Comment on the Opposition’s Issues with The Crossing

4.1 Competes with the Regional Retail Centre

Opponents have expressed concern that this is a large (retail) commercial development that does not conform with the Plan.

My observation is that The Crossing is outside the current Regional Retail Centre, but by adding The Crossing to this complex of malls and stores:

- It will add missing services to an underserved market,
- It should strengthen this entire node.

4.2 Undermine the Existing Retail Avenue

The Eastern Regional Retail Centre is presently fairly well-balanced with its mix of fashion apparel, discount and value, big box stores, plus independent stores on regional roads.

The Crossing’s tenant mix will help fill in a gap of tourist/ traveller/ local convenience stores that are not a strong part of the local malls.

4.3 There is Ample Vacant Land Available

While there is local land for sale/lease, there is not enough (nor is it suitably located) to develop Horizon Management’s concept on a suitable alternate site. From my observation, The Crossing could not be created elsewhere in the City. It is critical to the success of this type of project that there is direct highway access and visibility to attract the types of businesses needed to thrive.

4.4 Concern About Commercial Corridor Zoning

The Municipal Plan describes Commercial Corridors as being "...located along major thoroughfares...and appropriate for intensified land use and investment as they provide major linkages between Primary Centres, Employment areas, and Intensification Areas." As well, LU-83 further states that Commercial Corridors are "...to be developed for automobile-oriented service and commercial uses, generally excluding large-format retail uses..."

Horizon Management proposes a mixed-use development with a wide range of offerings as previously described in Section 3.0. The Company clearly understands that a 500,000 square foot solely retail development is not needed by the consumer market and would not be suitable for a Commercial Corridor.

The December 18, 2015 submission from The Crossing, Concept Site Plan shows:

- A mixed-use development
- Many isolated pads/stores/restaurants/etc.
- An extension of the commercial activity along Rothesay Avenue/Ashburn Road.

The rezoning application will keep strengthening the Commercial Corridor because it will draw vehicular traffic off Highway 1 and into the Eastern Saint John retail service node.

4.5 Future Land Uses Are Understandable, but Are Not Well Founded

Opponents have objected to this Application because it contravenes the Municipal Plan's general intent to:

Policy LU-4, unless it "...further advances the City Structure."

is only "...necessary by virtue of lack of supply of quality land..."

My opinion is that Horizon Management's bold vision directly supports and advances the City's structure and could not be achieved without locating on this highway centric site.

Policy LU-60 have "...McAllister Regional Retail Centre is the major Regional Retail Centre in the City and will continue to be the focus for commercial retail services-based uses..."

My opinion is that this is possibly an out-dated policy, but satisfactory for the time being. Regional shopping centres are in maturity and need to be re-invented. So the addition of new retail formats such as lifestyle centres, ethnic centres, and urban core fill-in projects must be encouraged. Innovations like The Crossing should be thoroughly reviewed, but encouraged.

Policy LU-7 "...does not detract from the City's intention to direct the majority of new commercial development to Primary Centres, Regional Retail Centres..."

My opinion is that the City must encourage innovation. The Crossing has the advantage of adding an innovative venture adjacent to both the regional malls and to local independent businesses. This seems to be a win-win.

5.0 In Summary

The Crossing appears to be a special opportunity for Saint John. It fills a commercial gap and adds a new retail (and related) experience, plus builds more critical mass to a well-established Commercial Corridor and Regional Retail Centre. There does not appear to be any negative effect to current businesses. And, as envisioned, this development should increase traffic and shoppers to Eastern and Central Saint John.

If further clarification is required, I will be pleased to respond to your questions.

Sincerely,

A handwritten signature in black ink that reads "John Williams". The signature is written in a cursive, flowing style.

John C. Williams
Senior Partner

Credentials

John C. Williams

Senior Partner

John Williams formed J.C. Williams Group Limited in 1974. Today, J.C. Williams Group is the largest retail, shopping center, and urban revitalization consultancy in Canada, and is active throughout the USA, Middle East, Russia, and Europe. It is known for its practical yet creative approach to achieving results. The company has offices in Toronto, Montréal, Chicago, and joint ventures in Russia and India.

Prior to forming J.C. Williams Group, John Williams was with T. Eaton Company of Canada for 15 years, working in a number of cities and positions in divisional merchandising, store management, and senior corporate merchandising management. He was actively involved in the development and implementation of retail marketing strategies, merchandising and branding plans, advertising, research, buying, supplier relations, and general management. He held positions where all commodities reported to him.

As founder of J.C. Williams Group, John maintains involvement in client projects as the team leader, advisor, or participating consultant on the team. The company has consulted to leading retailers, leading property developers, governments, and cities in Canada, the USA., and the Middle East.

Within J.C. Williams Group there is a highly qualified team of Senior Consultants and professionals who specialize in the gathering and tracking of retail and retail related data, conducting professional market research and producing reports and white papers on retail and economic trends and events. These are respected and used within the industry.

Mr. Williams has authored one book on business strategy and one on retailing in shopping centers, and co-authored two books on retailing and marketing and another on urban revitalization. He also has written on retail and urban trends and strategies for Canadian Retailer and other business periodicals. The Washington DC based National Retail Federation (trade association for USA retailers) asked John Williams to write their workbook on retailing (see Table B) and the New York based International Council of Shopping Centers asked him to write their book on retailing.

John has recently co-authored the book *Retail 4G*, a digital book with eight modules targeted at independent retailers, and published by the Retail Council of Canada. In 2004, he authored *Getting Retail Right!* for the ICSC and is teaching at the ICSC’s University of Shopping Centres. As well, John has co-authored *Retail Revitalization and Recruitment: Action Programs for Downtown* for Urban Marketing Collaborative, a division of J.C. Williams Group, *A Guide to Retail Success* for the National Retail Federation, Washington D.C., as well as *Building a Winning Retail Strategy* for the Retail Council of Canada, and *Marketing Main Street* for Heritage Canada. He is a frequent speaker at industry and association gatherings across the continent and was inducted into the Retail Hall of Fame in June 2013.

In addition, Mr. Williams has also attended many conferences and spoken on the subject of retailing and distribution strategies, retail real estate, and consumer trends. He has spoken at the Retail Council of Canada; International Council of Shopping Centers; International Downtown Association; National Retail Federation; and many professional trade associations, universities, and private institutions. He has owned a chain of small stores in Toronto that sell sports and cultural event tickets as well as a gardening supply store and mail order catalogue.

John Williams has testified previously and has been qualified as an expert witness on retailing issues in the courts and the Ontario Municipal Board.

John Williams is a business graduate from the University of British Columbia (Sauder School of Business) with an MBA from Northwestern University’s top rated Kellogg School of Management. He is well known as an author and speaker on business, urban revitalization, and retail subjects, plus commentaries on business issues in the media.

Previous Expert Witness Testimony

John Williams has testified previously and has been qualified as an expert witness on retailing issues in Ontario courts and before the Ontario Municipal Board. Here are a few cases with which he has assisted:

Vista Hospitality/Rainbow Centre v. Zellers
Breach of lease.

Brookfield Properties v. City of Toronto
Arbitration on rents and land value.

Woodbine Shopping Centre v. Target Canada
In negotiation.

Albion 27 Plaza v. GTA Auto Repair
Lease exclusivity and damages.

Hart Stores Inc. v. North Bay Mall
Breach of lease restriction.

Toad ‘n’ Turtle Pubhouse & Grill v. Shark Club
Issue of restrictive covenant. Action abandoned.

Simon Properties v. Pepsi
Preparation of a report that critically repudiated the defendant’s position.

Terra Footwear vs. Nike Canada
Testified on a trade mark violation.

Morse Shoe Co. v. Hudson’s Bay Co.
Testified on the issue of lost profits arising from the breach of a contract between a department store and its shoe supplier/operator.

Bloor Madison v. City of Toronto
Testified on issues relating to business disruption.

City of Toronto v. Yonge Street Development Corp.

Testified on whether the impact of a proposed retail development in downtown Toronto justified the expropriation of property by the City.

Competition Bureau of Canada v. Hudson’s Bay Co.

Testified on issues relating to several charges of misleading advertising.

City of Toronto v. Loblaw’s Inc.

Testified on zoning issues relating to the appropriate use of commercial space in a residential neighborhood.

City of Toronto v. Camrost 2000

Testified on zoning issues relating to parking required to support existing retail.

City of Toronto v. Bay & Bloor

Testified on the true market value of a retail lease.

City of Toronto v. Oxford Properties (2 Bloor Street West)

Case pending.

City of Toronto v. Oxford Properties (2 Bloor Street West)

Case pending.

East Point Shopping v. City of Saint John

Resolved.

About J.C. Williams Group

J.C. Williams Group is one of North America’s leading boutique retail and retail-related consultancies with 40 years of industry experience. Research is the foundation of all our projects, so we have extensive knowledge about the application of the insights gained from research.

We believe that we are unique from other consulting firms because:

- Our Senior Consultants have actually managed business entities and worked in retailing. This means that the consulting we provide will be instantly actionable and aligned with strategic goals.
- J.C. Williams Group covers strategy, but also our in-house team includes leading specialists in omni-channel, IT and business processes, market research, operations and merchandising, HR, real estate, finance, marketing, branding, and customer experience. Other firms pull in outsiders.
- We are honoured to be able to fulfill global assignments across North America, India, Russia, UK, the Middle East, and North Africa



Additional benefits of engaging J.C. Williams Group include the following:

- We are members of the Ebeltoft Group, which is a consortium of retail consultants from around the globe (i.e., Australia, Brazil, China, Denmark, France, Germany, India, Ireland, Italy, The Netherlands, Portugal, Romania, Russia, Singapore, Spain, Switzerland, Turkey, U.K., U.S., and Vietnam). This membership enables us to extend our reach and bring to our clients the most up-to-date innovations and best practices from around the world.
- Our membership in organizations such as the National Retail Federation, Shop.org, Retail Council of Canada, Urban Land Institute, ICSC, and Centre for the Study of Commercial Activity (CSCA) at Ryerson University enables us to stay abreast of the developments in the marketplace community.

Some J.C. Williams Group Past or Present Clients

J.C. Williams Group Inc. works with clients in Canada, the U.S.A., Europe, and the Middle East including:

- shopping center developers;
- retailers;
- government and cities;
- service industries, advertising agencies, media companies;
- cultural institutions/clubs;
- transportation retail facilities; and,
- retail manufacturers.

Shopping Center Developers

- | | |
|--------------------------------|-----------------------------|
| ● Atlantic Shopping Centres | ● Marathon Realty |
| ● Beacon Companies | ● May Centers |
| ● Belmont Properties | ● Melvin Simon & Associates |
| ● Bentall Retail Services | ● Northup Group |
| ● Brookfield | ● Orlando Corporation |
| ● Cadillac Fairview | ● OMERS/Oxford |
| ● Cambridge Shopping Centres | ● Prudential/Harbour Island |
| ● Corporate Property Investors | ● Qatari Diar (Qatar) |
| ● Elad | ● Revenue Properties |
| ● Emaar Properties (UAE) | ● RAMW (Egypt) |
| ● Enterprise Developments | ● Rouse Company, The |
| ● Enterprise Property Group | ● Royal LePage |
| ● Fishman NA | ● Sama Dubai (UAE) |
| ● Hammerson | ● Stadium Developments (UK) |
| ● Heritage Partners | ● Telereal |
| ● Homart | ● TrizecHahn |
| ● Irvine Retail Properties | ● Truscan |
| ● Ivanhoe Cambridge | ● 20 Vic |

Retailers

- Aldo
- Alexanian Carpets
- American Energy
- American Express
- Andres Wines
- Bata
- Beaver Lumber
- Bell Canada
- Bell Mobility
- Birks
- BiWay
- Black Photo Corporation
- Bowrings
- Braemar
- Brick, The
- Canadian Tire
- Cash Converters
- Chicago Cutlery
- Club Monaco
- Foot Locker
- Goodwill Enterprises
- Grafton Fraser Inc.
- Harry Rosen
- Henry Birks and Sons
- Highsmith
- Hockey Hall of Fame
- Holt Renfrew
- IBM
- Katz Group
- Kodak
- Laura Secord
- Lawton Drug
- Le Chateau
- Levi Strauss
- Lindt Sprüngli
- Liquor Control Board of British Columbia
- Liquor Control Board of Ontario
- London Drug
- Loyalty Group, The
- The Man Alive
- Marine Atlantic
- Mark’s Work Wearhouse
- MDS Doncaster
- Microsoft
- MT&T Mobility
- NFL
- NHL
- NutriChem
- Nomura Research Institute
- Ontario Lottery and Gaming Corporation
- Peoples Jewellers
- PharmaPlus
- Pharmasave
- RadioShack
- RAMW Retail
- Royal Bank of Canada
- Royal Doulton
- Salvation Army
- Sears
- Shoppers Drug Mart
- Sobeys
- Stitches
- Successories
- Thrifty’s
- Tilley Endurables
- Tip Top Tailors
- VISA Canada
- Walmart
- Windsor Plywood
- Wilco Farm Stores
- WINS Thrift Stores
- Plus over 100 specialty stores in the U.S. and Canada

Service Industries

Advertising Agencies and Media

- Global Television Network
- Glowinsky & Gee
- Grey Retail
- J. Walter Thompson
- JAN Kelley Marketing
- Kert Advertising
- McKim Baker Lovick/BBDO
- Pacific Press
- The Globe and Mail
- The Vancouver Sun/Province
- Vickers & Benson
- YTV
- Watt International

Government

- Canadian Olympic Coin Program
- City of Toronto, Ontario
- Heritage Canada Foundation
- Industry Canada
- Ministry of Transportation, Ontario
- Ontario Retail Service Sector
- Trade Facilitation Office of Canada

Cities

- Phoenix, AZ
- Los Angeles, CA
- Colorado Springs, CO
- Denver, CO
- Orlando, FL
- Des Moines, IO
- New Orleans, LO
- Boston, MA
- Grand Rapids, MI
- Buffalo, NY
- Harlem, NY
- Ithaca, NY
- Rochester, NY
- Cincinnati, OH
- Cleveland, OH
- Columbus, OH
- Pittsburgh, PA
- Philadelphia, PA
- Dallas, TX
- Fort Worth, TX
- Houston, TX
- San Antonio, TX
- Norfolk, VA
- Roanoke, VA
- Tacoma, WA
- Toronto, ON
- Montreal, PQ
- Calgary, AB

Learning Institutions/Associations

- Algonquin College
- Brock University
- Center for the Study of Commercial Affairs
- International Council of Shopping Centers
- International Downtown Association
- National Retail Federation
- McMaster University
- University of Western Ontario
- State Univeristy of New York
- Mount Royal University
- Okanagan College
- Olds College
- Retail Council of Canada
- Retail Merchants Association of British Columbia
- Ryerson University
- University of Toronto
- University of New Brunswick
- Dalhousie University
- St. Mary’s University

Cultural Institutions/Clubs/ Not-for-Profit/Healthcare

- Art Gallery of Ontario
- Art Gallery of Windsor
- National Ballet School
- Caledon Ski Club
- The Boulevard Club
- Baycrest Centre for Geriatric Care
- Mississauga Hospital
- National Gallery of Canada
- New Oakville Hospital
- North York General Hospital
- Peel Memorial Hospital
- Royal BC Museum
- Royal Ontario Museum
- St. Joseph’s Health Centre
- St. Michael’s Hospital
- Toronto Hospital
- Toronto Public Library
- Trillium Healthcare
- USA National Aquarium (Baltimore, MD).
- William Osler Hospital

Transportation Authorities

- B.C. Ferry Corporation
- Burlington International Airport
- Huang & Danczkay - Toronto Terminal 3
- Marine Atlantic
- Massachusetts Port Authority - Boston’s Logan International Airport
- Oakland International Airport
- Ottawa – Carleton Transportation
- Russia Rail Systems
- Savannah International Airport
- VIA Rail
- XpressWest

Manufacturers

- Bell Canada
- Bell Mobility
- Benjamin Moore
- BMW Canada
- Caldwell
- Caulfield
- CellNet Canada
- Coats & Clark Ltd.
- Coca Cola
- Corporate Technology Partners
- Dominion Textile
- Doncaster
- Dupont
- General Electric
- General Motors
- Hiram Walker & Sons Ltd.
- IBM
- Kodak
- Koret
- Labatt Breweries of Ontario
- Lear Corporation
- Leslie Fay
- Levi Strauss
- Magna Closures
- Maple Leaf Foods Inc.
- MediaLinx
- Microsoft
- Nortel
- Quadrant Cosmetics Corporation
- SFI Apparel
- Susan Bates Inc.
- Tilley Endurables
- Union Carbide - Linde
- United Distillers

Books Authored By John Williams**Retailing and Marketing**

Retail 4G by John C. Williams and the Senior Advisors at J.C. Williams Group. A digital book, with eight modules targeted at independent retailers. Published by Retail Council of Canada and distributed by Retail Council of Canada and Kobo.

Getting Retail Right! by John C. Williams. Published in 2004 by the International Council of Shopping Centers, New York, NY.

A Guide To Retail Success by John C. Williams and John A. Torella. Published in 1996 by the Retail Learning Initiative, Toronto, ON and in 1997 by Fairchild Publishing, New York, NY for the National Retail Federation.

The Strategic Compass Model by John C. Williams. A digital book, downloadable for free from www.jcwg.com. Released Summer 2013.

Urban Revitalization

Retail Revitalization and Recruitment: Action Programs for Downtown by Maureen C. Atkinson, John C. Williams, John Archer, and Anna Ritacca. Published in 2002 by Urban Marketing Collaborative, a division of J.C. Williams Group.

Marketing Main Street - A Practical Guide to Success by Maureen C. Atkinson and John C. Williams. Published in 1988 by The Heritage Canada Foundation.