

# CHARLEBOIS FAMILY INVESTMENTS INC: THE ROAD AHEAD

**Asper School of Business**

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# KEY ISSUE

How does Charlebois Family Investment Inc. counter the distributing trend in retail and ensure profitability in 2018 & beyond

Define

Analyze

Evaluate

Recommend

Implement

Risks & Mitigate

# CRITICAL CHALLENGES

Declining  
Profitability

Retail Industry  
Disruptions

Multiple  
Stakeholders

Define

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# RECOMMENDATION

Reposition your assets use to their geographic strategic advantage

Stabilize

Pivot

Reposition

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# YOUR ASSETS

25% expiry of leases

Shopping Malls

Portland, Maine

Location: Close to Airport & city center

Function: Retail, office, & parking

Area: Commercial

Financial Position: Mortgage Free

Connecticut Mall

Location: Close to Train Station

Function: Retail (Sears, JC Penny...)

Area: High-tech & professional offices

Financials: Mortgaged

Define

Analyze

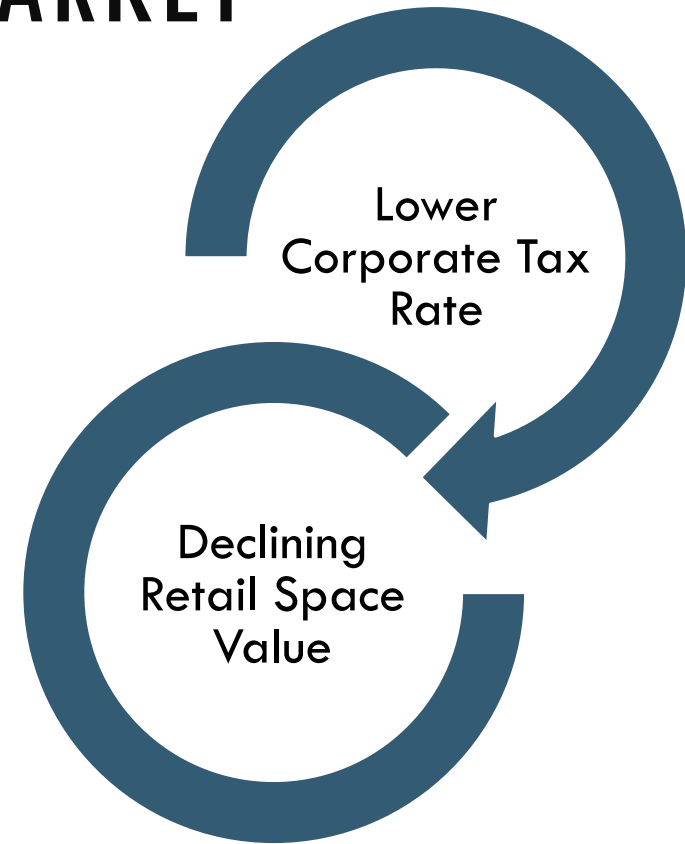
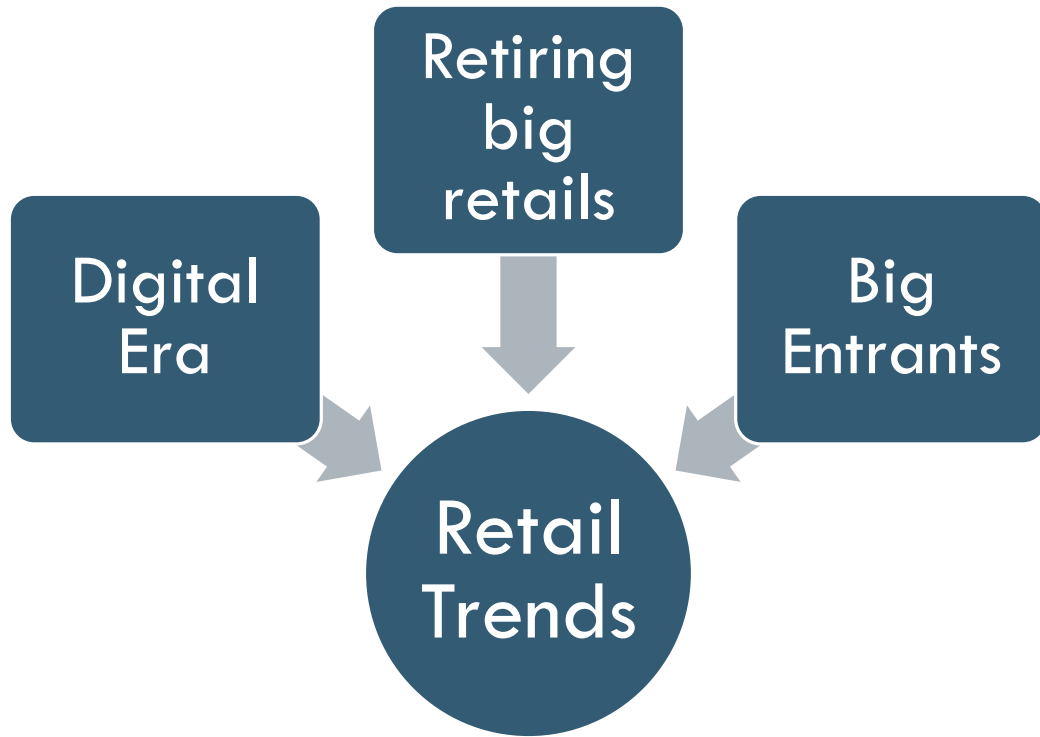
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# THE RETAIL INDUSTRY AND USA MARKET



Commercial Retail space will decline in value but land's value will continue to rise.



# ENVIRONMENTAL ANALYSIS

- Family Owned
- Experience in retail business
- Ample Parking
- Mortgage free property in Portland
- Portland: Airport location
- Connecticut: Train station
  
- Growth of e-commerce
- Land value and availability



- Opinionated Property manager & stakeholder
- Holds all the family's wealth
- Signs of wear in Portland mall
- Losing tenants
  
- New physical competitors
- Disrupted retail industry

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# ALTERNATIVES

## Alternative 1: Divestiture

- Divest both business and use funds for investment based income.

## Alternative 2: Repair & New Tenants

- Repair current malls and actively seek new tenants.

## Alternative 3: Reposition

- Reposition both malls to their geographic strategic advantage.

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# DECISION MATRIX

	<b>Alternative 1: Divestiture</b> <i>Sell &amp; Acquire Mawer Balanced Funds</i>	<b>Alternative 2: Repair &amp; New Tenants</b> <i>Aggressive Maintenance Plan &amp; Marketing</i>	<b>Alternative 3: Reposition</b> <i>Offices and Distribution Centre</i>
<b>Profitability</b> <i>2018 and beyond</i>			
<b>Core Competency</b> <i>Leasing</i>			
<b>Cash Flows</b> <i>Long-term stable cash flows</i>			

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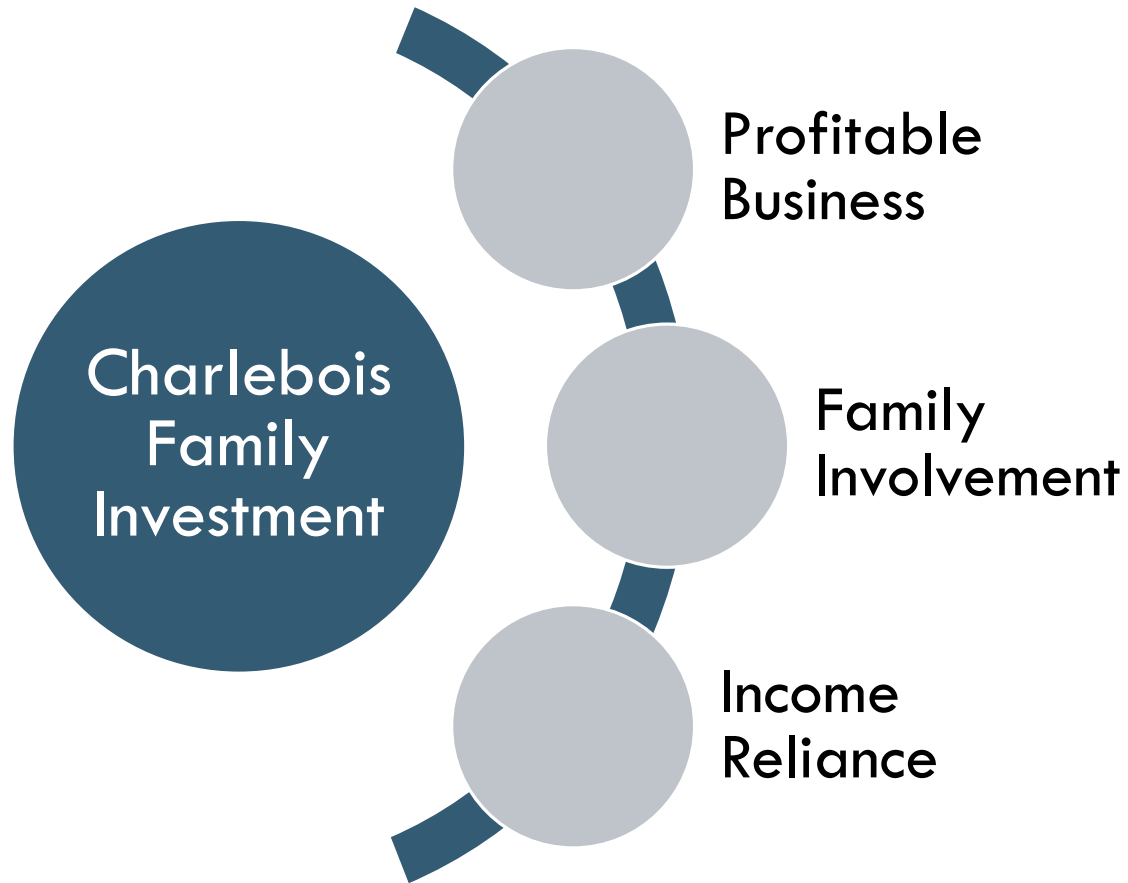
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# FUTURE FORWARD



**Grows the Charlebois Family Wealth**

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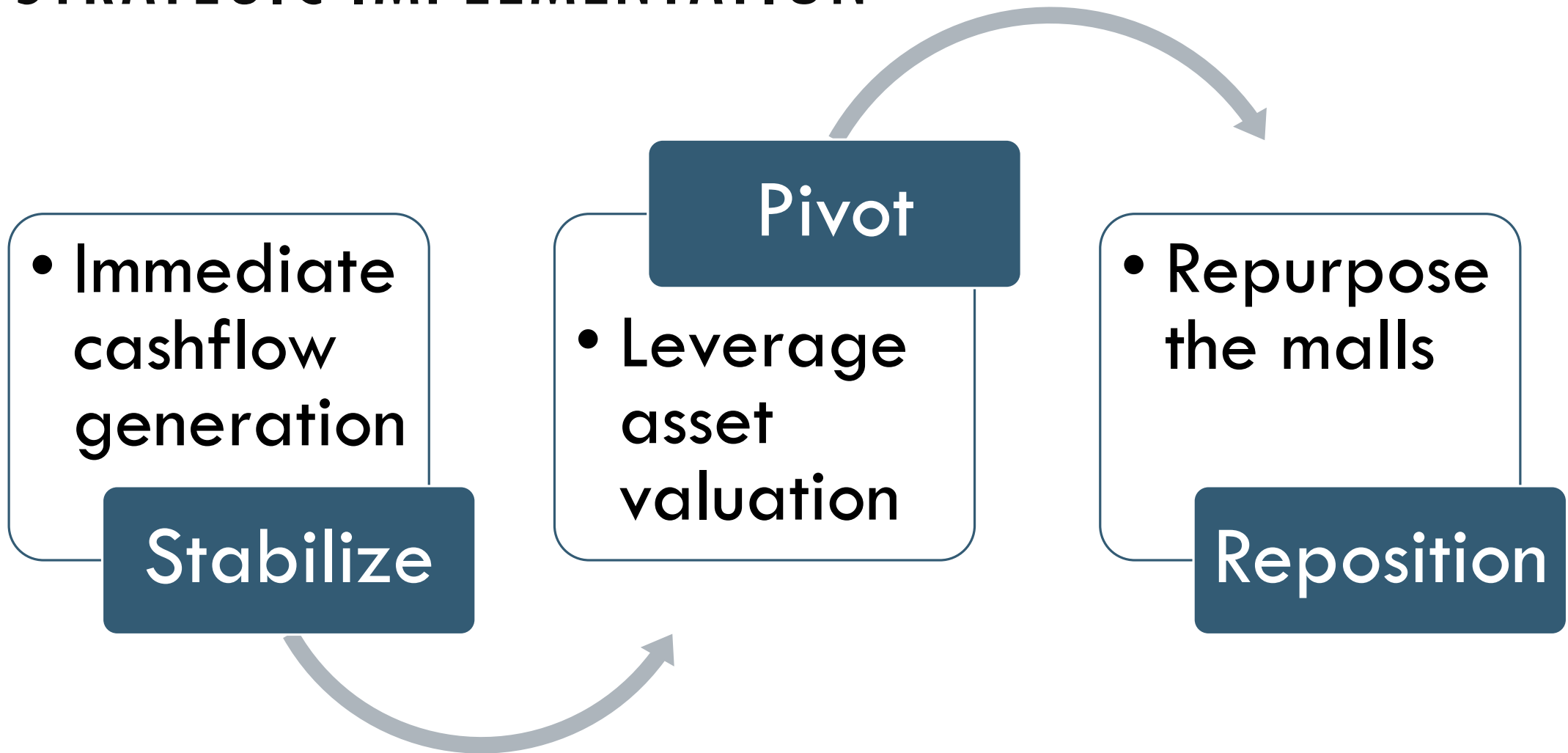
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# STRATEGIC IMPLEMENTATION



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# CAPITALIZE ON PARKING SPACE- CONNECTICUT

Engage parking management services

Install digital parking meters

Fence the back of the mall parking area

Install lights and camera

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# REFINANCE THE PORTLAND MALL

## Assessment

- Property appraisal
- Create financial projections
- Business plan

## Bank Loan

- Apply
- Secure 80%
- Land and building

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# REPOSITION- THE LONG TERM PLAY



Define

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Evaluate

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# PORTLAND MALL

Ample parking space

Proximity to airport

Define

Analyze

Evaluate

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# CONNECTICUT MALL

Serve the new condos

Proximity to train station

Accessibility by high way

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# IMPLEMENTATION SCHEDULE

Year	2018				2019				2020			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4
Rarking	█											
Refinance	█											
Portland Conversion	█											
Connecticut conversion	█											

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# ASSUMPTIONS

Office/Service: \$2.5 per sq ft in Maintenance, \$3 per sq ft in Revenue

Warehouse: \$0.75 per sq ft in Maintenance, \$2.25 per sq ft in Revenue

Retail: \$3 per sq ft in Maintenance, 3.6 per sq ft in Revenue

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# PORTLAND MALL

Portland Mall	2018	2019	2020	2021	2022
Retail Square footage	125,400	78,792	55,400	55,400	55,400
Office Square Footage	20,000	20,000	20,000	20,000	20,000
Stores	22	17	11	11	11
Warehouse Space		46,608	70,000	70,000	70,000
Maintenance Costs	-\$ 376,200.00	-\$ 271,332.30	-\$ 218,700.00	-\$ 218,700.00	-\$ 218,700.00
Revenue	511,440	448,519	416,940	416,940	416,940
<b>Profitability</b>	<b>\$ 135,240.00</b>	<b>\$ 177,187.08</b>	<b>\$ 198,240.00</b>	<b>\$ 198,240.00</b>	<b>\$ 198,240.00</b>

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# CONNECTICUT MALL

Conneticut Mall	2018	2019	2020	2021	2022
Retail Square footage	425,000	318750	212500	106250	0
Stores	89	67	45	22	0
Office/Service Space	0	106,250	212,500	318,750	425,000
Maintenance Costs	- 1,275,000	- 1,115,625	- 956,250	- 796,875	- 637,500
Revenue	1,530,000	1,466,250	1,402,500	1,338,750	1,275,000
<b>Profit</b>	<b>255,000</b>	<b>350,625</b>	<b>446,250</b>	<b>541,875</b>	<b>637,500</b>
Existing Finance	- 200,000	- 200,000	- 200,000	- 200,000	- 200,000

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# TOTAL CASH FLOW

	2018	2019	2020	2021	2022
Refinancing		-\$467,318.18	-\$467,318.18	-\$467,318.18	-\$467,318.18
New Connecticut Parking Lot	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
<b>Cash Flow</b>	<b>240,240</b>	<b>- 89,506</b>	<b>27,172</b>	<b>122,797</b>	<b>218,422</b>

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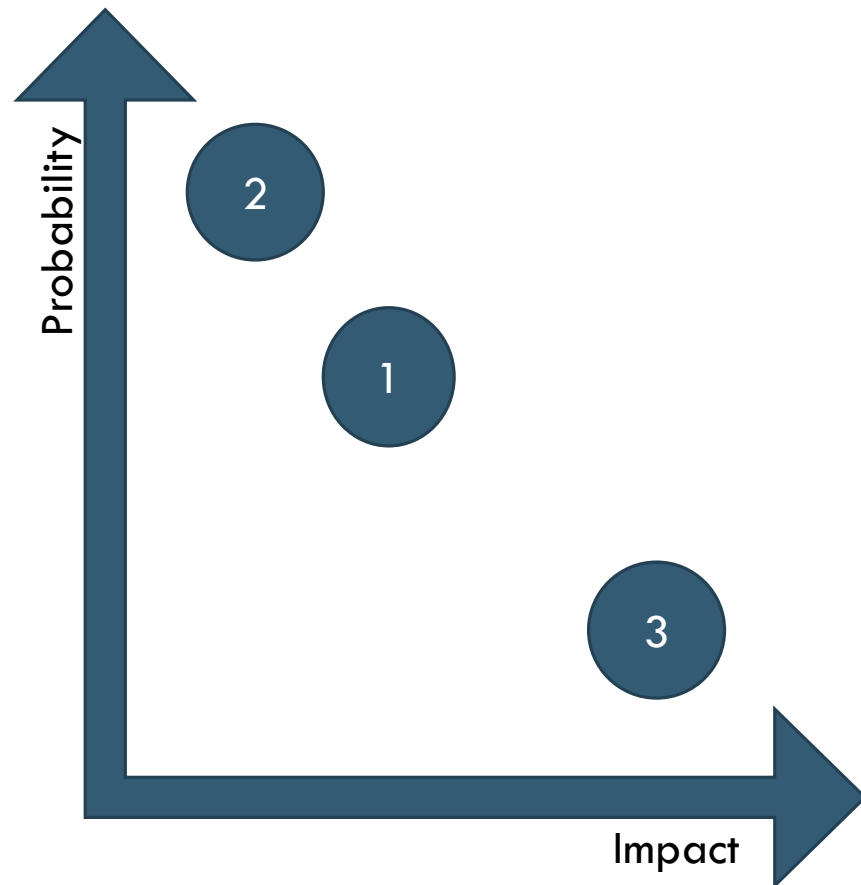
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# RISKS AND MITIGATIONS



## 1 Parking Pushback

- Offer Discount for Long term leasers

## 2 Family Pushback

- Do a detailed Due Diligence

## 3 Difficulty Finding Distributor

- Go into the distribution business

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# KPI

Concern	KPI	2021
Cash Flow	Profitability	200,000
Parking Usage	Number of tenants	200
Uptake	Occupancy Rate	90%

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# APPENDIX 1: SHAREHOLDERS

Shares Distribution

