

CHARLEBOIS FAMILY INVESTMENTS INC

FIA CONSULTING TEAM

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SUMMARY

Key Issue

Recommendation

Analysis

Alternatives

Strategy

Implementation Plan

Finance

Risks

KEY ISSUE

What is the best strategy to regain Charlebois business profitability?

RECOMMENDATION

Keep both real estate properties, **leasing the Portland mall** to a large hotel chain and **position the Connecticut mall as a high end** entertainment center

CURRENT SITUATION

Real state family business

The family rely on this revenues

Stores are losing profitability

25% of the leases will end in the next 12 months

Big players planning to close Anchor stores

Strong trend of online sales hurting physical retailers

CURRENT SITUATION

Portland

Open air mall near the airport

22 stores

High vacancy in the mall

No anchor stores

Need reparation

Mortgage free

One commercial tower

Connecticut

Enclosed mall near the train station

89 stores

Sears, JC Penny and Home Hardware as Anchors

Sears and JC Penny will close in near future

Upper middle class neighbourhood nearby

Two high end condominiums under construction

ALTERNATIVES

Portland Mall

Strategic Alliance with Hotel chain

- Lease property to hotel chain

- Charleboi's family Real Estate expertise
- Low investment

Prospect new anchor stores

- Department Stores
- Big Box Stores

- Attract big chain stores
- Consumer behaviour not favorable

Renovation of Portland Mall

- Renovate to be more appealing

- Generate foot traffic
- Risk of online competition

Sell-off

- Focus on Connecticut Mall

- Family source of income

ALTERNATIVES

Connecticut Mall

Position as Luxury Mall

- Attract high-end stores
- Restaurants and Entertainment
- Focus on experience

- Target Vacancies
- Low investment

Build Train Station Parking Lot

- Separate Parking Lot nearby Train Station

- Low ROI
- Negative brand impact
- High initial investment

Convention Center

- Partner with local business and professional offices

- Low local business demand
- High initial investment

STRATEGY

PORTLAND

Target

Business hotel chains

Lease the real estate property to a large hotel chain

During the first year we will prospect potential partners

Use the initial contract value to cease the remaining 75% stores' contracts

STRATEGY

CONNECTICUT

Target

Upper middle class
Baby boomers

Position as a luxury mall and entertainment center

Gradual replacement of stores into higher end ones

Seek for investors to renovations

Build a theater venue and IMAX movies

Attract high end stores and restaurants

IMPLEMENTATION PLAN

		Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Portland	Prospect potential partners	█	█	█					
	Stores closures	█	█	█					
	Lease the property				█				
Connecticut	Gradual replacement of stores	█	█	█	█	█	█	█	█
	Close current anchor stores	█	█						
	Theater venue			█	█	█	█		
	Seek for investors to renovations	█	█						
	Movie theater			█	█	█	█		
	Entertainment center for kids			█	█	█	█		

FINANCIAL INVESTMENT

Portland Hotel

Sales Loss

- \$3 Million/year (lack of attractivity)

Contract Cease

- 6 – Contract Due Date
- 16 - \$100K/store

Total Investment

- \$4.6 Mi

Connecticut Mall

Renovation

- \$20 Mi

Sales Team

- \$500K/store

Total Investment

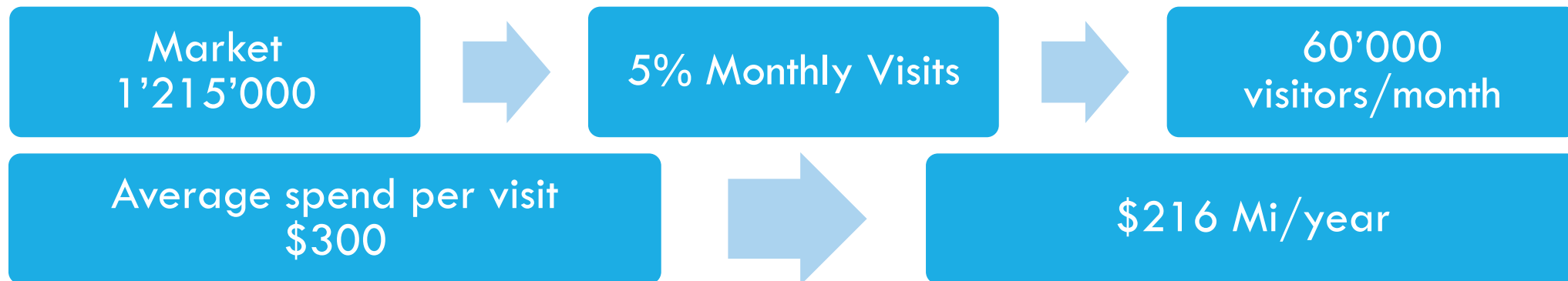
- \$20.5 Mi

FINANCIAL PROJECTION

Portland Hotel



Connecticut Mall



RISKS & MITIGATION

Portland Mall

Hard to find partner

- Prospect other partners, such as office

High cost of contract ceasing

- Use leasing capital to cease current contracts

Connecticut Mall

Renovation funding

- Use family equity to fund it

New high-end brands delay to move in

- Establish outstanding sales team

CONCLUSION

Maintain Charlebois Business Longevity

