



CHARLEBOIS FAMILY INVESTMENTS INC.

DeGroot Consulting

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Charlebois Family Investments Inc. has the opportunity to generate and stabilize family income through an adjustment to its investment portfolio

OPPORTUNITY STATEMENT

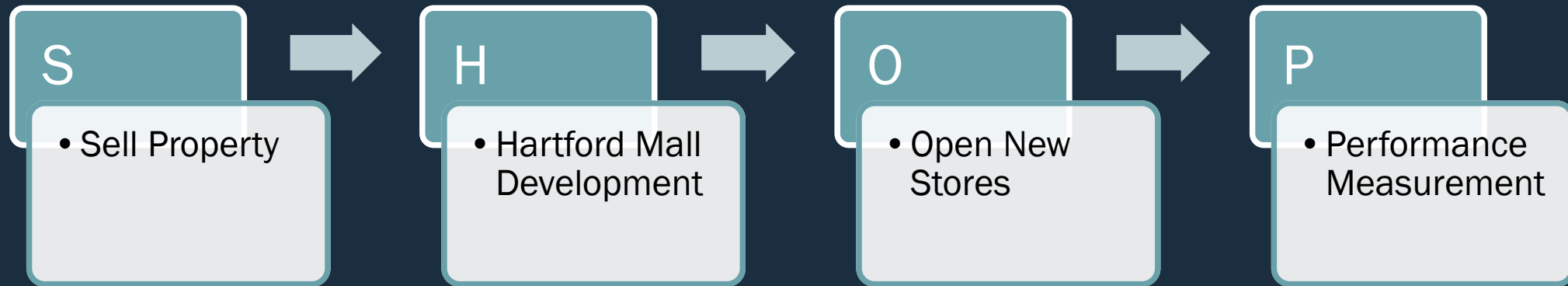
Recommendation

Key Issues

Analysis

Alternatives

Implementation



Charlebois Family Investments should divest its Portland mall and reinvest in the Hartford location to revitalize the shopping experience using our SHOP strategy

PREFERRED SOLUTION

Recommendation

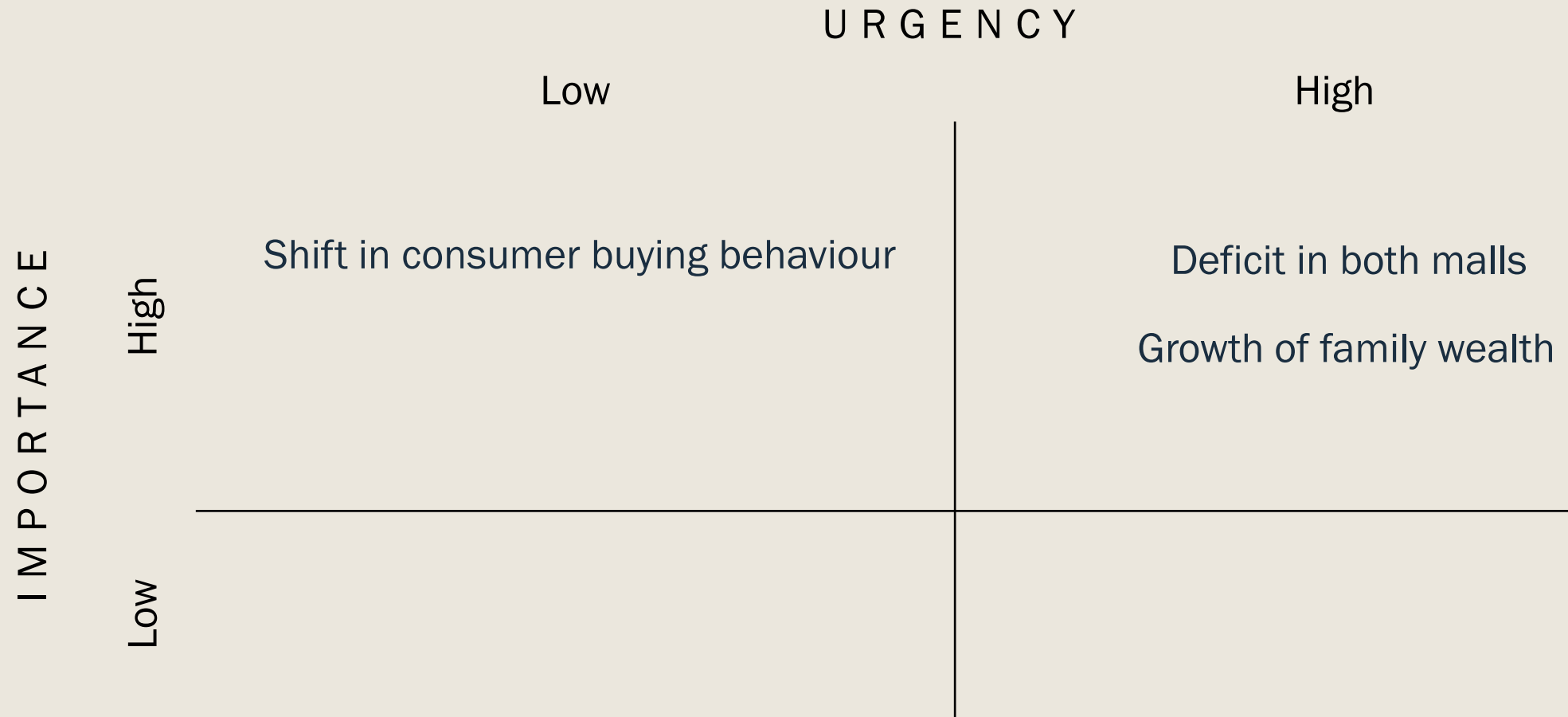
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ANALYSIS

PORTLAND

- Small urban location (0.5 million)
- Suburban and lower middle class
- Near airport

HARTFORD

- Larger urban centre (1.25 million)
- Emerging high tech business hub
- Upper middle class
- urbanization

Alternatives

PROS

CONS

1

Divest the mall in
Portland, Maine

- Mortgage is paid off
- Desirable properties for developers

- Loss of location in city centre
- Strong grocery presence

2

Divest the mall in
Hartford, Connecticut

- Higher selling price
- Reduces financial strain from retailer bankruptcies

- Large mortgage outstanding

3

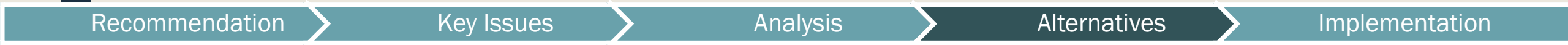
Divest both malls

- Exit out of a declining industry

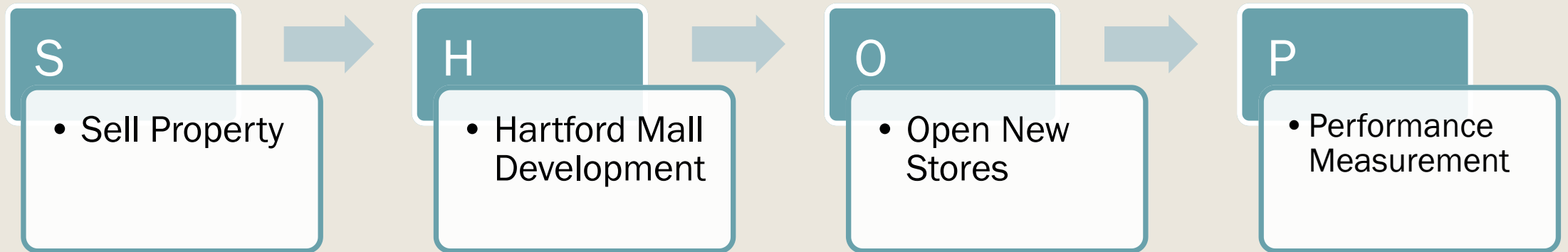
- Minimal family assets remaining

Alternatives

Key Issue	Weight	Divest Portland	Divest Hartford	Divest both
Deficit in malls	0.5	4	3	3
Growth of family wealth	0.3	4	2	1
Shift in consumer buying behaviour	0.2	5	2	1
TOTAL	1	4.2	2.5	2.0



STRATEGY



SELL PROPERTY



- No mortgage on Portland property, so no debt to pay off
- Land developers are interested in the area so should fetch a competitive price
- Wealth from sale to be reinvested in Hartford mall as well as residential property investments

SELL PROPERTY



Sale of Portland Property	
Square footage	
Retail	125,400.00
Office	20,000.00
Total	145,400.00
Avg Price per Square Foot	\$200
Total Listed Sale Price	\$29,080,000
Achieved Sale Price	\$24,718,000.0

SELL PROPERTY



Breakdown of Sale Proceeds	
Investment in Hartford location	\$7,500,000
Down Payment on Condo Units	\$3,125,000
Investment in US Treasuries	\$6,000,000
High Quality Corporate Bonds	\$6,000,000
Reserve Cash	\$ 2,093,000.00
Total Sale Proceeds	\$ 24,718,000.00

SELL PROPERTY



Annualized Income		
Rental Income		\$100,556.37
Treasury Income		\$90,000.00
Corporate Bond Income		\$180,000
Total		\$370,556.37
Distribution	Ownership	Individual Income
Father	30%	\$111,166.91
Yourself	25%	\$92,639.09
Brother	15%	\$55,583.46
Sister	15%	\$55,583.46
Aunt	15%	\$55,583.46

SELL PROPERTY



Investment in Condo units in Hartford	
Average Price Per unit	\$250,000
Units Purchased	50
Total Purchase Price	\$12,500,000
Down Payment	\$3,125,000.0
Mortgage	\$9,375,000.0
Per Unit	\$187,500.0

Yield From Treasuries	1.50%
Annualized Income	\$90,000.00
Yield From Corporate Bonds	3%
Annualized Income	\$180,000

HARTFORD DEVELOPMENT



- Follow example of Cadillac Fairview in Canada (Eaton Center, Yorkdale, Sherway Gardens)
- Focus on Beautification of indoor spaces to create a destination
 - *Green Spaces*
 - *Fountains*
 - *Living Walls*
 - *Mural Art Pieces*

HARTFORD DEVELOPMENT



- Follow example of Cadillac Fairview in Canada (Eaton Center, Yorkdale, Sherway Gardens)
- Focus on Beautification of indoor spaces to create a destination
 - *Green Spaces*
 - *Fountains*
 - *Living Walls*
 - *Mural Art Pieces*
- Exterior Landscaping & Modernization of building amenities for energy efficiency to save money and increase the “green” image
- Install signs and security cameras in back areas of parking lots to indicate and enforce fines for parking and leaving the property

OPEN NEW BUSINESSES



- Open new stores in expiring lease locations
- Box Stores, such as Best Buy, to become new anchor stores
 - *Has a successful e-commerce channel but still has high foot traffic to try products*
- A gym, such as planet fitness, to enhance lifestyle factors
- Restaurants to continue to drive foot traffic and duration of visits

TIMELINE

Now

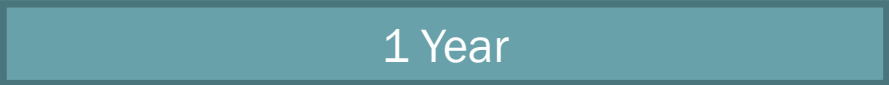
Year 1

Year 2

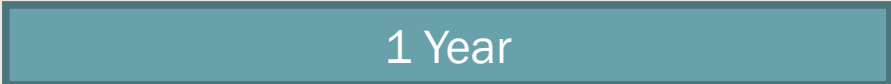
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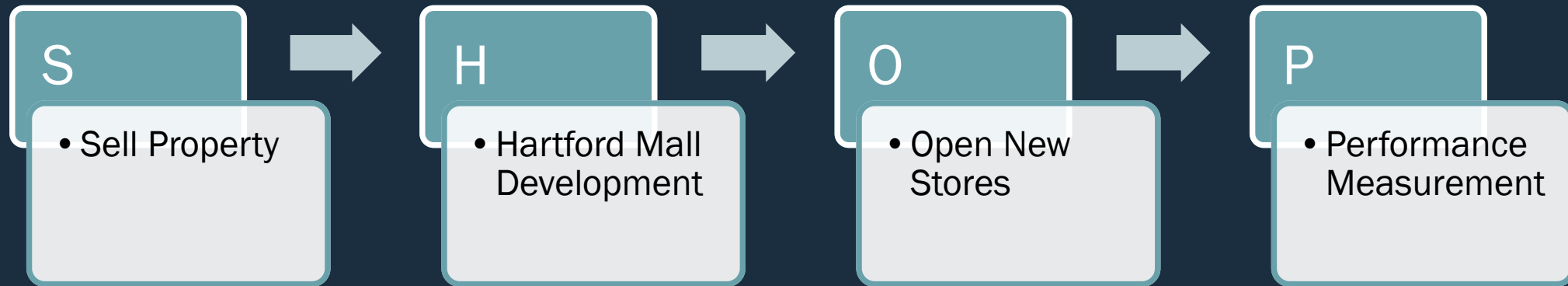
PERFORMANCE MEASUREMENT



- Overall Profitability of Hartford by Year 2
- Reduce expiring leases to 3% by Year 2
- Profitable performance of residential investments year over year

RISKS AND CONTINGENCIES

Risk	Likelihood	Impact	Trigger	Mitigation
No buyer for Portland Location	Low	High	No sale bids for 6 mo.	Pursue industrial buyers
Low interest from retailers	Low	Moderate	Lease renewals remain low	Pursue secondary retail options such as LA fitness, Apple Store, Target, etc.
Timeline for Renovations is delayed	Moderate	Moderate	Renovations not finished in 18 months	Use multiple contractors to spread scheduling risk



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Appendix

	Month	Annualized
Mortgage	0.0025	3%
Length	360	30
Payment Per Unit	\$790.51	\$9,486.09
Rent Per Unit	\$1,000	\$12,000
Net Per Unit	\$209.49	\$2,513.91
Revenue	\$50,000.00	\$600,000
Profit	\$10,474.62	\$125,695.46
80% Rental Rate Revenue		\$480,000.0
80% Rental Rate Profit		\$100,556.37