



Charlebois Family Investments Inc.

MEMORIAL UNIVERSITY

Agenda

- ▶ Analysis Krista
- ▶ Alternatives Priyank
- ▶ Recommendation
- ▶ Implementation Jeff
- ▶ Financials Chris
- ▶ Risks & Mitigations Krista
- ▶ Conclusion

Problem Statement

How can Charlebois Family Investments Inc. continue to grow their wealth?

Key Issues

Failing traditional retail industry

- Falling profits
- Stores closing
- Declining foot traffic

Sole source of family income

Key Objectives

- Protect family wealth
- Diversify revenue stream
- Ensure future cash flows

Recommendation

Charlebois Family Investments Inc. can continue to grow their wealth through a combined strategy of **selling** the Portland mall and a **shared space model** at the Connecticut mall.

Analysis

External Analysis

Retail Industry

- Bankruptcies
 - Sears
 - Small retailers
- Falling share prices
 - Le Carrefour

• Being replaced by online

Industry is changing rapidly

Internal Analysis

	Portland Mall	Connecticut Mall
Population	515,000	1,215,000
Size (square feet)	145,400	425,000
	No anchor store Parking No mortgage	3 anchor stores Parking Mortgage
Neighbourhood	Airport Light commercial	High-tech and professional businesses

Portland Mall lacks potential, Connecticut Mall has potential

Assumptions

- ▶ Mall real estate is price between \$300 and 500 per square foot
- ▶ Businesses looking for office space in Connecticut

Alternatives

Alternatives

- Divest both malls
- Renovate
- Shared Space Connecticut

Divest Both Malls

- 
- Exits industry
 - Immediate cash at hand

- 
- Loss of future income
 - Lost opportunity
 - Connecticut still not out of mortgage
 - Available potential at the Connecticut mall

Renovate Both Malls

- 
- Improves infrastructure
 - Improves foot traffic

- 
- Requires investment
 - Struggling retail business
 - Closing stores
 - Demand for lower rent
 - Decreasing foot traffic

Shared Space Connecticut

- 
- 
- Increased traffic to the mall
 - Continuous income for stakeholders
 - Improved rental rates
 - Large available space
 - Diversified income stream
-
- Requires investment
 - Not traditional business

Decision Matrix

	Divest	Renovate	Shared Space Connecticut
Protect family wealth	✓	✗	✓
Diversify revenue stream	✗	✓	✓
Ensure future cash flows	✗	✗	✓

Recommendation

Recommendation

Charlebois Family Investments Inc. can continue to grow their wealth through a combined strategy of **selling** the Portland mall and a **shared space model** at the Connecticut mall.

Implementation

Implementation - Summary

<1 Year

- Divest Portland mall

1-2 Years

- Launch marketing plan

1-2 Years

- Complete Connecticut mall renovation

Divest Portland Mall

<1 year

Major upgrades
required

Potential new
competitor
entering market

Mortgage free

Recent store
closures

Divestment Proceeds

<1 year

Stakeholder
Income

Connecticut
Mall
Renovation

Marketing
Plan

Stakeholder Income

<1 year

All current shareholders rely on investment as major part of income

Utilize portion of sale proceeds to pay shareholders for next 2 years

Shared Space Model

1-2 years

Convert anchor tenant spaces of Connecticut mall to shared workspaces

Market spaces to individuals and small businesses

Focus on convenience and flexibility

Marketing the Shared Space

1-2 years

Ads in train stations

- 3 stations closest to space

Local business events

Radio ads

- Local talk radio stations

Online

- LinkedIn

Traditional real estate channels

- Online listings
- Local newspaper

Connecticut Mall as Shared Office

1-2 years

Located 9.6km
from Hartford
City centre

Near major
highways

Parking lot near
local commuter
train station

Boost to foot
traffic from
office users

Poor outlook for
anchor tenants

Surrounded by
businesses and
professional
offices

Financial Analysis

Financial Analysis

▶ Proceeds from sale: \$50 Million

Assumption: 125,400 sq. ft. @ \$400 per sq. ft.

▶ Sensitivity Analysis:

	Million USD
\$300 per sq. ft.	35.6
\$500 per sq. ft.	62.6

Expenditure

▶ **Renovation:** \$10.6 Million

25% of the mall (106,250 sq. ft. at \$100 per sq. ft.)

▶ **Marketing:** \$500,000

▶ **Total: 11.1 Million**

At max. capacity revenue is about \$24 million.

Marketing Budget

Marketing	
Ads in train stations	\$ 120,000
Local business events	\$ 100,000
Radio-ads	\$ 100,000
Online marketing	\$ 80,000
Other expenses	\$ 100,000
Total	\$ 500,000

Capital Gains

	Million USD
Chairman	11.7
President and CEO	9.7
CFO	5.8
Property Manager	5.8
Passive Investor	5.8
Total	38.8

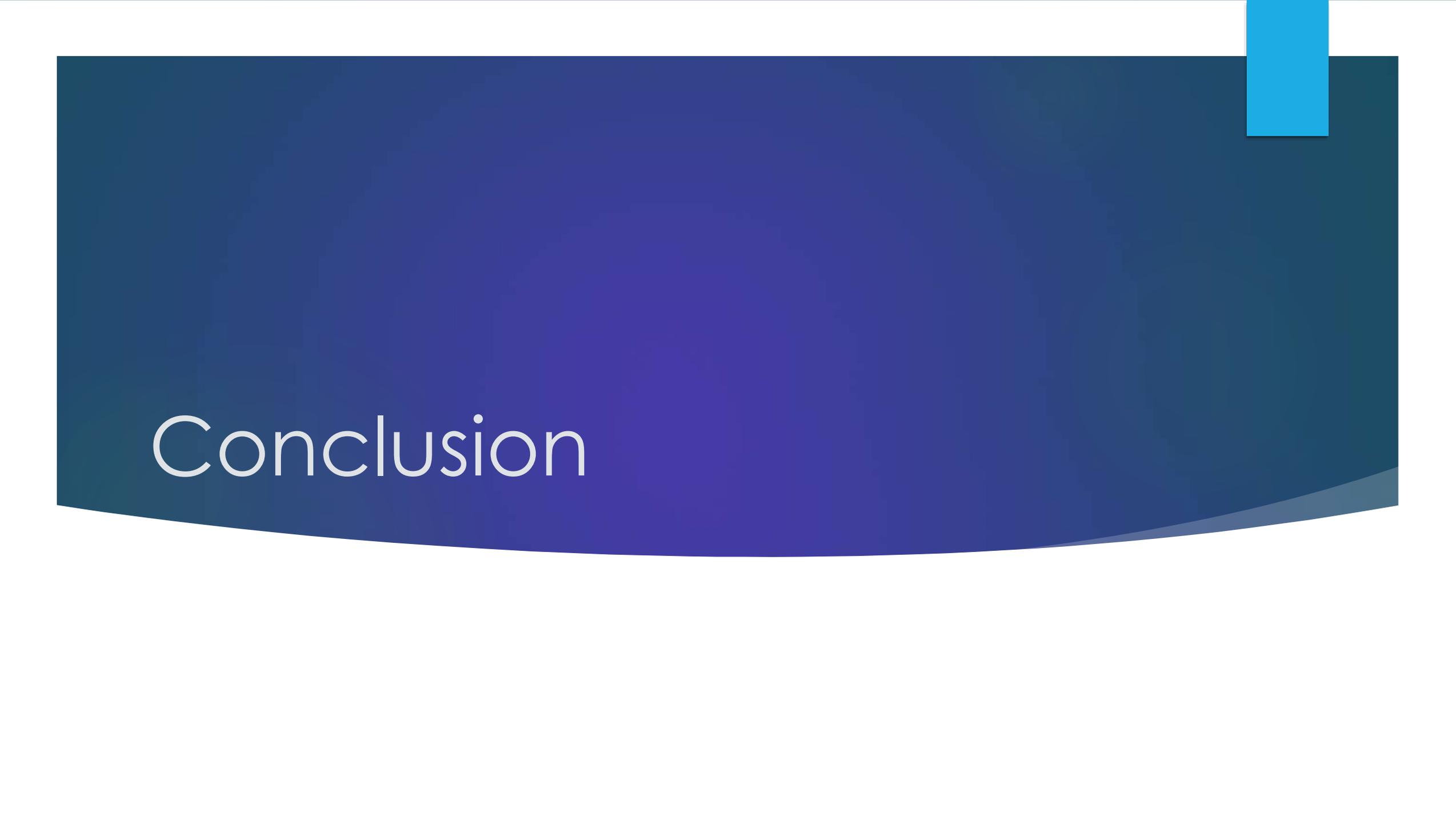
Recommendation:
Build a war chest for
future investment



Risks and Mitigations

Risks & Mitigations

Risk	Rank	Mitigation
Portland mall doesn't sell	High	Close location until market rebounds
Retail market continues to decline	Medium	Increase work space
Shared space isn't leased	Medium	Seek new and more profitable real estate holdings

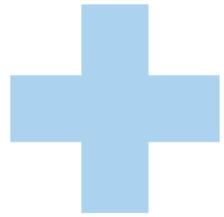


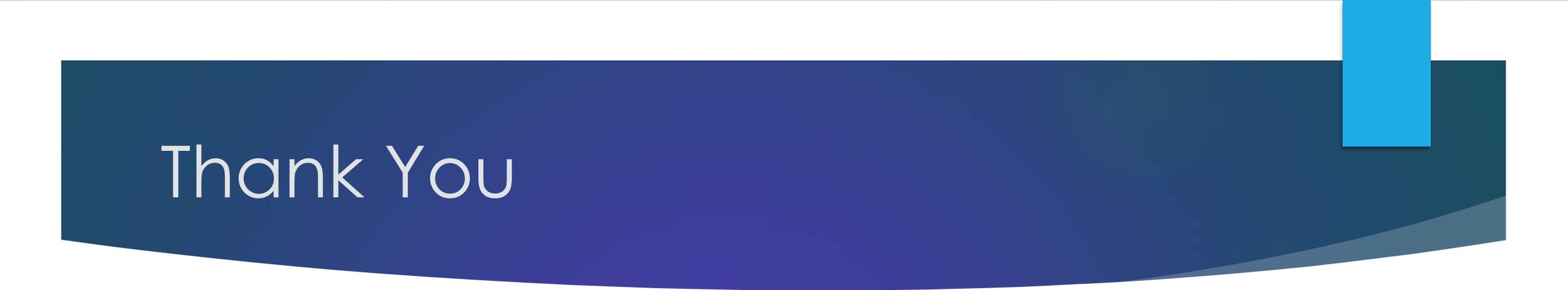
Conclusion

What Good Looks Like

- ✓ Protect family wealth
- ✓ Diversify revenue stream
- ✓ Ensure future cash flows

Conclusion





Thank You

▶ Questions?