

# Charlebois Family investments

ORT Consulting group

# Situation

Two different locations with different realities

	Portland Shopping mall	Connecticut shopping mall
Population	515.000	1.215.000
stores	22	89
stores	125.400 sq feet	425.000
offices	20.000 sq feet	-
Anchor stores	-	Sears, Jc Penney, Home H
Mortgage	free	sizeable
Parking	Big parking	Train station nearby

# Complication

Portland shopping mall	Connecticut shopping mall
No investment, signs of wear	Still paying mortgage
Threat of new competitors, new discount store	Anchor stores are closing
	People leaving cars in parking near train station
E-commerce growth: stores closing	E-commerce growth: stores closing
Stores want to reduce lease	Stores want to reduce lease

Timing: In 12 months 25 % of leasing expire.  
We have to do something now!

# Analysis

- ▶ Existing different needs for different income households
  - ▶ Lower middle income more cash based
  - ▶ Portland is very close to residential area
- ▶ Changing consumer habits
- ▶ Growth of e-commerce
- ▶ High value fixed assets offer potential
- ▶ Younger generations look for experiences, they like to take care of themselves.
- ▶ In Portland there is a need for a place to meet these expectations (only light commercial)
- ▶ Have attractions in their hometown
- ▶ Big shops are facing problems, high fixed costs, low margin

# Alternatives

1. Continue BAU
2. Sell one of the malls as land (Connecticut)
3. Keep both and focus in engaging the surrounding society.

# Alternatives

	Pros	Cons
1)BAU	<ul style="list-style-type: none"><li>- Businnes that will survive in a intermediate term</li><li>- Speculate with the real state market</li></ul>	<ul style="list-style-type: none"><li>- Future industry seems to be in decline.</li><li>- Ecommerce seems to be growing.</li><li>- Cease to exist.</li></ul>
2) Sell Conneticut	<ul style="list-style-type: none"><li>- Liberate from the big mortgage</li><li>- Generate assets to invest and live or invest in another industry</li><li>- Land attractive to possible condominium constructors</li></ul>	<ul style="list-style-type: none"><li>- Miss a opportunity to participate in a developing area.</li><li>- Shutting a working business</li><li>- Risk in investing in an industry than will not profit as we want</li></ul>
3) Social Integration	<ul style="list-style-type: none"><li>- Mantaining the assets that offer flexibility</li><li>- They are working businesses that can be transformed</li><li>- Government support</li><li>- Open to new participants (real state, hotel, coworks, restaurants...).</li></ul>	<ul style="list-style-type: none"><li>- More risk (subject to trends)</li><li>- Divide the stock cake</li><li>- Investing the way of life of the family</li></ul>

# Decision criteria

- What is going to be the best way to **sustain profitability**
- What is going to be the way to make the **investment grow**
- How you keep the **family assets together**

## SOCIAL INTEGRATION

Keep both and focus in engaging the surrounding society.

Create value to all stake holders (population, government, family, associates, shops)



# Implementation- Connecticut

Change the focus from retail only to residential. This means: partnering with real state developers who are interest in investing in a growing district. Integration with the train station. Parks, alliance with goverment to make more eco friendly spaces.

	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reduce family dividens	x	x	x	x				
Partnet UP	x	x						
Invest in facilities through partner	x	x	x	x				
Lobby with government	x	x	x	x				
Develop offices and coworks	x	x	x	x				
Develop gym and way of life ancilliaries	x	x	x	x				
INCREMENTAL CONNECTICUT FLOW	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cost Invest	\$ -	\$ -	\$ -	\$ -	\$ -	0	0	0
Marketing Invest		\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Develop new facilities	\$ -	\$ -	\$ -	\$ -	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Reduce dividens	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -

# Conclusion

- ▶ Short term
  - ▶ Invest in modernization and trends to make the space more flexible
- ▶ Long term:
  - ▶ Adapt to different consumer needs for sustainability
  - ▶ Make the business profitable again
  - ▶ Build the future for our next generations