

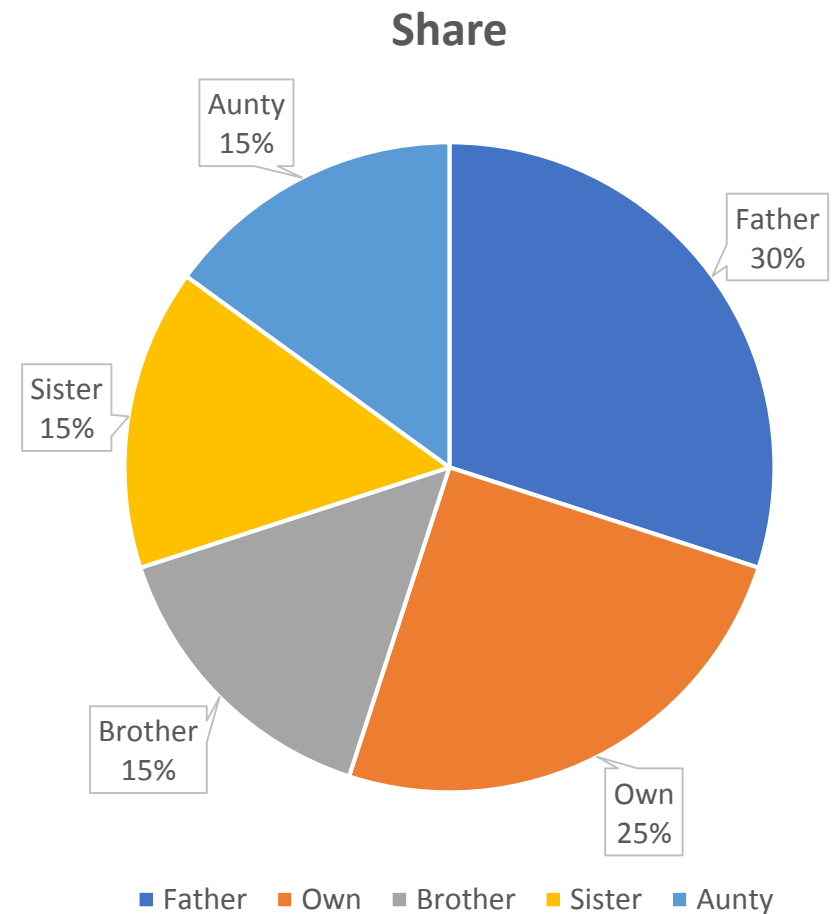
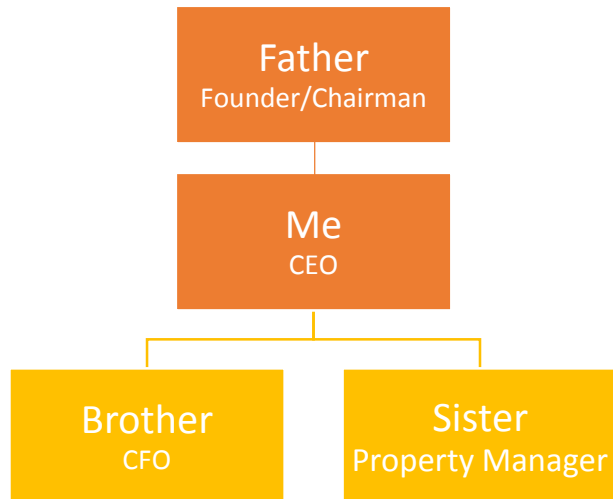
Charlebois Family Investment Inc

Putra Business School

Malaysia

BACKGROUND

- Charlebois Family Investment Inc. - commercial real estate
- Two shopping malls:
 - Portland, Maine
 - Hartford, Connecticut



KEY POINTS

PORTLAND	HARTFORD
- Less attractive	- Drop in customers visits
- Showing signs of wear	- Anchor tenants Sears will be closing their store and JC Penney may close if no change
- A lot of recent store bankruptcies and closure	

Reduction in Customer visit to
physical stores

ROOT CAUSE

ONLINE SHOPPING

ANALYSIS

PORTLAND, MAINE

<u>STRENGTH</u>	<u>WEAKNESS</u>
<ul style="list-style-type: none">i) Great location (city, airport)ii) Mortgage freeiii) Have ample parking	<ul style="list-style-type: none">i) Less attractive with closed sectionsii) Bad cash flowiii) No anchor storeiv) More than 25% expiring leases in next 12months
<u>OPPORTUNITIES</u>	<u>THREATS</u>
<ul style="list-style-type: none">i) Surrounded by light commercial services outletsii) Near residential area (3km)iii) Population of 515,000 people	<ul style="list-style-type: none">i) Growth of E-commerce businessii) Store bankruptcies and closures

ANALYSIS

HARTFORD, CONNECTICUT

<p style="text-align: center;"><u>STRENGTH</u></p> <ul style="list-style-type: none">i) Huge area of 425,000 square feetii) Have major tenant (JC Penny and Home Hardware)	<p style="text-align: center;"><u>WEAKNESS</u></p> <ul style="list-style-type: none">i) Sizeable mortgageii) Closure of Sears storesiii) More than 25% expiring leases in next 12months
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none">i) Population of 1,215,000 peopleii) Near local commuter train stationiii) Located on major interstate highwayiv) Future development of 2 high-condominium nearby	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none">i) Growth of E-commerce businessii) Consumers prefer online retailers

ALTERNATIVE 1

(Portland, Maine)

Strategic Direction:

Diversification of the space utilisation – Hotel, offices, warehouse, training center and etc.

Reasoning:

- 1. Low purchasing power of the surrounding population**
- 2. Physical retail stores are being affected by online shopping**

PROS	CONS
1. More sustainable	1. Difficult to find anchor tenant
2. Less competition	

ALTERNATIVE 2

(Portland, Maine)

Strategic Direction:

Sell the mall

Reasoning:

Obtain money to finance Hartford's property development

PRO	CON
1. Increase cash flow	1. Difficult to find potential buyer

ALTERNATIVE 1

(Hartford, Connecticut)

Strategic Direction:
Crowd pulling strategies

Reasoning:

- 1. high purchasing power of the surrounding population**
- 2. Physical retail stores are being affected by online shopping**

PROS	CONS
1. More sustainable	1. Difficult to find anchor tenant
2. Potential customers from the existing and outcoming property developments	2. Cost involved is high

ALTERNATIVE 2

(Hartford, Connecticut)

Strategic Direction:
Sell the mall

Reasoning:
Eliminates Liabilities

PRO	CON
1. Raise funding for other business ventures	1. Difficult to find potential buyer
	2. Sizeable mortgage

IMPLEMENTATION

(Portland, Maine)

Activities	Objectives	Risk	Mitigation
Convert to a Boutique hotel or Motel (No Frills) - Engage Red Roof or Tune Hotels	To utilize space Ensure profit	Hotel owners reluctant to operate hotels	Provide free leasing for the first 6 months Hold share of the hotel

WHY HOTEL:

- Near to the Airport
- Ensure that all vacant space are use at once

IMPLEMENTATION

(Hartford, Connecticut)

Activities	Objectives	Risk	Mitigation
Engage family amusement operators - Cinema, Health centers, Chuck E. Cheese, Bowling Alley	To pull crowds to the mall Ensure spill over effect to other stores	Operators reluctant to establish business	Provide free leasing for the first 6 months
Have more restaurant to operate in the mall	To create variety in service As a support to Family amusement center	Operators reluctant to establish business	Provide free leasing for the first 6 months

TIMELINE

(Portland, Connecticut)

ACTIVITIES	Jan - Mac	Mei – Jun	Jul – Sept	Oct - Dec
Convert to a Boutique hotel or Motel (No Frills)				
- Identify Operator				
- Engage operator				
- Contractual				
- Excution				

TIMELINE

(Hartford, Connecticut)

ACTIVITIES	Jan - Mac	Mei – Jun	Jul – Sept	Oct - Dec
Engage family amusement operators and restaurant				
- Identify Operator				
- Engage operator				
- Contractual				
- Excution				

FINANCIAL IMPLICATION & CONCLUSION

(Both Malls)

- To remortgage the Portland mall to finance the redevelopment of Hartford mall
- Leasing of Portland mall to hotel operator brings in cash flow that helps sustain the financing costs and maintenance of the mall
- Capturing more by crowd pulling of the 1.2 million people within Hartford helps to retain the current leases at Hartford mall