

Charlebois Family Investments Inc.

Meliora Consulting Group

Brett Welcher

Kiki (Tiantian)Wang

Cameron Shaw

Steven Chew

Mandate

Problem: Two failing real estate properties

Profitability

Mortgage
Payment

E-commerce
Takeover

Alternatives

Option 1:
Sell both malls

Good: huge
cash flow to
reinvest

Bad: no
longer have
real estate

Option 2:
Lower rent

Good: More
stores will
stay

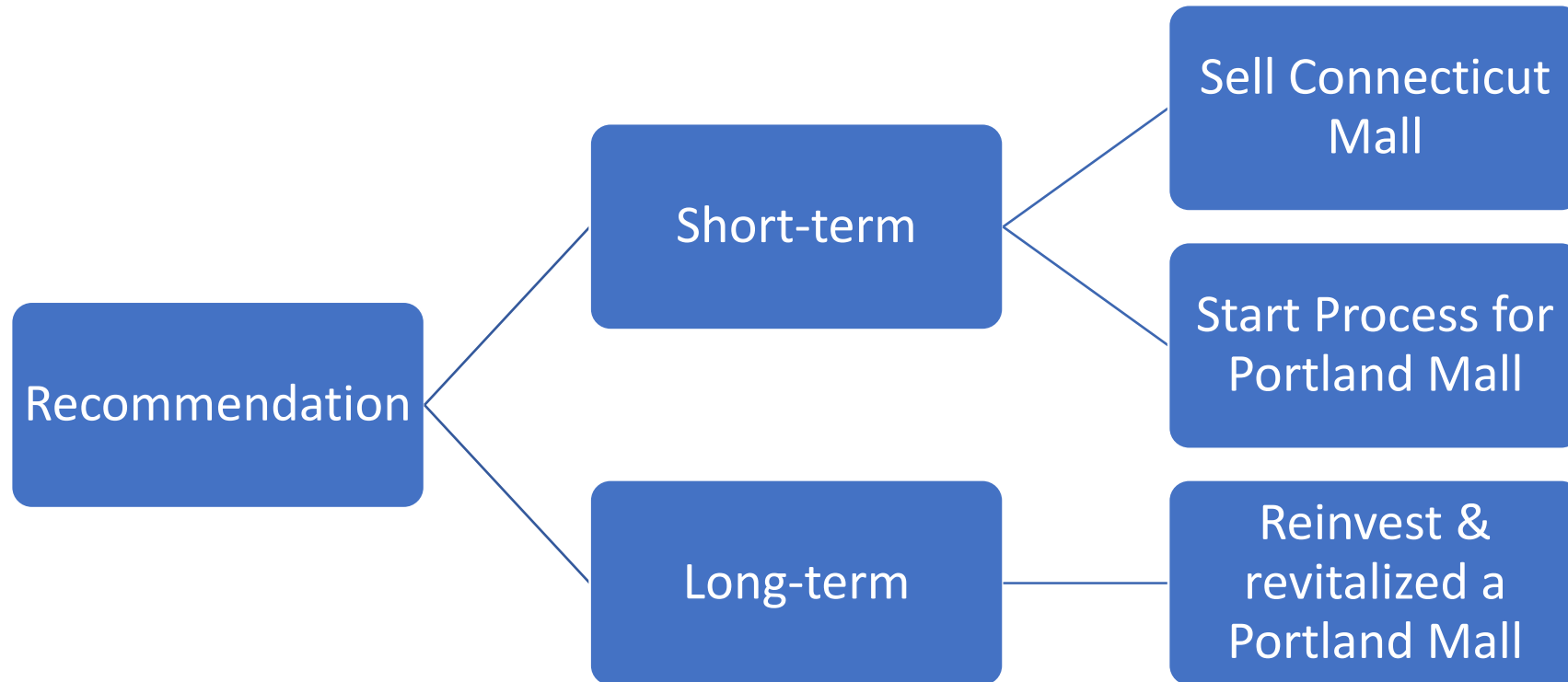
Bad: lower
revenue

Option 3:
Convert both
malls

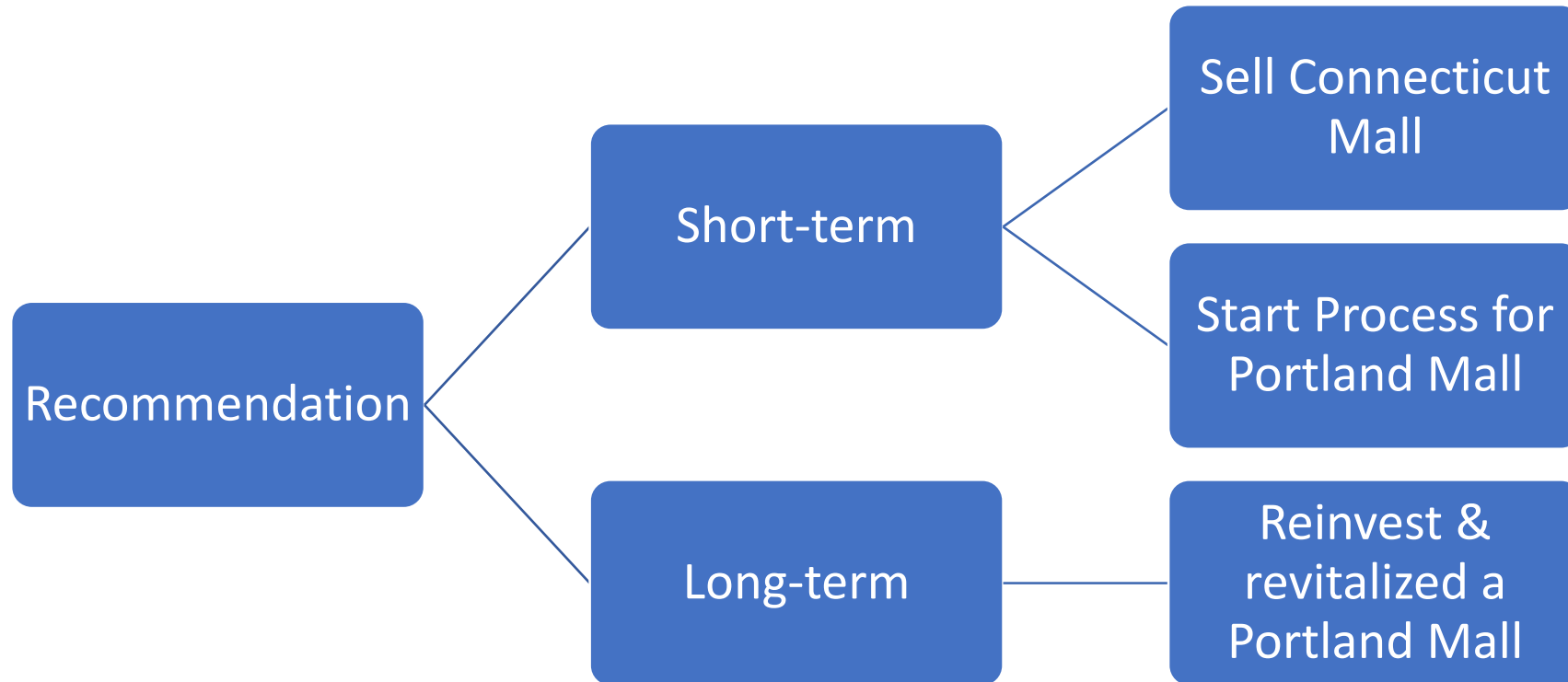
Good:
Diversify
investment

Bad: Big risk
in Hartford

Go all in on Portland



Go all in on Portland



Selling Hartford will protect our assets

- Sizeable Mortgage
- Anchor stores are closing down
- Retail Industry is struggling
- More than 25% of leases at the two malls will expire within the next 12 months
- The property is no longer profitable
- Parking spaces/Commuter train
- Two, high-rise condominiums under construction



No longer afford to keep the Hartford Mall

Go All In on Portland

- No mortgage payments
- Adverse cash flows
- Existing office space: 20,000 square feet
- No anchor store
- Light commercial: auto service, fast food, dry cleaners, and local businesses
- Nearest residential property is 2 miles away – lower middle class



Best Investment

1 year Revenue: Sell Mall in Connecticut

- Contact real estate broker to sell mall for as much as possible immediately.
- Estimate \$2 million, with possible \$1 million mortgage for a net \$1 million in revenue
- Continue rent from Maine tenants

3 Year Revenue

- MAINE
- If it is not full, advertising costs to attract more tenants 500,000
- Rent from new tenants
 - Increase rent 30% after revitalization

Cost

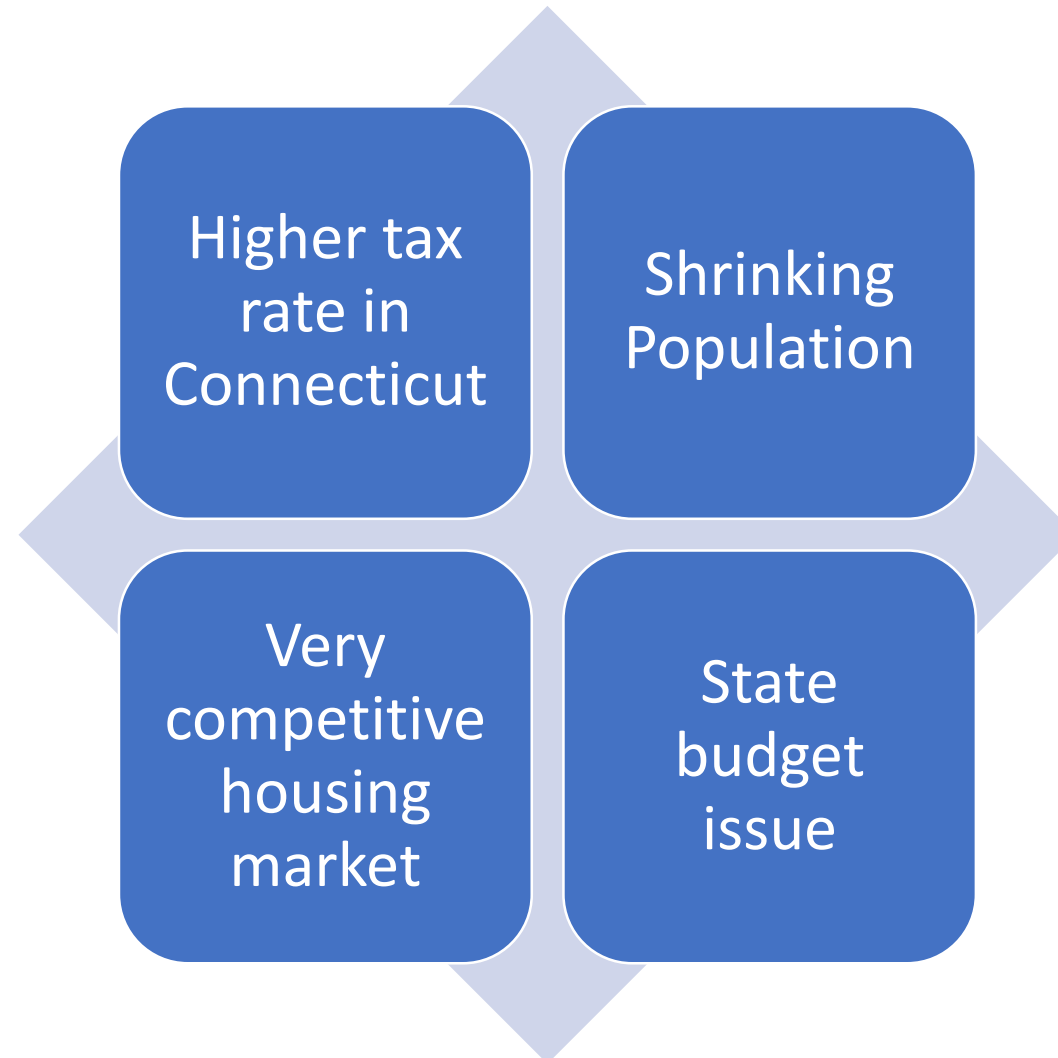
- CONNECTICUT (selling)
 - Cost of realtor -\$100,000
 - Legal costs -\$10,000
 - Fees and taxes \$1000
- MAINE (keeping)
 - Increased building renovation costs
 - Legal costs to change it to residential

3 year costs will be typical operating and variable costs for maintaining mall

Overview

	Revenue	Cost
Year 1	1,000,000	120
Year 2	690	500
Year 3	500	500

Selling the Connecticut Mall



Our move to compete with online shopping

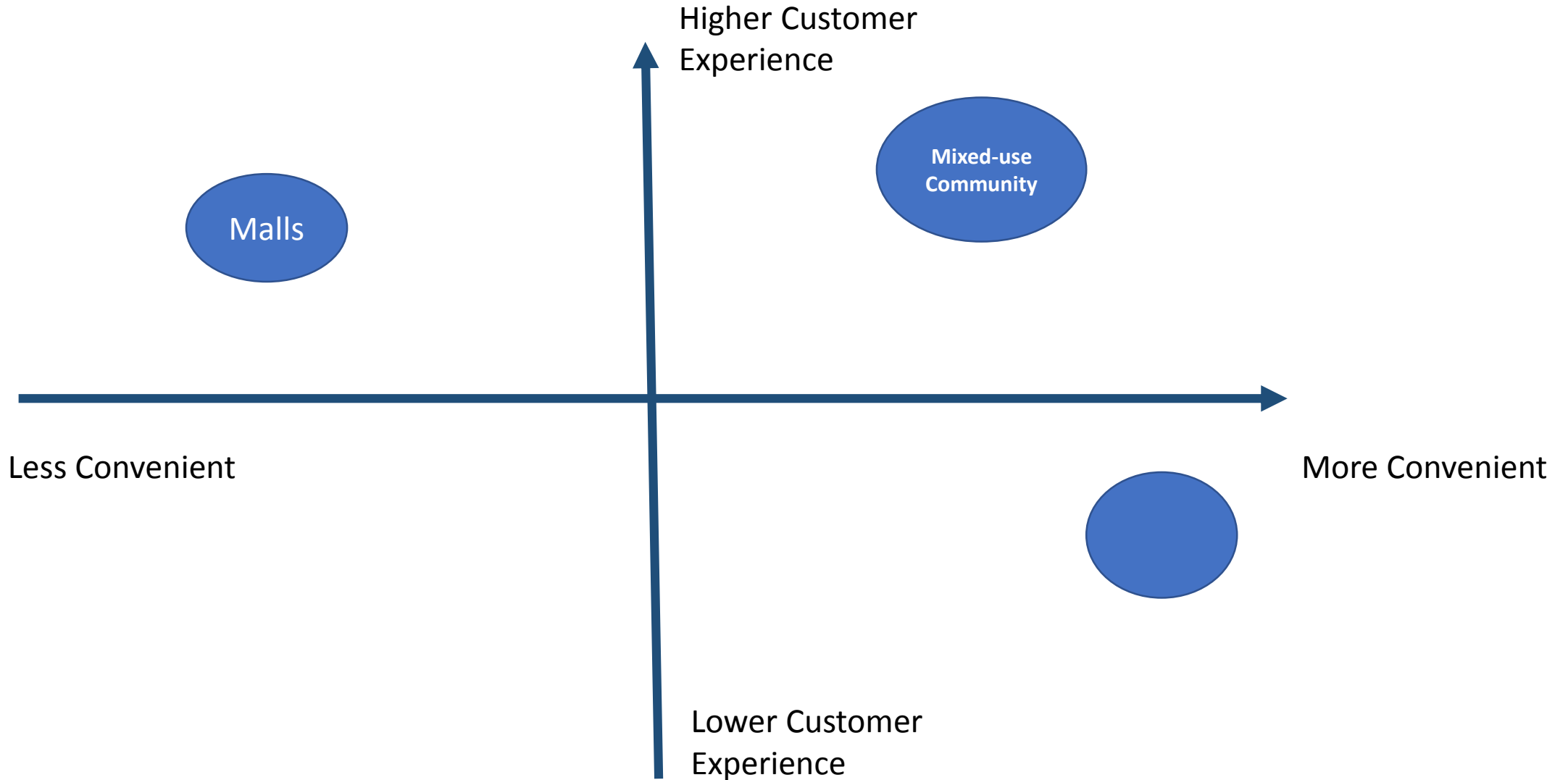
Short-term

- Sell mall in CT
- Begin grants for
 - Revitalizing Community
 - Mixed Income Housing
 - Possibly Green Initiatives

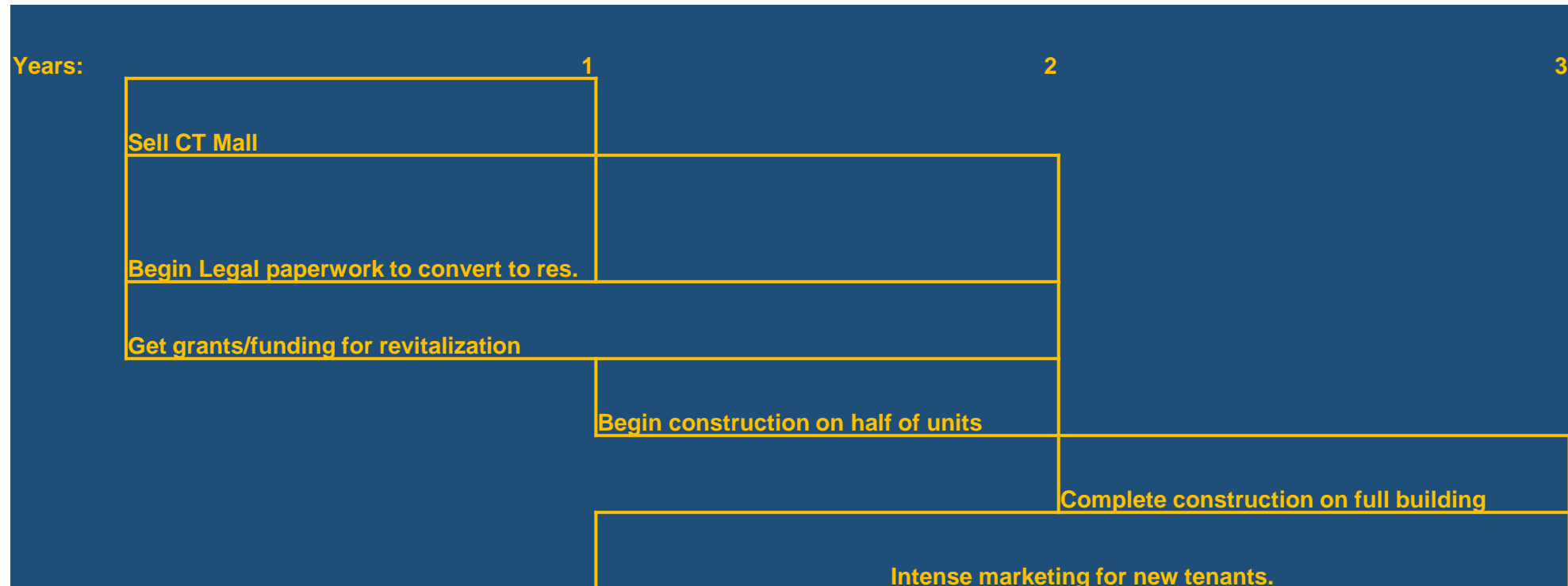
Long-term

- **Construction of new mixed-use community**
- **Heavy advertising campaign for new tenants**

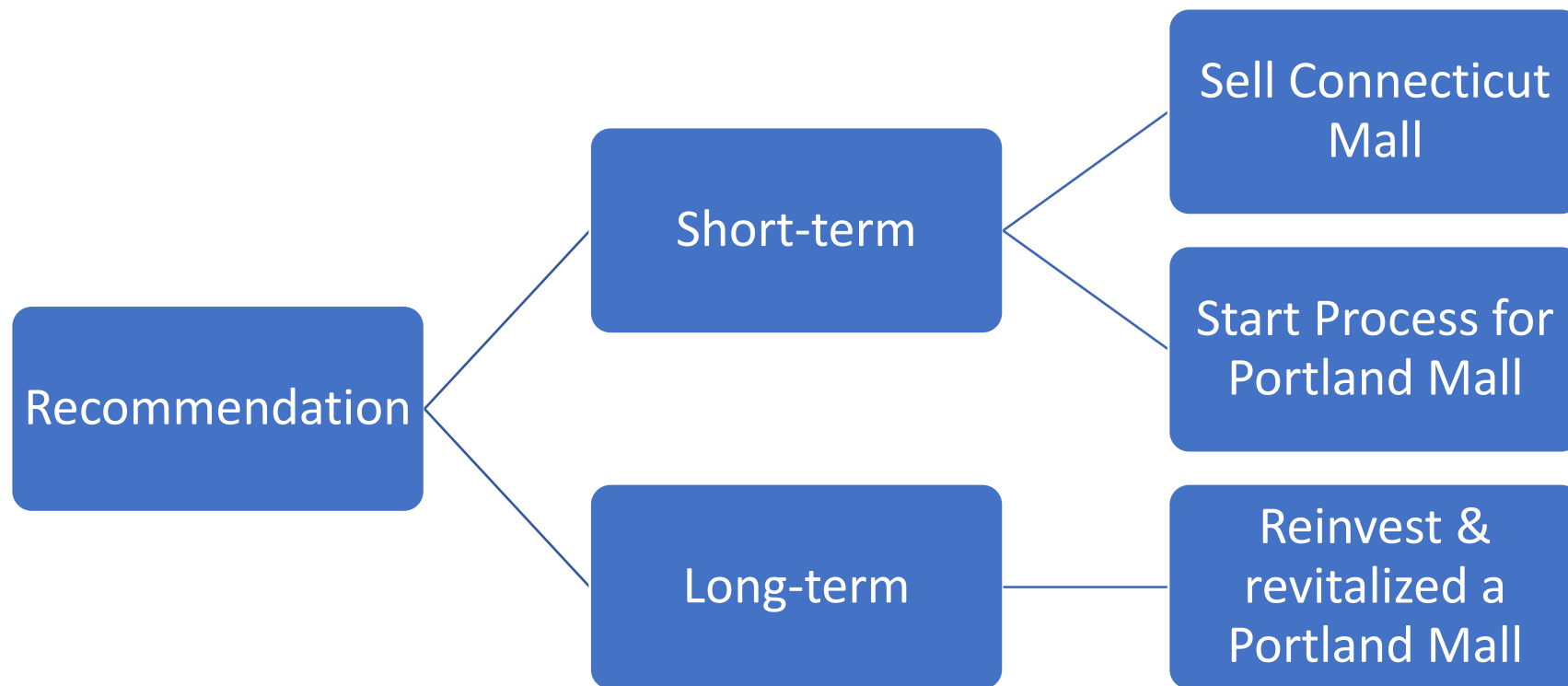
Our move to compete with online shopping



3 Year Timeline



Restate the recommendation: Go all in on Portland



Thank you. Meliora

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Risks

- Not filling Maine mall with tenants in 3 years
- Offer 1 year leases to keep the current tenants
- Funding
- n
- Competition from on-line sellers
- n

Convert Portland to Res/Com/Office

- Begin paperwork and legal documents for conversion appeal.
- Look for local grants and opportunities to gain extra investment money.
- Begin revitalization and construction.

Build mixed living Community.