

Arlington Street Investments Success is Awarded

Investment projects that revitalize neighbourhoods

In most business sectors, market savvy, innovation, service and performance are vital. Building a reputation is the key to success.

In Canada's growing private capital market – the business of trading in prospectus exempt securities, or any securities, to qualified exempt market clients and focusing on certain market sectors (such as oil and gas, real estate, minerals, technology) – Calgary-based Arlington Street Investments (ASI) continues to build on its solid reputation to achieve success.

Late last year, the Private Capital Markets Association of Canada (PCMA) – focused on strengthening and growing the private capital markets to ensure robust capital raising opportunities across Canada – presented ASI with its prestigious Commercial Real Estate Deal of the Year Award, for the second time in three years. It marks the first time that an issuer in Canada has won the award more than once.

The PCMA awards encourage best practices, high standards of conduct and recognize private capital market business leaders who are helping build a vibrant and successful private capital market in Canada.

"We're extremely pleased with this award. It showcases the success of our business strategy," says upbeat and high-energy ASI president and CEO, Frank Lonardelli. "I believe that several things contributed to our award: our innovative approach to structured investment products, our unique view towards real estate (aggressive redevelopment that consults and builds long-term relationships with tenants and the community) and our dedication to educating the marketplace."

ASI represents the next generation of developers: entrepreneurs who are committed to aligning the values of the community to revitalize and enhance neighbourhoods, and create iconic buildings that stand the test of time.

Lonardelli points out that ASI is "committed to innovation and strategic thinking and creates projects that yield significantly higher total returns than traditional real estate investment options. Our investment philosophy is based on total returns balanced with capital preservation and equity appreciation. Our projects are designed structurally to not only return, but double equity within a five-year period and to drive high single-digit yield returns during the holding period."

ASI's projects range from \$15 to \$100 million.



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ABOVE: FRANK LONARDELLI, PRESIDENT AND CEO,
ARLINGTON STREET INVESTMENTS

Each year, nominees for the PCMA's Private Capital Deals of the Year are evaluated based on their leadership in the industry; their contribution to the deal; innovative market, product or investment opportunities created; the benefits of the deal for the issuer and for investors; and the overall impact of the deal on the quality and integrity of the private capital market.

ASI's Commercial Real Estate Deal of the Year Award was specifically for the financing syndication and development of the Haiku Management Limited Partnership. The 'Haiku' property was strategically purchased in the southwest beltline area of Calgary, a neighbourhood in transition that has experienced many exciting redevelopments in its movement towards gentrification.

"Since successfully repositioning and stabilizing the asset just over five years ago," he explains, "the property is now surrounded by a number of high-profile, high-density

developments. Completely renovated, the Haiku building provides an attractive retail and entertainment destination for locals and visitors to the area.

"The Haiku investment has provided strong, positive cash flow and high-yield annual income to its investors, resulting in a triple-digit cash-on-cash return," Lonardelli adds. "In the first quarter of 2015, this project was fully refinanced by ASI – a full quarter ahead of its five-year financing schedule. As a result, investors received 100 per cent of their original invested capital in March 2015, in addition to receiving 7.5 per cent distributions annually since 2010."

In addition to the dynamic ASI success in Canada's private markets sector, and in addition to the company's second national award, Frank Lonardelli is proud that the "investment projects revitalize and enhance neighbourhoods, while providing significant returns to our investors." **B**

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In the Red

A tough year for Calgary's investment industry

BY MELANIE DARBYSHIRE

If you're an investor in Calgary, 2015 was probably not your best year. Contracting energy prices had far-reaching effects, but were most acutely felt in the oil and gas heartland. As the price per barrel of oil plummeted, so too did people's investments.

If there was ever a time to employ the term "investor angst," now is it.

"These are ugly times," laments Rob Laidlaw, vice president/director at Acumen Capital Partners. "It was [in the fall of 2014] when it really started; when the wheels started to come off. A lot of people didn't think it was going to get as bad as it did going into 2015."

Laidlaw blames lower energy prices and the fact that Alberta is not well diversified in other industries. "When we see energy prices do what they did over the last 12 months, that's going to devastate everything associated with the [oil and gas] business or even not associated with the business."

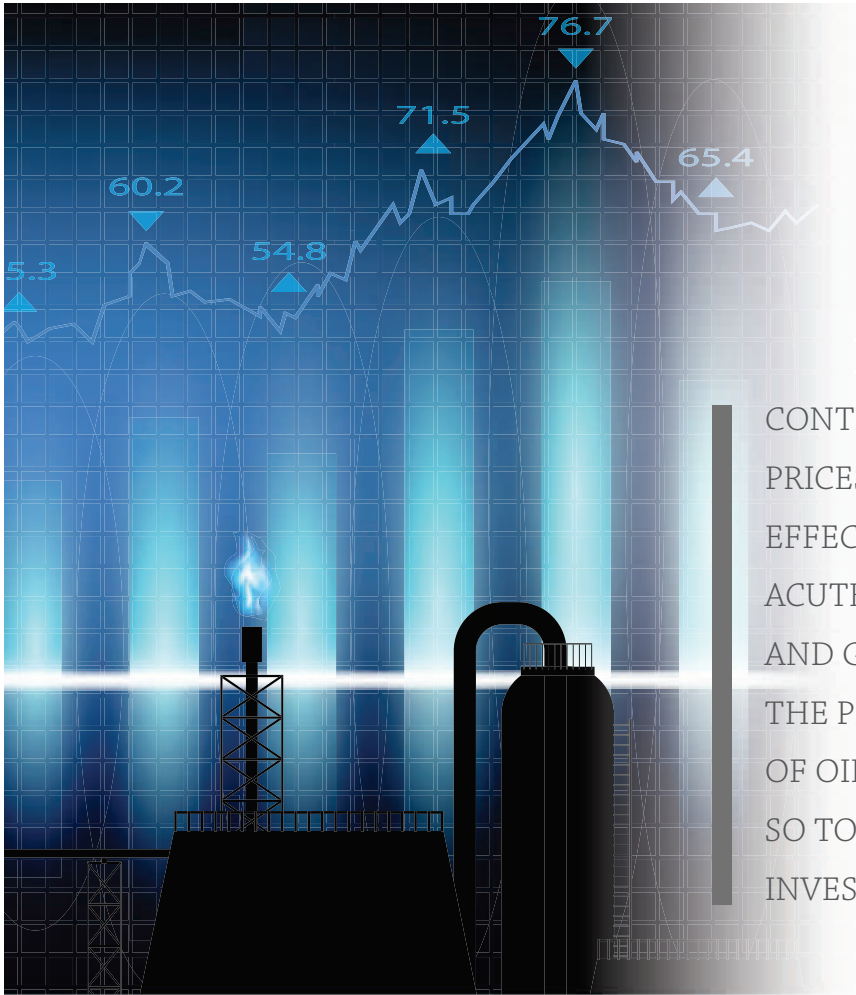
Between September 2014 and September 2015, the West Texas Intermediate crude oil price (in USD/barrel) suffered a precipitous decline of 47.87 per cent, from \$93.35 to \$45.48.

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~ ROB LAIDLAW



ABOVE: ROB LAIDLAW, VICE PRESIDENT/DIRECTOR AT ACUMEN CAPITAL PARTNERS.



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CALGARIANS ARE
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Of course, Calgarians are not alone in their suffering. Investors the world over have lost money. Within North America, all the major Bellwether indexes were down on a year-over-year basis. As of October, the S&P/TSX composite index, the S&P 500 index, the Dow Jones industrial average, and the Nasdaq composite index were down 9.1, 6.7, 8.6 and 2.4 per cent respectively, according to CIBC Wood Gundy's index return monitor.

As a sector, energy stocks have been one of the worst performers this year, down roughly 24 per cent on the S&P/TSX composite index as of October.

Many financial analysts agree that, particularly in uncertain and cautious times, Canadians are not willing to invest long term while they deal with short-term concerns.

According to recent stats from ATB Investor Services, although some 85 per cent of Calgarians have some form of savings or investments – comprised almost equally of men and women – 39 per cent have incomes greater than \$100,000, almost 70 per cent are under the age of 55, and 19 per cent are retired or semi-retired.

The private equity world has also felt the downturn. "It's pretty slow," says Cody Church, senior managing director at TriWest Capital Partners. "With a downturn, you've got very limited visibility, you've got a pretty big disparity between the bid and the ask for investments, and you've got a lot of people who are nervous."



ABOVE: CODY CHURCH, SENIOR MANAGING DIRECTOR AT TRIWEST CAPITAL PARTNERS.