



Frank Lonardelli

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Tell us about your background and career?

I grew up in a hardworking, first generation Italian Immigrant family in Winnipeg, Manitoba. I completed my undergraduate degree while attending university on a full athletic scholarship. After completing my undergraduate program I was accepted into law school, but for a number of reasons, made the determination to get right into business.

At the age of 24, I started what would later be known as the First Avenue Group which was a company that consolidated food, cafeteria and vending services where we also bought, packaged and distributed coffee from a roasting house we built from the ground up.

I started the company with just my Visa card and one employee, and within 7 years, I grew the company to over 250 staff with 3 offices across Canada. At the age of 32, I sold the majority of my business to one of the largest food companies in the world. I refer to this time in my life as my “Practical PHD in business.” While running this business, I also completed my Master’s Degree on the campus of MIT.

Along the way, I placed a significant portion of my earnings into all aspects of real estate investment and development from converting apartments to condos, to building a Mortgage Investment Corp., to getting directly involved in resort developments.

The knowledge and experience I gained in my various endeavours garnered the attention of some private and publicly held companies who engaged me to sit on their advisory boards and boards of directors. Some of these companies include a privately held corporation that holds the largest water license in Western Canada, and an SME and the third largest modular home building company in Western Canada.

What is your company's focus in the private market?

Arlington Street Investments is a Real Estate Investment and Development company with a very specific niche focus on building urban, mixed-use “live, work, play” developments.

We are a fully integrated real estate company in that we buy all of our properties off market, and then create and execute on the entire development program from land use to fully turn-keyed tenant fixturing. Vertical integration affords us a great deal of flexibility, efficiencies and cost controls.

Our capital is raised through our growing list of accredited and ultra-high net worth investors, family office and institutional investment houses that have perpetually invested for over a decade. One interesting statistic is that over 85% of our investor base has invested into multiple ASI projects (i.e. 3 or more). One of the unique aspects of our business is that we are not just focused on the return on capital, but our primary focus is the return of capital. Almost 100% of the monies repatriated back to our investors on liquidity and/or exit events are re-invested by those investors into other ASI developments.

In your opinion, what are the major challenges and opportunities in the private capital markets?

I think the challenges within the EMD space are also our opportunities. I believe that there are 3 key challenges:

1. The EMD space can be looked at in the same way you would look at any start-up company in the sense that it is less than 5 years old, the competitors within the space are fighting for resources (agents and capital) and because of this; there is very little collaboration in the sharing of best practices.

2. I hear a lot of conversations about how much money is being taken out of the public markets and being placed into private equity as a positive benchmark for the EMD space. The question we haven't asked is: how much of that money is actually being invested into Exempt Market products which are being sold on the shelves of EMDs across Canada? It's not a rhetorical question, but the answer is likely less than 5%. This is a massive opportunity for growth, and we should be asking – **Why so little?**
3. We need more, dare I say, **FRANK** conversations on not only how we strengthen this business but how we dramatically expand this business. Going back to my first answer, I believe that one of the bell weathers of the EMD space becoming a mature industry, which, by default serves all stakeholders – and most importantly, investors – is collaboration. We need to have dealerships transparently collaborating with one another and actually doing business through co-syndication structures and sharing best practices from the top down. Today, as far as I'm aware, this is either not happening on an absolute basis or collaboration is certainly negligible, and that's a big problem.

What are the benefits of being a member of the Private Capital Markets Association of Canada?

We made the determination to get more directly involved in the PCMA and its advocacy. We believe that you have to be involved in the system and be critical of it if you want to improve it.

I think that there are some great people who are involved in the EMD space who are trying to advance the benefits of private equity and the dealership model. What is needed is not just a lobbying group, but a critical eye to make things better; to critique “business as usual”. Every company, organization and even community groups understand that if you are going to scale and be sustainable, one needs to continually look at the existing assumptions with an eye for ways of constantly improving all aspects of the business, regardless of how well we perceive it to be going.

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Since 2002, the Private Capital Markets Association of Canada (PCMA) has been building a stronger infrastructure for the private capital markets industry, which benefits dealers, issuers, industry participants, and investors and helps strengthen Canada's economy.

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- Regulatory and compliance guidance
- Specialized education programs and conferences
- Tuition, events and service discounts for members
- Private Capital Markets industry magazine
- Private Capital Markets Deals of the Year Awards
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Join the national community dedicated to raising private capital at www.pcmacanada.com