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AION Targets Distressed Debt

AION Partners is pursuing loan-to-own, value-added opportunities in markets such as Charlotte and Phoenix, where it expects to see job growth in the coming years. The New York-based investment company will consider opportunities in multifamily and multi-use properties, where debt has matured or will mature in the next 12 months. "We are not doing debt plays. This is purely a way at getting to the asset," said **Michael Betacourt**, principal.

Access to funding through **Freddie Mac** and **Fannie Mae** has led AION to favor the multifamily sector. "The office sector just doesn't have the liquidity that multifamily has," Betacourt said. AION has already acquired 10 loans totaling \$150 million, and will continue to focus on loans in the sub-\$50 million range. "We will be more diversified with smaller loans," he explained.

AION works mostly with institutional sponsors, high-net-worth individuals or family offices and uses leverage of up to 70%. It sometimes receives seller financing from a bank that is selling loans. The company is targeting a five- to seven-year hold period, which could be longer on specific assets.

On the property side, AION recently signed two leases for 2300 M Street NW in Washington, D.C., an office building that it acquired two years ago. The tenants are the **Federal Republic of Germany**, which leased 76,000 square feet and **The Regus Group**, which committed to 20,000 square feet. The property is now 90% leased.