

Halpern Preps \$50 Million Vehicle

The former real estate chief at hedge fund giant **Marathon Asset Management** is expected to finish fund raising in the third quarter for a distressed-property vehicle his new firm is planning.

Jon Halpern is finalizing terms with parties that would be lead investors in his \$50 million opportunistic vehicle, called Sponsor Fund. His new firm, **Halpern Real Estate Ventures**, is expected to conduct an initial close in a few weeks.

Halpern left his post as global head of real estate at Marathon in April 2010, after the firm decided to shift the focus of a planned \$500 million fund entirely to debt investments.

Halpern, who is chief executive of his new firm, plans to make mainly equity investments in multi-family properties and hotels in New York. He's particularly interested in properties south of 23rd Street in Manhattan, as well as in the riverfront areas of the outer boroughs. The fund will also consider investments in office properties.

Sponsor Fund will shoot for an annual return of at least 16%. The vehicle, which will target mostly bank assets, is pitching itself as a hybrid operator/property manager that can step into highly distressed situations. It would be willing to invest in half-built projects or developments in need of major renovations.

It would target distressed loans of \$10 million to \$20 million, which it would buy at a discount. After gaining control of the property or partnering with the existing sponsor, it would look to shop the deal to a larger opportunity fund. Halpern Real Estate

hopes to benefit by recapitalizing a portion of its equity, helping it recycle capital for more investments.

Halpern Real Estate will be supported by back-office staff from property-management and construction firms associated with Halpern and his family, which has long had a New York-area presence.

With leverage and partnerships, Halpern Real Estate is telling investors it could buy \$250 million of assets. While marketing the fund, the firm has said it chose to raise a relatively small vehicle to raise a relatively small vehicle to raise investors its ability to find deals and, as one player said, "hit the market not just with a story but real substance."

Halpern Real Estate will identify deals without the help of brokers. So a partner of the fund might benefit from Halpern's access to off-market deal flow.

Halpern joined Marathon in 2004, after a stint at **Reckson Associates Realty** of Uniondale, N.Y. After resigning, Halpern stayed on as a consultant at Marathon through yearend.

Bruce Berg, who serves as Halpern's chief operating officer, previously worked at **Cappelli Enterprises**, a Valhalla, N.Y., developer where he was executive vice president.

Previn Raheja is a director in charge of Halpern's capital-markets and investor-relations activities. Raheja previously helped establish **BroadArch Capital**, an alternative-asset manager, as a spinoff from **Bear Stearns**.

Vice president **Adam Sterling**, formerly of **Prædium Group**, will work on Halpern's acquisitions. ❖

