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Silverpeak Broadens Lending Scope, Eyes Risk-Retention Role

Commercial Real Estate Direct Staff Report

Silverpeak Real Estate Finance, a three-year-old conduit lending shop, has lined up an additional equity commitment from Elliott Management Corp. to launch a floating-rate balance sheet, subordinate debt and CMBS B-piece investing platform.

As part of that effort, the company has rebranded itself Silverpeak Argentic, which remains affiliated with Silverpeak Real Estate Partners, an investment manager launched in 2010 by Mark Walsh, who previously was co-head of Lehman Brothers' real estate operation.

The word "argentic" refers to something that contains silver, so it's a nod to its affiliation with Silverpeak. It's also French for "money."

Silverpeak Argentic, headed by Doug Tiesi, its chief executive, will have the capacity to originate more than $3 billion of commercial real estate loans annually, with roughly half of that comprised of CMBS conduit loans, which it would securitize. The remainder will be a mix of bridge loans and CMBS investments - assets that it would retain on its balance sheet. It'll fund its investments with a variety of warehouse and bank credit facilities.

It also has positioned itself to buy the risk-retention classes, either B-pieces or vertical strips, of CMBS deals that would contain loans it contributes. While it has no plans to file a shelf registration and become an issuer, it would fulfill the risk-retention role that's mandated by rules that go into effect in less than three weeks. Those rules require that an issuer, or some other party, buy or retain a 5 percent risk piece of every structured finance deal, including CMBS. That could be a vertical piece of a deal's par value, or a horizontal slice of a deal's market value, or a combination of the two. Buying risk pieces would put Silverpeak Argentic in the driver's seat in deciding the make-up of deals' collateral pools.

"We're no longer just a conduit," Tiesi said, noting that the company was a "comprehensive real estate debt investment management company." Its borrower clients "know we will be their lender throughout the life of their business plan."

The bridge loans it writes could be as small as $10 million and as large as $100 million, or more. It will fund loans with terms of two to three years, with extensions, against all property types across the country through its four offices, in New York, Los Angeles, Chicago and Dallas, where it recently hired a team of originators led by Rod Reppe from Goldman Sachs. It also will write mezzanine loans, B-notes and preferred equity that could bring a property's leverage level up to 90 percent.

A typical loan would be against a property that's in some sort of transition, perhaps undergoing renovations that would increase its value or maybe redevelopment. Or it could provide a bridge loan to a property owner in need of flexible financing because of a proposed sale, or some other capital event. Silverpeak Argentic, however, won't initially fund development or pre-development loans.

Michael Schulte is head of capital markets; John M. Burke is head of floating-rate lending, and Mark Sweeney is head of underwriting. Like Tiesi, all are alumni of RBS.

Silverpeak Argentic has funded more than $2 billion of commercial real estate loans since it was launched in 2013. Elliott, meanwhile, has some $30 billion of assets, including real estate, under management.

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