Silverpeak Expands, Targets Risk Retention

Silverpeak Real Estate Finance, until now primarily a conduit lender, is expanding its product line to include balance-sheet loans and investments in risk-retention bonds and B-pieces.

Bolstered by fresh equity from **Elliott Management**, the operation is aiming to plow more than $3 billion into real estate debt investments annually. That would mark a significant increase in activity at the shop, which has funded about $2 billion of mortgages since being launched in 2013.

“We’re shifting away from a pure distribution-based model to an investment management model,” said chief executive **Doug Tiesi**. “Sponsors who choose us know we will be their lender throughout the life of their business plan.”

In conjunction with the expansion, the company has changed its name to Silverpeak Argentic. It also recently opened a Dallas office, supplementing its New York headquarters and outposts in Chicago and Los Angeles. The Dallas office was staffed by four new hires. Veteran originator **Rod Reppe**, formerly with **Goldman Sachs**, oversees the outpost as head of the Southern region. Originator **Jimmy Caple**, formerly with **UBS**, reports to him. Underwriters **John Boerner** and **Michael Janiszewski**, also former Goldman staffers, round out the team.

Silverpeak’s balance-sheet emphasis meshes with changes in the commercial MBS market, where the company plans to remain active. Risk-retention regulations that take effect this month require sponsors to retain exposure to securitizations for the long term. Silverpeak is willing to arrange conduit deals and assume the risk-retention responsibility, whether 5% of each class, a 5% horizontal strip at the bottom of the capital structure, or an L-shape strip that combines the other two options. That means Silverpeak can now invest in B-pieces — structured either as risk-retention bonds or tradable bonds — from transactions to which it contributes mortgages.

Being able to serve as both as a loan contributor and a risk retention party should improve Silverpeak’s competitive position with other nonbanks in the conduit sector that are seeking to sponsor deals. Risk-retention rules are threatening to put the squeeze on lenders unable to control transactions.

Silverpeak contributed $981 million of loans to conduit deals last year and $677 million this year. It plans to boost that activity to $1.5 billion to $2 billion annually.

The rest of the projected $3 billion of overall investments each year would be a mix of balance-sheet debt: senior floating-rate loans as well as fixed- or floating-rate subordinate debt that could be structured as mezzanine loans, B-notes or preferred equity.

The finance operation is a unit of Silverpeak Real Estate Partners, which was formed in 2010 by several former **Lehman Brothers** executives, including ex-real estate chief **Mark Walsh**, with backing from Elliott, a hedge fund shop in New York. Tiesi, a former CMBS chief at **RBS**, joined in 2013 when the finance operation was formed.