
Newcomer Argentic to buy and hold B-piece of WFCM 2017-RC1

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Silverpeak Argentic's Argentic Investment Management is buying the B-piece of the USD 634.9m **WFCM 2017-RC1** CMBS conduit and will retain it for five years, according to a source familiar.

The deal marks the firm's first B-piece purchase, the source said. The conduit is also structured with a vertical risk-retention class which will be held by the bond sellers, according to the source.

The retention of the B-piece is aimed at giving investors confidence that Argentic also has "skin in the game," but the company is not required to do so to comply with risk retention rules, said the source.

The top credits in the deal include a USD 55m Hyatt Place Portfolio loan secured by six limited-service Hyatt Place hotels in South Carolina, Virginia, Kansas, Georgia, North Carolina and Texas, and a USD 51m mortgage backed by the McLean Data Center Portfolio in McLean, Virginia. Retail collateral includes a USD 27.7m loan backed by a 223,153 sq ft Promenade at Tutwiler Farm in Trussville, Alabama, and a USD 20m mortgage secured by the 12,661 sq ft Strand on Ocean Drive in Miami Beach, Florida.

Retail makes up 23.2% of the deal and was presented by one source familiar as the top sector. But retail's portion of the deal is relatively modest compared to the average retail concentration of 28.5% in conduits last year, according to the first source. And the office sector's concentration in the deal is 26.4% when data centers, medical offices and traditional office space are included in the group, according to an S&P presale.

In December, Silverpeak Argentic announced that it was expanding its real estate lending product offering to include non-recourse floating rate balance sheet debt and fixed- or floating-rate subordinate debt for stabilized or transitional properties. At the time it also said it would have the ability to retain risk for up to ten years through direct retention of loans as well as CMBS vertical tranches and traditional CMBS B-pieces.

The deal is expected to price this week.

WFCM 2017-RC1								
Class	Size (mln)	Avg Life	S&P	FTC	DBRS	Guidance	Coupon	C/E
A-1	USD 20.10	2.69y	AAA	AAA	AAA	S+28A	N/A	30.00%
A-2	USD 73.88	4.81y	AAAAAA	AAA	AAA	S+45A	N/A	30.00%
A-3	USD 100.00	9.64y	AAA	AAA	AAA		N/A	30.00%
A-4	USD 201.21	9.85y	AAA	AAA	AAA	S+90-92	N/A	30.00%
A-SB	USD 27.03	6.89y	AAA	AAA	AAA	S+75A	N/A	30.00%
A-S	USD 46.75	9.92y	AAA	AAA	AAA	S+110-115	N/A	22.25%
B	USD 29.40	9.92y	AA	AA-	AA	S+135	N/A	17.38%
C	USD 27.14	9.92y	A	A-	A	S+190A	N/A	12.88%
D**	USD 30.91	10.00y	BBB-	BBB-	BBB		N/A	7.75%
E**	USD 23.37			NR			N/A	3.88%
F**	USD 8.29			NR			N/A	2.50%
G**	USD 15.08			NR			N/A	
RRI**	USD 31.75			NR			N/A	