

## GOLDMAN SACHS

**Meeting Date:** 10/1/2014

**Meeting Participants (GS):** Alex Cheek, \_\_\_\_\_, \_\_\_\_\_

**Meeting Participants (Greenwich):** Peter Witham, Duke Fairchild

**Meeting Location:** 200 West Street, 42<sup>nd</sup> Floor, New York, NY 10282

### **Meeting Notes:**

- **Buckets of capital:**
  - 1) Special Situations Group
    - Equity Check Size: < \$60M
    - Targeted Returns: Mid-Teens (IRR Driven, not really multiple driven)
    - Risk Spectrum: Value-Add
    - The guy to speak to at this group would be Geoff Goroph (sp?)
  - 2) Client Money / Separate Accounts
  - 3) Alex's Group – Merchant Banking Division:
    - Type of Transactions: Larger ticket items
    - Source of Funds: Firm money / balance sheet
    - Equity Check Size: > \$50M
    - Targeted Returns: \_\_\_\_ (Multiple Driven)
    - Everything they do is with local operating partners
  - 4) Debt Fund:
    - Target Deals: Value-Add / Transitional Lending
    - Cost of Capital: High Single Digits (7-10%)
    - Loan Size: > \$50M (\$5 Billion in capital)
    - Recourse: No
    - Unable to do debt & equity on the same deal
- **Summary – Deals To Follow Up On (in order of their interest):**
  - a. 1255 22<sup>nd</sup> Street – Construction Loan
  - b. 609 H Street
  - c. Idlewilde
  - d. Tower Bridge – send brochure / teaser

- **Deals Discussed:**

- a. Tower Bridge:
  - i. Likes the size of the deal from a square footage standpoint
  - ii. Would need comps and a bit of an education on the market down there
  - iii. He will look at it, but overall thinks it is unlikely as the bar for doing a deal in suburban Philly is very high, and he believes that \$400psf on exit would be record setting for that area.
  - iv. Wants us to send the brochure / Teaser
- b. 1255 22<sup>nd</sup> Street – debt fund:
  - i. While they appreciate that the family has a lot of equity in the land/building, they typically look for sponsors to be contributing additional cash equity. His thoughts were that in a conversion, the family would not be risking anything additional as their money is non-recourse in doing the conversion. Not a non-starter, but he would just need to get comfortable with this.
  - ii. He would want to understand who would be standing behind the guarantees
  - iii. He agrees that there is significant residential demand in that area, and sees this kind of deal as being the reason they set up their debt fund.
- c. 609 H Street:
  - i. He likes John Stewart, but would want to understand how John would be building out their residential capabilities
  - ii. Deal is a bit small for his group, but if we pair it with additional deals (Horizons was not mentioned), then they would be interested.
- d. Dulles / Tysons:
  - i. Not a lot of appetite for these deals. As his father is highly involved/invested in Tysons, he knows about all of the product that could be coming online in that market, and as such he is not overly keen on the market.
- e. Charlottesville:
  - i. Alex went to UVA, so while he does not think it would be a fit for Goldman, he personally is interested in learning more about the development.
  - ii. The only way it could be of interest would be as traditional student housing, but he mentioned that they have found it difficult to get to economies of scale in student housing as their equity check size is so large.
- f. Idlewilde:
  - i. They will think it over and may have an interest in it. Would definitely need to partner on it with someone