Greenhill

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For Immediate Release

GREENHILL COGENT'S SECONDARY MARKET ANALYSIS SHOWS PRICING REMAINS STEADY DESPITE SLIGHT DIP IN MARKET VOLUME

DALLAS, July 29, 2016 – Greenhill Cogent, Greenhill & Co., Inc.'s secondary advisory team and a leading advisor focused on the secondary market for alternative assets, has released its semi-annual secondary market pricing study for the first half of 2016. The study reveals that the secondary market recorded global volume of $12 billion, down from approximately $15 billion in the first half of 2015.

While the first half of 2016 was expected to produce similar market volume levels as the prior year, volume was impacted by a variety of economic and political factors, including volatile global equity and commodity markets, economic headwinds in developing markets, and most recently, Brexit. In light of these disruptions, certain sellers decided to delay the launch of their transactions until they better understood the potential long-term effects of these factors, as well as to assess their impact on first or second quarter 2016 net asset values ("NAVs"). "Broader macroeconomic conditions led to a slight slowdown in deals brought to the secondary market during the first six months of 2016," noted Stephen Sloan, a Managing Director of Greenhill Cogent and the Co-Head of Capital Advisory. "However, pricing remains strong and available capital dedicated to secondaries is at record levels, so we believe transaction volume in the latter half of the year will expand," added Sloan.

In terms of secondary pricing, the average high bid across all strategies was 87% of NAV during 1H 2016, or slightly below the 88% level achieved during 2H 2015. Continuing the trend witnessed over the last several years, buyout funds commanded the highest demand and pricing, averaging 94% of NAV. Real estate was the next highest pricing strategy at 88% of NAV, while venture again represented the lowest pricing strategy at 73% of NAV. The paper notes a clear delineation in pricing between higher quality funds with more desirable secondary characteristics and those perceived as lower quality. "We certainly witnessed an increasing preference among secondary buyers to bid for higher quality funds and more recent vintages during the first half of the year," commented Chris Bonfield, a Managing Director of Greenhill Cogent. "On one hand, newer vintage funds with attractive portfolio companies are pricing at minimal discounts, and in some cases premiums, to NAV, while on the other hand, funds comprised of older, more risky holdings priced at much steeper discounts. This disparity was particularly pronounced in venture pricing, as many of the funds marketed had less than desirable concentrations to tail-end assets, public companies, and/or unicorns," continued Bonfield.

The report also highlights a rapidly growing segment of the market – GP-led transactions (e.g., secondary directs, fund restructurings / recapitalizations, spin-outs, etc.). Greenhill Cogent estimates that GP-led deals comprised over 30% of total volume in 1H 2016. While this segment of the market used to consist almost exclusively of buyout funds, GPs managing funds in other strategies such as venture, energy, real estate, and infrastructure have begun to access the secondary market in a meaningful way to solve for a variety of issues. "While any successful GP-led transaction requires the right mix of motivations and underlying portfolio characteristics, this segment of this market is poised for significant growth given the abundance of funds that are nearing the end of their legal terms and/or extension periods," noted Brian Mooney, a Managing Director of Greenhill Cogent.

To help institutional investors understand the development and state of the secondary market, in 2005 Greenhill Cogent began providing insight into the pricing levels obtained in actual secondary transactions. In this latest release of the paper, Greenhill Cogent updates the pricing levels with an analysis based on the universe of funds that Greenhill Cogent marketed for clients during the first half of 2016.

The full report is available to institutional investors upon request on Greenhill's website (www.greenhill.com).

Greenhill & Co., Inc. is a leading independent investment bank entirely focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raising to corporations, partnerships, institutions and governments globally. It acts for clients located throughout the world from its offices in New York, Chicago, Dallas, Frankfurt, Hong Kong, Houston, London, Melbourne, San Francisco, São Paulo, Singapore, Stockholm, Sydney, Tokyo and Toronto.

Greenhill's secondary advisory team, operating as Greenhill Cogent, is a leading advisor focused on the secondary market for alternative assets. The dedicated team delivers conflict-free and client-focused advice to the secondary market for fund investments and leverages Greenhill's leading Mergers & Acquisitions and Financing Advisory & Restructuring practices, industry expertise and global relationships and resources. Since its inception in 2002, Greenhill Cogent has advised on over $160 billion in transactions.

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