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For Immediate Release

GREENHILL'S SECONDARY MARKET ANALYSIS SHOWS STRONG REBOUND IN TRANSACTION VOLUME AND PRICING IN THE SECOND HALF OF 2020

LONDON, February 1, 2021 – Greenhill & Co., Inc.'s Private Capital Advisory team, a leading advisor focused on the secondary market for alternative assets, has released its Global Secondary Market Review for 2020. The report highlights that 2020 will be remembered as a tale of two halves: first, a dramatic drop in secondary market activity in the second quarter, triggered by the spread of the COVID-19 pandemic, followed by a strong rebound in the third and fourth quarters, driven by an upward surge in public markets and fund NAVs, and ultimately a return in market participant confidence as people became familiar with the "new" normal of living with the virus.

"While transaction volume dropped to \$60 billion for 2020, a 32% decline from \$88 billion for 2019, we observed a strong rebound in activity in the second half of the year to \$42 billion, up from \$18 billion in the first half and only 9% lower than \$46 billion recorded for the same period in 2019," commented Bernhard Engelién, Co-Head of Greenhill's European Private Capital Advisory team. "The regain in market confidence has not been broad based. We have seen buyers focus primarily on assets in "COVID-proof" sectors, newer vintage funds and more concentrated exposures, which are easier to diligence and underwrite," added Engelién.

The report also highlights a large increase in sponsor-led continuation funds and single-asset deals. The latter are now firmly entrenched as an exit option for GPs alongside the more traditional trade sale, sale to another sponsor or IPO.

"Secondary pricing has largely recovered to pre-COVID levels," noted Engelién. "The average high bid across all strategies in 2020 was 87% of NAV – a material increase from the 80% we saw in the first half of 2020, and only a 100 basis points decline compared to 2019. The pricing rebound was driven by strong public market performance in the U.S., some success stories in halting the spread of COVID-19 in Asia-Pacific, better than expected 2Q and 3Q NAVs, and resilient fund distribution activity."

"One of the main features of the current market is increased buyer selectivity. As a result, we observed a significant increase in mosaic solutions, in which several buyers buy subsets of a portfolio, in order to maximize pricing for sellers," said Engelién.

2020 was also a record year for secondary fundraising with several funds raising in excess of \$10 billion. This positive development, combined with the decline in volume helped the capital overhang multiple rebound to 2.9x, a level not seen since 2016. "We view the market as being relatively balanced between supply and demand. The capital overhang multiple will likely drop with the growth in both GP-led and LP portfolio supply we expect in 2021," commented Engelién.

Since 2005, Greenhill has provided insights into the development and state of the secondary market to better help institutional investors and fund sponsors evaluate and manage their alternative asset portfolio. This report represents Greenhill's 17th annual review of the secondary market, and includes an analysis of the universe of funds marketed on behalf of its clients in 2020, along with market data from leading sources such as Preqin and PEI.

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

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