

Greenhill

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For Immediate Release

GREENHILL COGENT'S SECONDARY MARKET
ANALYSIS OUTLINES CONTINUED STRENGTH IN
VOLUME & PRICING IN THE FIRST HALF OF 2015

DALLAS, July 29, 2015 – 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 2015. The study reports yet another strong six-month period of transaction activity, with an estimated \$15 billion in transaction volume during the first half of the year. On the heels of a record-setting \$42 billion of transaction volume in 2014, the secondary market has showed no signs of slowing – especially in light of the fact that volume has historically been weighted towards the second half of the year (volume in 1H 2014 was approximately \$16 billion).

Amidst a backdrop of volatility in Europe and heavy fluctuations in the global energy and currency markets, secondary market pricing has continued to be robust. The average high bid across all strategies came in at 92% of net asset value (NAV) during 1H 2015, which was in line with pricing achieved in 2014 and the highest levels since the financial crisis. Buyout funds continue to price the highest on average, at 95% of NAV, and still represent the deepest segment of the market. Real estate and venture pricing increased (over 2014 levels) to 92% and 82% of NAV, respectively.

While broader secondary market statistics remain healthy, the report points out that not all funds are created (or priced) equally. There was a meaningful pricing dispersion between funds that are still in the investment period or just entering into the harvesting phase, and those that are tail-end in nature (i.e., over 10 years old). In fact, during the first six months of 2015, approximately 40% of the funds sold by Greenhill Cogent were older than 10 years, and only one-third of these funds transacted at 90% of NAV or better. “While asset prices on average have continued to climb, we’ve witnessed a clear bifurcation between higher and lower quality funds,” noted Stephen Sloan, a Managing Director and Co-Head of Capital Advisory. “Tail-end funds generally price at larger discounts because these funds have relatively little, if any, upside potential in many cases,” added Sloan.

In addition to pricing and volume statistics, the report also discusses other emerging trends in the broader secondary market. One of these trends includes the accelerated evolution of the real estate secondary market. Greenhill Cogent estimates that global real estate secondary volume grew at a compound annual growth rate of approximately 25% over the past four calendar years, reaching \$4 billion in 2014. With roughly \$3 billion of transaction volume already completed during the first six months of 2015, combined with a slate of sizable real estate-only deals on the near-term horizon, Greenhill estimates that volume for the full year could more than double that achieved in 2014. “Real estate has never represented a larger proportion of the market than it did in the first half of 2015,” commented Todd Miller, Managing Director. “In our view this growth can be attributed to a combination of several variables, including a significant increase in dry powder dedicated to the real estate secondary space, years of pent-up supply, and attractive optical pricing relative to where this segment of the market traded just a few years ago,” said Miller.

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 2015.

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 focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raisings to corporations, partnerships, institutions and governments. It acts for clients located throughout the world from its offices in New York, London, Frankfurt, São Paulo, Singapore, Stockholm, Sydney, Tokyo, Toronto, Chicago, Dallas, Houston, Los Angeles, Melbourne and San Francisco.

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 inception, Greenhill Cogent has advised on more than \$125 billion in transactions.

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