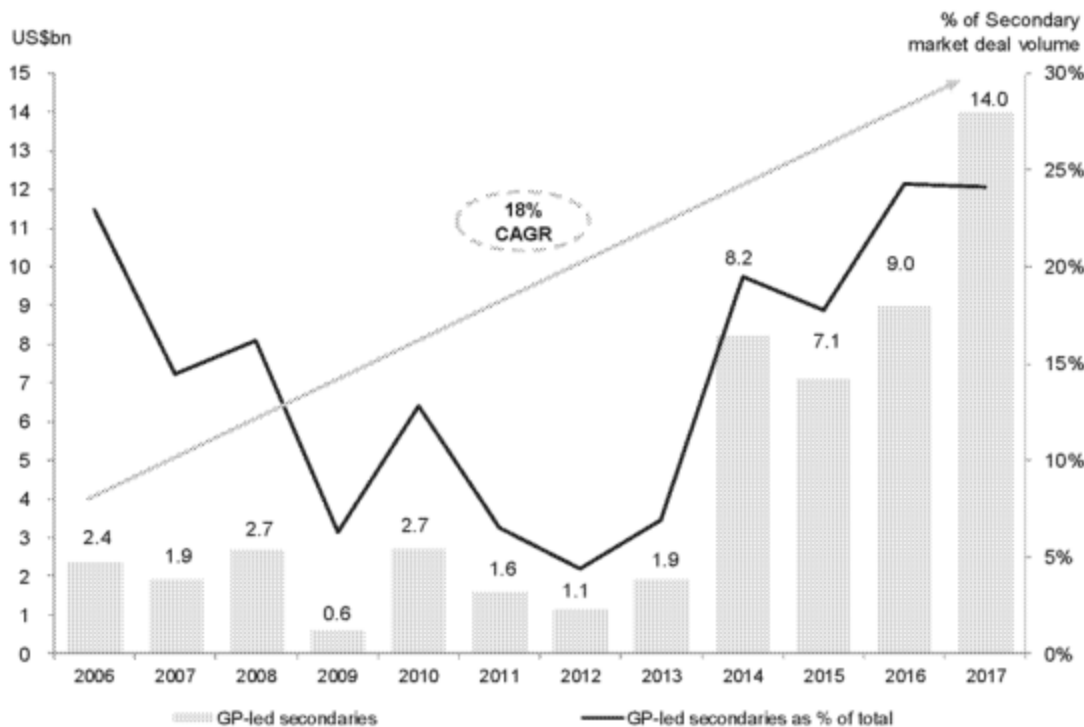


Growth and prominence of GP-led Secondaries

The volume of GP-led Secondaries in 2017 was US\$14 billion, representing approximately 24% of total Secondary market deal volumes.⁶³ These transactions included recaps and restructurings, tender offers, direct secondaries and spin-outs. Historically, transactions involving buyout funds have dominated the landscape (70% of all GP-led Secondaries volume in 2016⁶⁴); however, there was significant growth in the real assets space with infrastructure funds representing 15%, followed by real estate, energy and venture.

Exhibit 17: GP-led Secondaries Transaction Volume (2006 – 2017)⁶⁵



A number of factors are driving the trend for the general partners of underlying funds to organize liquidity solutions on behalf of their investors:

- The global financial crisis left many GPs delaying exits by several years resulting in a build-up of inventory of assets for sale. Today, there is US\$0.6 trillion of unrealized private equity assets locked in vintages 2008 and earlier.
- LPs are taking a more proactive approach to rebalancing their portfolios, which have included growing demands for the liquidity that GPs have long promised.
- A greater and growing number of high-quality managers are now utilizing the Secondary market to solve unique issues among their funds (*i.e.*, end of fund life planning, additional capital to support existing portfolio companies, release of capital for latest offering etc.).
- Continued evolution and refinement of transaction structures.

Glendower believes that this reality has led to an influx of GP-led liquidity offerings and restructurings. Once mere

⁶³ Greenhill Cogent Secondary Market Trends & Outlook, January 2018.

⁶⁴ Greenhill Cogent Secondary Market Trends & Outlook, January 2017.

⁶⁵ Glendower Capital based on Greenhill Secondary Market Trends & Outlook, January 2018 and Evercore H1 2017 Secondary Market Survey Results.