

Cogent Partners' Analysis Reveals Secondary Market Pricing of 72.0% of NAV for H2 2009, with Portfolio Bids Returning

Dallas – February 1, 2010 – Cogent Partners, the leading secondary sell-side advisor to institutional investors in private equity, has released the second-half 2009 update to its ongoing study of pricing levels in the secondary private equity market. The most recent analysis shows a dramatic increase in pricing for secondary assets, with an average high bid of 72.0% of net asset value (NAV) during the second half of 2009. The analysis also reveals that large secondary buyers returned to the market and were willing to bid on large portfolios late in 2009.

“As the public equity markets recovered throughout the year, secondary market pricing levels for limited partnership interests also recovered, up dramatically from the 39.6% of NAV pricing seen in the first half of 2009,” said Colin McGrady, Managing Director of Cogent Partners. “Ironically, despite the rising secondary market prices, the recovery in the public markets tempered institutional investors’ liquidity needs, resulting in a much lower level of overall deal flow in 2009 than originally projected by many market participants.”

In addition to historical pricing and volume levels, the report provides insight into recent transaction trends. “A combination of decreased economic uncertainty, a need to deploy recently raised capital, and a realization that truly desperate liquidity-driven sellers were unlikely to emerge resulted in large secondary buyers returning to the market,” said McGrady. “Overall secondary prices have returned to the levels seen in 2003, two years after the last dislocation in the private equity markets, and we expect that pricing should continue to improve in 2010.”

To help institutional investors understand the development and state of the secondary market, in 2005 Cogent Partners began providing annual insight into the pricing levels obtained in its transactions. In this latest release of the paper, Cogent updates the pricing levels with an analysis of the over \$1.5 billion in represented transactions of more than 400 fund interests during the second half of 2009.

The report is available upon request from Cogent Partners on its website.

www.cogent-partners.com