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## Project Guardian—Board Presentation

December 2016

EVERCORE

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# **I. Introduction to Evercore**

# A Leading Independent Advisory Firm

## Background

- Evercore is a **leading global independent investment banking advisory firm**, providing strategic advisory services to a diverse set of investment banking clients on a wide range of transactions
- **Established in 1995**, Evercore was founded to provide investment banking advisory services free of the potential conflicts of interest within large financial institutions.
- IPO'd in 2006, it has grown rapidly to become a \$2bn+ NYSE-quoted business

### Pure Advisory Model

- No use of Evercore's balance sheet
- Focus on large repeat clients

### Client Focus

- Fully committed bankers throughout all transaction stages
- No "coverage banker" model

### Organic Growth

- Gradual expansion of sector verticals and geographies by recruiting the best-in-class teams in the market

## Firm Executives

### Roger Altman



*Senior Chairman*

- **Founder of Evercore** (1995)
- **Deputy Secretary of the US Treasury** (1993-1994)
- **Vice-Chairman of Blackstone** (1987-1993)
- Became a general partner at Lehman Brothers in 1974

### Ralph Schlosstein

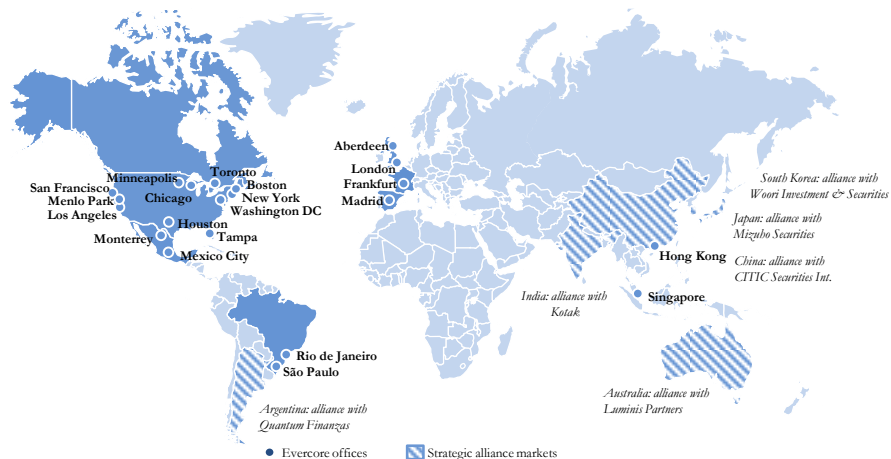


*President & Chief Executive Officer*

- Joined Evercore in 2009
- **Co-founder and President of BlackRock** (1988-2008)

## Global Footprint

Evercore has more than 1,400 employees, of which approximately 680 Investment Banking professionals, working across 27 offices worldwide



## Sectors and Services

### Mergers & Acquisitions

- |                       |                      |                              |
|-----------------------|----------------------|------------------------------|
| ■ General Advisory    | ■ Financial Services | ■ Real Estate                |
| ■ Aerospace/Defence   | ■ Healthcare         | ■ Technology                 |
| ■ Chemicals           | ■ Industrials        | ■ Telecommunications         |
| ■ Consumer and Retail | ■ Media              | ■ Transportation             |
| ■ Energy              | ■ Metals and Mining  | ■ Utilities & Infrastructure |

### Specialist Advisory

- **Private Capital Advisory**
- **Private Funds Placement**
- Sponsor Coverage
- Debt Advisory
- Debt Restructuring

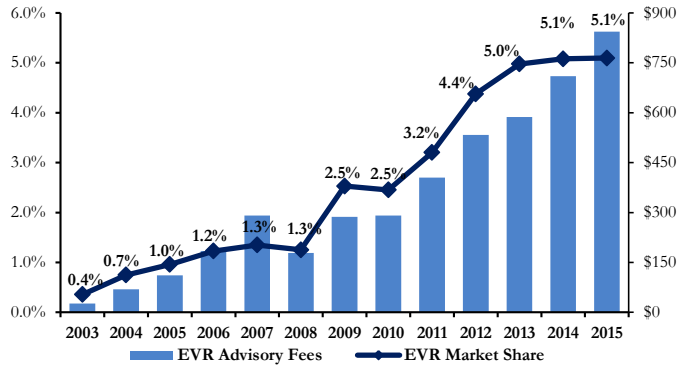
### Other Services

- Equity Research (Evercore ISI)
- Capital Markets Underwriting and Advisory Services
- Asset and Wealth Management
- Research-driven Institutional Equities

# Our Growth and Results

## A Fast Growing Business...

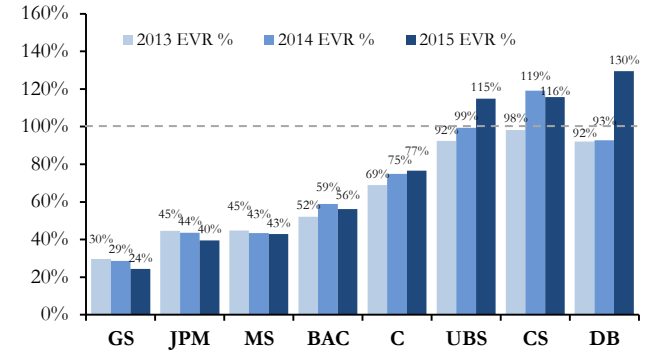
Evercore's Revenues and Market Share<sup>1</sup>



Independent Advisory Firms  
Year-To-Date Announced M&A (US\$bn)<sup>2</sup>

1	Evercore	\$219
2	Centerview	\$208
3	Lazard	\$202
4	Allen	\$143
5	Perella	\$118
6	Qatalyst	\$102
7	Guggenheim	\$89
8	Rothschild	\$81
9	Ducera	\$64
10	Moelis	\$32
11	PJT	\$19

Evercore's Advisory Revenues as a Percentage of Peers<sup>1</sup>



## ...With a Proven Track Record

<p>US\$34.0bn 2016 Pending</p> <p>Advised Century Link on its pending acquisition of Level 3</p>	<p>US\$47.0bn 2016 Pending</p> <p>Advised Qualcomm on its pending acquisition of NXP</p>	<p>US\$6.5bn 2016 Pending</p> <p>Advised the Special Committee of the Board of Directors of Hilton on the pending sale of a 25% equity interest in Hilton to HNA by Blackstone</p>	<p>US\$14.0bn 2016 Pending</p> <p>Advised Medivation on its pending sale to Pfizer</p>	<p>US\$19.0bn 2016 Pending</p> <p>Advising NorthStar Asset Management on its pending combination with NorthStar Realty and Colony Capital</p>	<p>US\$31.0bn 2016 Pending</p> <p>Advising Abbott on its pending acquisition of St. Jude Medical</p>
<p>US\$8.0bn 2016 Pending</p> <p>Advising Envision Healthcare on its pending merger with Amsurg</p>	<p>US\$68.0bn 2015 Pending</p> <p>Advising DuPont on its pending merger with Dow</p>	<p>US\$67.0bn 2015</p> <p>Advised EMC on its sale to Dell &amp; Silver Lake</p>	<p>US\$37.0bn 2015</p> <p>Advised the Special Committee of the Board of Directors of Broadcom Corp. on its sale to Avago Technologies</p>	<p>US\$7.5bn 2015</p> <p>Advising Tokio Marine on the \$8bn acquisition of HCC Insurance Holdings</p>	<p>US\$4.2bn 2015</p> <p>Advised Catlin on the sale of 100% of its share capital to XL Group plc</p>

























## EVERCORE

## **II. Private Capital Advisory Group**

# Evercore Private Capital Advisory Team

- Evercore's Private Capital Advisory ("PCA") team advises owners and managers of private asset portfolios seeking liquidity through the secondary market
- The PCA team has advised on more than **\$55bn** of secondary transactions across over **100** deals, with a track record spanning more than **12** years
- The PCA team is made up of **24** professionals with offices in **New York and London**

## PCA Team Overview

 <b>Nigel Dawn</b> New York	 <b>Nicolas Lanel</b> London	 <b>Jarrett Vitulli</b> New York	 <b>Rodney Reid</b> New York
 <b>Sameer Shamsi</b> New York	 <b>Nishant Bakaya</b> New York	 <b>Lea Lazaric</b> London	 <b>Mike Catts</b> New York
 <b>Francesca Paveri</b> London	 <b>Jasmine Hunet</b> London	 <b>Dale Addeo</b> New York	 <b>Jake Stuiver</b> New York
 <b>Alexander Pole</b> New York	 <b>Jimmy Hwang</b> New York	 <b>Dave El Helou</b> New York	 <b>Anand Sethia</b> London
 <b>Andrea Maggio</b> London	 <b>Niraj Arjan</b> New York	 <b>Ariana Scotti</b> New York	 <b>Yousafullah Tahir</b> New York
 <b>Daniel Ward</b> London	 <b>David Kim</b> New York	 <b>Timothy Goh</b> New York	 <b>Ralph van de Leur</b> London

## Support Team

 <b>Jennifer Buckmeyer</b> Support	 <b>Phillipa Norton</b> Support
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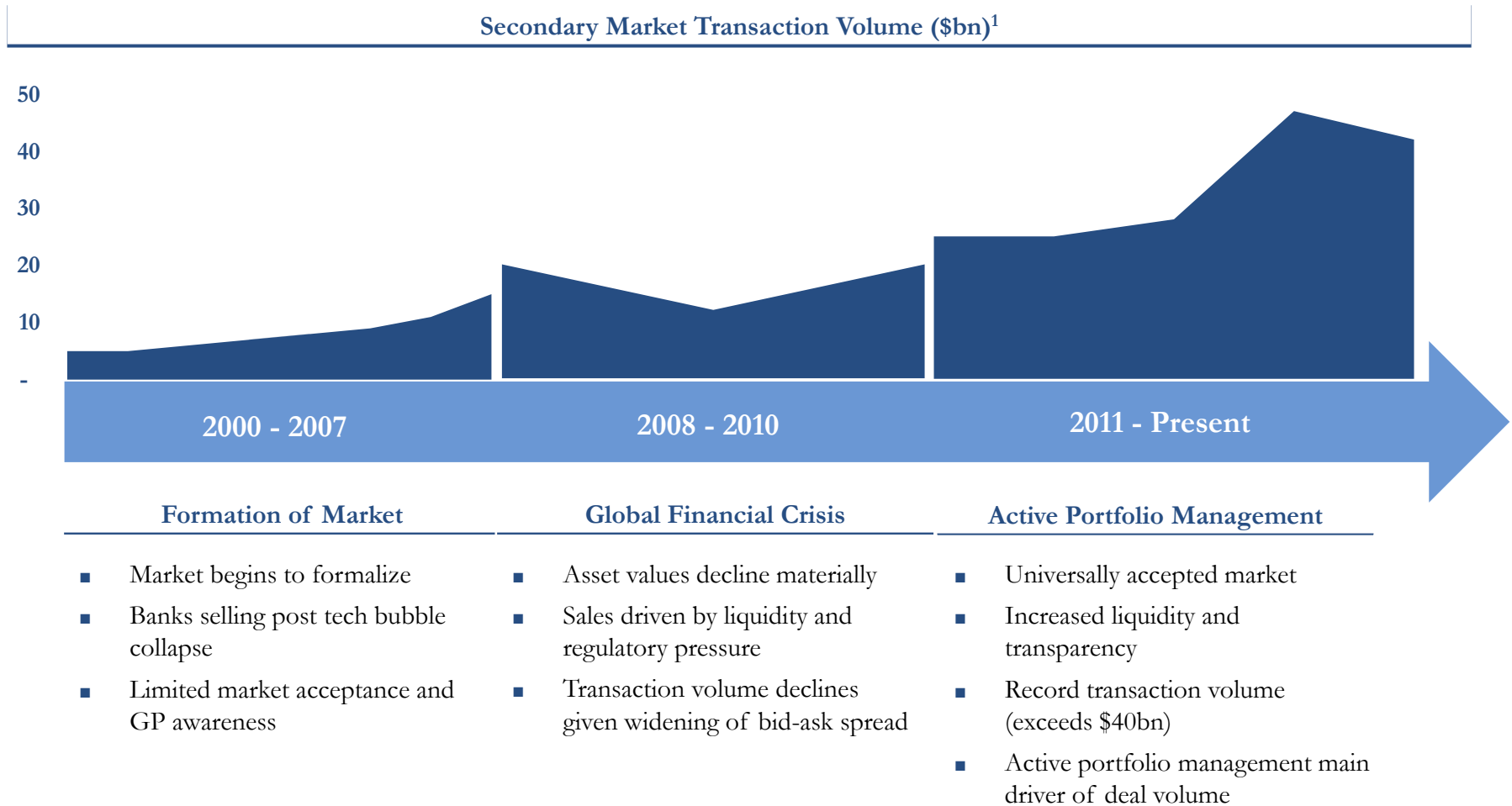
## Select Transactions

Sale of a \$420mm Portfolio 140+ Direct Interests  <b>Financial Institution</b>  Closing Process	Sale of a \$350mm Portfolio 13 LP Interests  <b>Pension Plan</b>  Closed Q3 2016	Sale of a \$1.0bn Portfolio 15+ LP Interests  <b>Pension Plan</b>  Closed Q2 2016	Sale of a \$160mm Portfolio 75 LP Interests  <b>Asset Manager</b>  Closed Q1 2016	Sale of a \$210mm Portfolio 25 Direct Interests  <b>Financial Institution</b>  Closed Q4 2015
Sale of a \$400mm Portfolio 40 LP Interests  <b>Pension Plan</b>  Closed Q4 2015	Sale of a \$400mm Portfolio 10+ LP Interests  <b>Insurance Company</b>  Closed Q4 2015	Sale of a \$20mm Portfolio 15+ LP Interests  <b>Fund of Funds Manager</b>  Closed Q4 2015	Sale of a \$1.1bn Portfolio 10+ LP Interests  <b>Superannuation</b>  Closed Q4 2015	Sale of a \$460mm Portfolio 170+ LP Interests  <b>Fund of Funds Manager</b>  Closed Q2 2015
Sale of a \$45mm Portfolio 4 LP Interests  <b>Insurance Company</b>  Closed Q2 2015	Sale of a \$650mm Portfolio 20+ LP Interests  <b>Fund of Funds Manager</b>  Closed Q4 2014	Sale of a \$1.3bn Portfolio 330+ LP Interests  <b>Financial Institution</b>  Closed Q4 2014	Sale of a \$1.0bn Portfolio 40+ LP Interests  <b>Financial Institution</b>  Closed Q4 2014	Sale of a \$600mm Portfolio 30+ LP Interests  <b>Asset Manager</b>  Closed Q4 2014



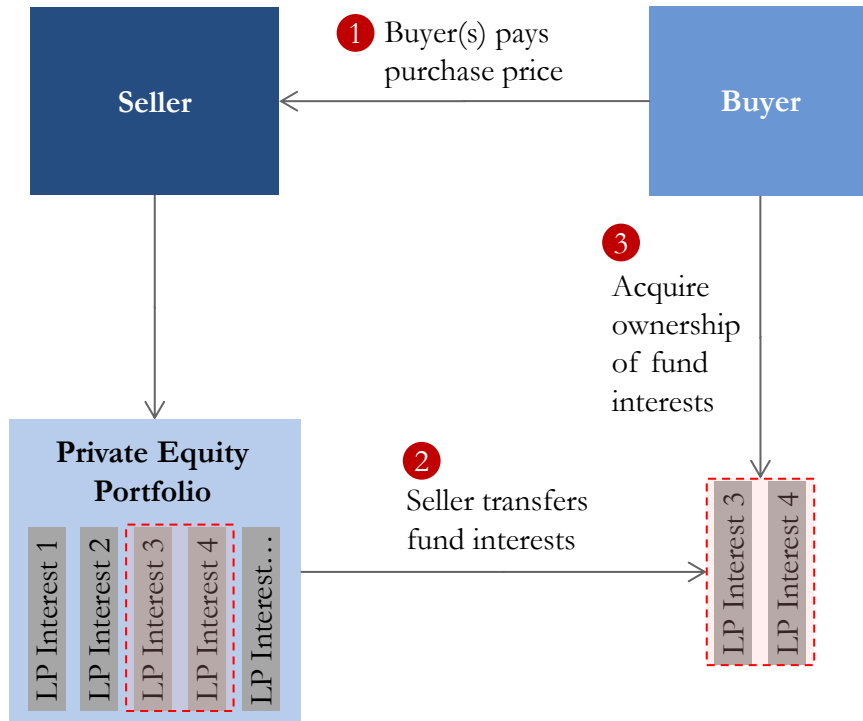
### **III. Secondary Market Overview**

# Evolution of the Private Equity Secondary Market



# Secondary Transaction Mechanics

## Secondary Transaction Example



## Description

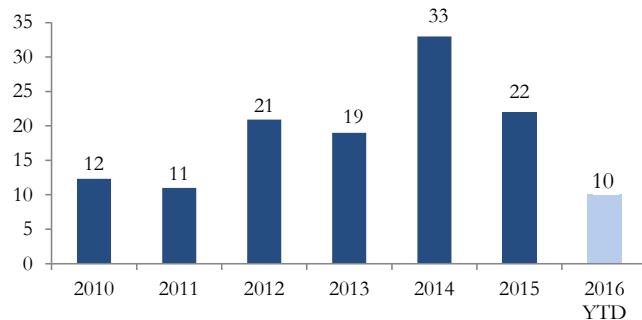
- 1 Secondary Buyer(s) establishes purchase price, Seller accepts and payment is made to Seller at closing
- 2 Seller transfers the fund interests to the Buyer upon receipt of cash payment from secondary Buyer(s) at closing
- 3 Buyer(s) acquire ownership of the fund interests and assumes the remaining unfunded obligations and portfolio management responsibilities

# Current Secondary Market Conditions<sup>1</sup>

## Robust Fundraising Environment

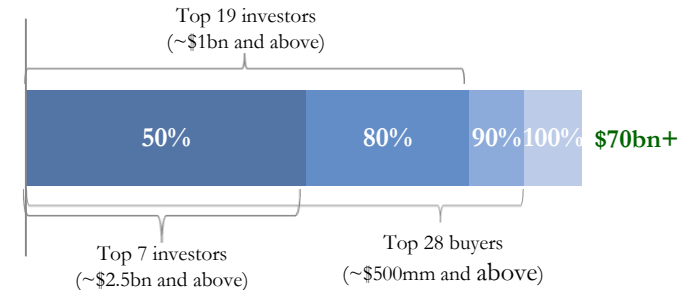
- Secondary investors raised \$32 billion of capital in 2015 and H1 2016 and plan to raise a further \$30bn of capital over H2 2016 and 2017

Historical Secondary Fundraising (\$bn)



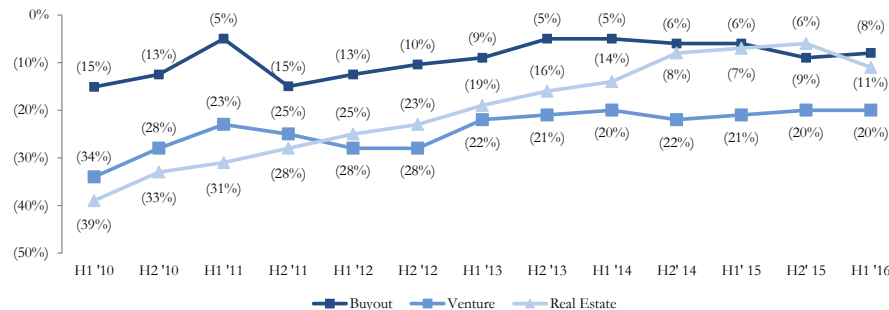
## Abundance of Dry Powder

- Available dry powder rose to a record high of \$70bn in H1 2016



## Strong Pricing Environment

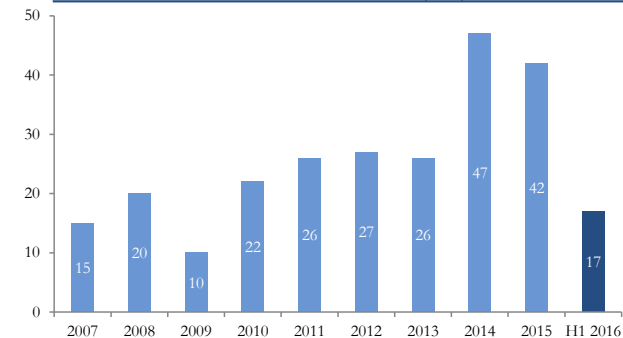
- Secondary pricing environment remains strong, with average buyout fund pricing in the single-digit discount range
- Leverage and portfolio effect continue to drive portfolio pricing



## Consistent, Strong Deal Volume

- \$42bn of 2015 deal volume with an expectation of a similar range for 2016
- Market volume driven largely by active portfolio management

Transaction Volume (\$bn)



## **IV. Project Guardian Process Summary**

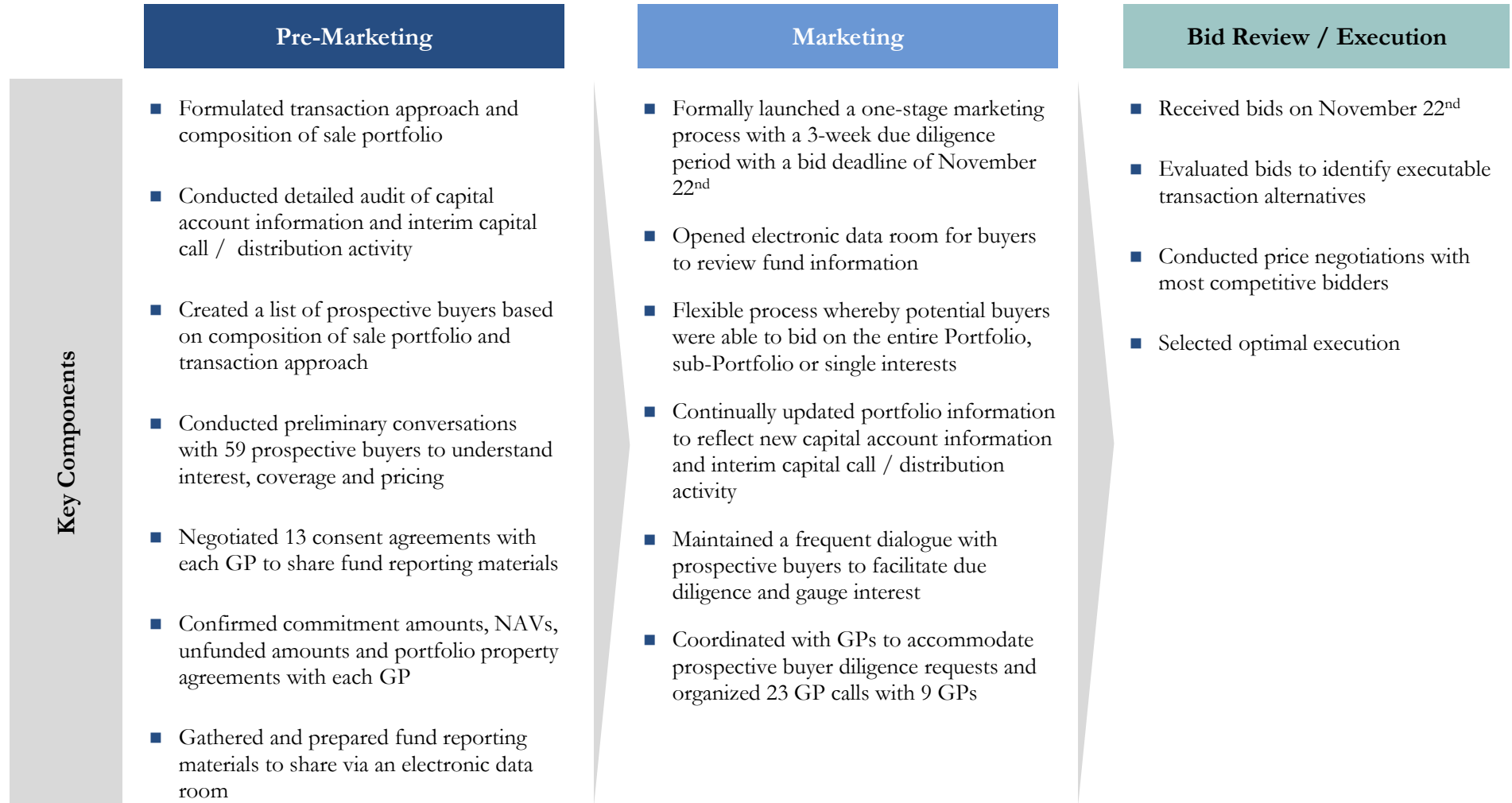
# Transaction Background

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- Dallas Police and Fire Pension System (“Dallas”) engaged Evercore to facilitate a sale of a portion of its private investment portfolio (the “Portfolio”) comprised of 37 funds totaling \$613.9mm of NAV and \$277.8mm of unfunded commitments<sup>1,2</sup>
- The Portfolio is diversified by investment strategy and vintage:
  - **Infrastructure & Energy:** \$263.1mm of NAV and \$56.0mm of unfunded across 10 funds<sup>1</sup>
  - **Buyout, Growth & Special Situations:** \$261.5mm of NAV and \$172.5mm of unfunded across 16 funds<sup>1</sup>
  - **Real Estate:** \$89.3mm of NAV and \$49.3mm of unfunded across 11 funds<sup>1,2</sup>
- Evercore approached **59 potential buyers for the Portfolio and executed 28 NDAs**
- The transaction was formally launched on October 31<sup>st</sup>
  - One stage auction process
  - 3-week due diligence period with a bid deadline of November 22<sup>nd</sup>
  - Evercore also facilitated one-on-one due diligence calls with GPs where requested
  - Flexible process whereby potential buyers were able to bid on the entire Portfolio, sub-Portfolio or single interests
  - Bid deadline for one fund was extended to December 2<sup>nd</sup> to provide select potential buyers with additional time to complete their underwriting
- Potential buyers who executed an NDA were provided access to a data room hosted by Merrill Datasite containing underlying fund information. Information was shared on all funds except for one fund, for which no GP consent agreement was achieved
- **19 bids were received, with the majority of bids being sub-Portfolio bids**

# Transaction Process Overview

Through today, the transaction process can be broken down into three phases



# Buyer Overview

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Evercore previewed the transaction with 59 potential buyers

