

THE SECOND AND THIRD STUDIES OF THE SECONDARY MARKET FOR LIMITED PARTNERSHIPS

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Previously, we summarized preliminary findings of our first study of the secondary market for syndicated limited partnership interests. The average trading price of a partnership was found to be between 20% and 57% of the partnership's net asset value ("NAV"), depending on its asset makeup or "category." These yield-driven discounts ranged from a low of 4% for a "leased property" partnership to a high of 76% for a partnership comprised of apartment buildings.

The second study of the secondary market for limited partnerships ("LPs") analyzed 109 LPs traded in the secondary market between January and June 1994. Sufficient data for the study of the factors that drive the price of a partnership was collected on 96 distributing and 13 non-distributing limited partnerships. Each was assigned to one of seven asset-based categories. The partnerships were priced to yield between 8.6% and 10.3%, resulting in discounts of trading price to NAV of approximately 13% for leased property to 59% for mortgage loans. The range of discounts for just the real estate limited partnerships was 31% to 52%, derived from yields of between 8.6% and 10.1%. The third study analyzed 168 LPs traded between July and December 1994. This time, 125 distributing and 43 non-distributing partnerships provided sufficient data for the study. Yields based on reported prices ranged from 5.5% for cable TV to 21.2% for leased property, resulting in discounts of trading price to NAV ranging from approximately 26% for mini-warehouses to 62% for cable TV. The range of discounts for just the real estate limited partnerships was approximately 26% to 47%, derived from yields of between 7.6% and 10.3% (see Table I below).

Category	Number of Issues		Median Yield*		Median Discount	
	1st half	2nd half	1st half	2nd half	1st half	2nd half
<i>Comparison 1st/2nd half 1994</i>						
All Limited Partnerships	96	125	9.8%	10.1%	43.5%	40.5%
All Real Estate	72	105	9.4%	10.0%	48.6%	40.6%
Apartments	9	6	8.6%	7.6%	38.7%	47.2%
Commercial	31	61	9.3%	10.3%	51.6%	43.9%
Mini-warehouses	6	8	10.1%	9.9%	30.5%	25.8%
Mortgage Loan	14	22	9.0%	9.1%	58.6%	35.9%
Other Real Estate	12	8	9.2%	10.1%	41.0%	36.4%
Cable TV	n/a	5	n/a	5.5%	n/a	62.3%
Lease Property	24	15	10.3%	21.2%	12.8%	27.5%
* Cash Distributions from Operations divided by Average Trading Price						

The average (mean) discount of trading price to NAV is set against the ratio of cash distribution to market value (expressed in percent) for both studies in Table II below. Included in this table are 104 distributing and non-distributing limited partnerships out of the 109 total from the second study. Five of the syndicated LPs were priced to yield more than 20%. From the third study, 159 distributing and non-distributing partnerships out of the 168 total are shown. Nine from this study were priced to yield more than 20%. On average, the market prices non-distributing LPs at less than 40% of their net asset value because LP investors prefer a current yield.

Table Ii: Discounts To Nav As A Function Of Distributions

2nd half 1994			1st half 1994		
Number of Issues	Distrib* less than or equal	Mean Disc to NAV	Number of Issues	Distrib* less than or equal	Mean Disc to NAV
159	20%	45.2%	104	20%	44.1%
154	15%	45.2%	102	15%	43.7%
102	10%	49.8%	65	10%	48.5%
51	5%	59.7%	17	5%	73.6%
43	0%	62.8%	13	0%	75.4%

* Distributions as a percentage of market value (current yield).

The formal discussion and findings from the second and third studies (including the low, average, and high discount for each asset category of partnership) will be published later this year.