

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
March 15, 2012

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: BLG Turkish Real Estate Fund, L.P.

Background and Summary: We recommend a commitment of €15 million from the Long Term Portfolio to BLG Turkish Real Estate Fund, L.P., a €150 million real estate fund that will invest opportunistically in real estate assets in Turkey.

In addition, we recommend approval of up to an additional €10 million commitment to be used for co-investment opportunities which will be offered to the limited partners to the extent that an acquisition exceeds investment limitations. These co-investment opportunities are expected to be at more attractive terms than the fund investment.

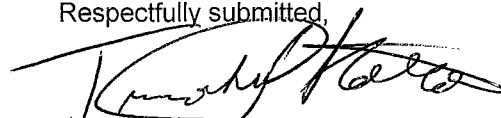
Bilgili Group, formed in 1952, is a family enterprise and is currently led by Serdar Bilgili. Bilgili Group includes BLG Capital, the General Partner of the Fund, and BLG Holdings, a fully integrated real estate investment, development and management platform. Bilgili Group is based in Istanbul, Turkey and has been investing in real estate since the 1980s.

BLG Turkish Real Estate Fund is a first time fund being established to make opportunistic real estate investments in Turkey, with a focus on Istanbul. The Fund will invest primarily in hospitality and residential assets including student housing. Several properties have already been secured for the fund including the former U. S. Consulate property which will be converted into a luxury hotel and private membership club, a portfolio of distressed assets requiring capital for refurbishing and repositioning and two student housing projects currently under development. To manage and operate the student housing assets, BLG is in the process of establishing a separate management company.

The portfolio will include both income producing assets and development projects. Exit strategies may include sales of single assets to foreign investors or strategic buyers and potentially an Initial Public Offering of the student housing assets and the operating company.

An investment in BLG Turkish Real Estate Fund will further diversify the existing portfolio by investing with a manager that has a proven ability to identify and execute on attractive opportunities in Turkey.

Respectfully submitted,



Timothy P. Sletow
Executive Vice President and
Chief Financial Officer

March 2012