

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
June 21, 2012

ITEM FOR INFORMATION

Subject: Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the University may commit to follow-on investments in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investments with the previously approved real estate partnerships listed below.

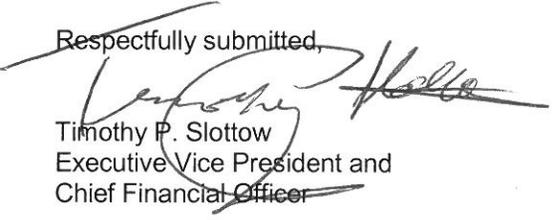
Canyon Capital Realty Advisors LLC: Discretionary Mortgage Investment Account IV, is a Los Angeles based fund that invests in private real estate loans including bridge and mezzanine financing, notes and corporate securities collateralized by real estate. Canyon focuses on mortgage investments that are significantly over-collateralized relative to the intrinsic value of the underlying real estate. Canyon seeks investments where it can control the events necessary to create value and minimize downside risk through ownership or structure, and where the team can capitalize on its financial, credit, legal, environmental and engineering expertise. Canyon has an extensive network to identify transactions and only invests in opportunities that have identifiable exit strategies.

This is the University's fourth investment with Canyon Capital Realty Advisors LLC in this strategy. The University committed \$100 million to **Canyon Capital Realty Advisors LLC's Discretionary Mortgage Investment Account IV**, in April 2012. The University previously committed \$225 million to prior Canyon Capital Realty Advisors LLC sponsored funds in this strategy.

Westbrook Real Estate Fund IX, L.P., is a real estate fund based in New York that will continue the team's strategy to invest in existing assets and portfolios located within the eight gateway cities of New York, Boston, San Francisco, Washington DC, Los Angeles, Tokyo, London and Paris. These gateway cities have a long history of stable, proven real estate fundamentals and have attractive attributes including supply constraints, high income jobs, barriers to entry, significant liquidity, revitalization of urban centers and ease of travel. With offices in each of these cities, Westbrook has professionals with local expertise, giving them a competitive edge. The Fund will target value-add properties which might need repositioning and/or have distressed capital structures. Targeted sectors will include office, apartments, hotel, retail and industrial. Exits will be through individual asset sales or portfolios sales.

This is the University's fourth investment with Westbrook Partners. In March 2012 the University committed \$15 million to Westbrook Real Estate Fund IX, L.P. The University previously committed \$60 million to prior Westbrook sponsored funds.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

June 2012