

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the
Regents
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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 partnerships listed below.

Sequoia Capital, a venture firm headquartered in Menlo Park, CA, raised additional capital for three existing funds in which the University is an investor: Sequoia Capital China Venture Fund V, L.P., Sequoia Capital China Growth Fund III, L.P., and Sequoia Capital India IV, L.P.

Both China Venture Fund V and China Growth Fund III invest in technology-based companies, with particular focus on the mobile, consumer, and healthcare sectors. While these funds invest at different stages of company development (early versus growth), both target companies which are formed in China or have a significant presence in China and are positioned to benefit from China's substantial domestic economy and sizeable consumer base.

India Fund IV invests in seed, venture and early growth stage companies which take advantage of opportunities created by the large and growing markets in India. The investment focus is on companies in the technology, consumer, and healthcare sectors.

In April 2015 the University committed a total of \$6.5 million of additional capital to Sequoia Capital China Venture Fund V, L.P., Sequoia Capital China Growth Fund III, L.P., and Sequoia Capital India IV, L.P.

Kuramo Africa Opportunity Fund II, L.P. and Kuramo Africa Opportunity Co-Investment Vehicle II, L.P., companion funds sponsored by Kuramo Capital Management and focused on investment opportunities in sub-Saharan Africa, are headquartered in NY, NY, with additional offices in Nairobi, Kenya, and Lagos, Nigeria.

Africa Opportunity Fund II is a fund of funds which will commit capital to smaller, regional, and sector specific investment managers across private equity, agribusiness, real estate, natural resources, infrastructure, and public debt and equity opportunities. Co-Investment Vehicle II will invest alongside Opportunity Fund II.

In April 2015 the University committed a total of \$50 million to Kuramo Africa Opportunity Fund II, L.P. and Kuramo Africa Opportunity Co-Investment Vehicle II, L.P.

Equity International/Acosta Verde. Equity International, an existing real estate manager that focuses on creating real estate platform companies in emerging markets, offered the opportunity to invest in Acosta Verde, a Monterrey, Mexico, based developer, owner and manager of shopping centers in Mexico. Acosta Verde is a 40+ year old family owned business that has created the Sendero concept, one of the most recognized shopping center brands in Mexico targeting the growing middle class consumer. Acosta Verde currently owns nine shopping centers and will use the proceeds from this Equity International capital raise to develop an additional seven shopping centers. Exit is planned in 2019 through an Initial Public Offering.

In March 2015 the University committed \$10 million to Acosta Verde.

Respectfully submitted,

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

June 2015