

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Absolute Return Commitment

Action Requested: AMERRA Agri Fund III, L.P.

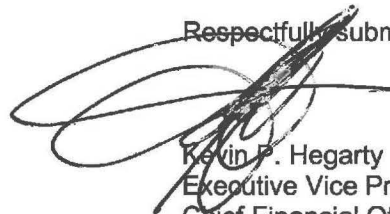
Background and Summary: We recommend a commitment of \$30 million from the University's investment pool for working capital to AMERRA Agri Fund III, L.P., a New York, NY, based fund which invests primarily in agribusiness secured private debt of companies located in the Americas.

The predominately private agribusiness sector is highly fragmented and has high barriers to entry. Scarcity of capital is increasing as banks adapt to Basel III, which impacts banks' ability to lend. Additionally, publicly available information on agriculture companies is limited, requiring deep networks to access deal flow and evaluate opportunities. As an agribusiness specialist investment firm, AMERRA Capital Management is well positioned to capitalize on the market opportunity by providing customized capital solutions to agricultural operating companies in the Americas, with the majority of exposure to Latin America.

AMERRA acts as a boutique merchant bank supporting growth-oriented agribusinesses which are often family controlled. The Agri Fund III continues the group's strategy of providing largely senior secured, fully collateralized high-yielding, low-duration loans to agricultural commodity producers and processors, including various forms of working capital, land transformation and CAPEX programs. AMERRA has a deep understanding of the agribusiness and will directly originate and source deals through its extensive local network and on the ground presence.

This investment is consistent with the University's strategy to invest with experienced managers who have a niche strategy and ability to add value.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

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