

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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 two real estate, venture capital, and private equity partnerships listed below.

IMT Capital Fund III, L.P., is a Sherman Oaks, CA, based real estate fund that will make investments multi-family housing in major markets in the western and southern United States. Target investments will be located in in-fill locations, locations with high barriers to entry and markets with wide "rent versus buy" spreads. IMT will identify assets that are selling at significant discounts to replacement cost and where value can be enhanced by IMT's active, value-add strategies, which include making physical improvements to the properties and rigorous day-to-day asset management. Exits for these repositioned assets will include institutional buyers, local and regional investors, and high net worth individuals.

The University committed \$15 million to IMT Capital Fund III, L.P. in March 2013.

IndoSpace Logistics Park II, is a Mumbai, India, based real estate fund that will continue IndoSpace's strategy of developing and acquiring light manufacturing and industrial facilities in seven major markets across India. IndoSpace is sponsored by Realterm Everstone, a 50/50 joint venture created in 2007 by Realterm Global, a North American-based firm focused on real assets serving the transportation supply chain, and Everstone Capital, an Indian private equity and real estate firm. Targeted assets will include warehouses, distribution centers, industrial and logistics parks and light manufacturing facilities. Tenants for the assets are primarily multi-national companies and third party logistics providers. Exits could include individual asset sales, a portfolio sale or an Initial Public Offering.

The University committed \$15 million to IndoSpace Logistics Park II in April 2013 with an additional \$10 million approved for co-investment opportunities.

Matrix X, L.P., a Boston and Palo Alto based venture capital fund, will invest in early stage technology companies in the enterprise and consumer related business sectors, including software as a service, eCommerce, mobile, social, semiconductors, and systems. Matrix takes an active role with its portfolio companies, guiding entrepreneurs through all stages of company development. Matrix's general partners always serve on portfolio company boards and facilitate access to customers, help build experienced management teams, and assist with product, market, and financial strategies. The firm's emphasis is on companies that are capital efficient, can scale rapidly, and are early movers in their industries.

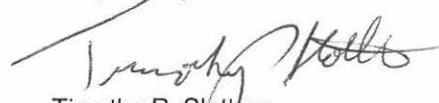
The University committed \$19 million to Matrix Partners X, L.P. in April 2013.

Permira V, L.P., a private equity fund with offices in Frankfurt, London, Milan, Paris, Madrid, Stockholm, New York, and Menlo Park, will invest primarily in mid to large cap European buyouts of companies serving both the European markets as well as faster-growing global economies.

Opportunistically, Permira will invest in companies outside Europe, helping them to develop a presence in the European marketplace. The fund will generally acquire majority or controlling ownership positions. In some situations, such as public-to-private transactions, Permira will take minority ownership stakes. Using a sector-focused approach, Permira invests in technology, healthcare, consumer, industrial, and financial services companies. The firm emphasizes investment value creation through implementation of new business strategies, lower cost structures, improved asset utilization, and management team changes.

The University committed €15 million to Permira V, L.P. in March 2013.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Timothy P. Slottow". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

July 2013