

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

**Subject:** Absolute Return Commitment

**Action Requested:** Approval of Kayne Anderson Real Estate Debt III, L.P.


**Background and Summary:** We recommend a commitment of \$30 million from the University's investment pool for working capital to Kayne Anderson Real Estate Debt III, L.P., a private real estate debt fund sponsored by Kayne Anderson Real Estate Advisors based in Boca Raton, FL.

Founded in 2007, Kayne Anderson Real Estate Advisors (KA Real Estate) has expertise in niche real estate sectors and has a vertically-integrated team with strong operating capabilities. The group is led by Albert Rabil, who together with his team, has an established track record in sourcing and operating real estate investments and an extensive network of industry relationships.

The fund focuses primarily on the purchase of Freddie Mac structured products and on the origination of debt, secured by assets in multifamily and student housing, medical office, senior housing, and self-storage real estate. The team identifies underserved real estate market segments where inefficiencies exist and high complexity serve as a barrier to entry. The fund's emphasis on investment opportunities with strong and growing cash flows acquired at attractive prices provide a good measure of current income and downside protection.

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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