

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.

Madison Dearborn Capital Partners VII, L.P., a private equity fund located in Chicago, IL, will focus on growth equity and buyout investments in established middle and upper middle market companies in the U.S. and Canada. The growth equity investments may be either control or significant minority positions. The buyout transactions will be value oriented investments in mature companies, Madison Dearborn will invest across six major industry verticals: basic industries; business and government services; consumer; financial and transaction services; healthcare; and telecom, media and technology services.

In May 2015 the University committed \$35 million to Madison Dearborn Capital Partners VII, L.P.

EQT VII, L.P., a private equity fund headquartered in Stockholm, Sweden, will make controlling equity investments in medium to large sized companies based in Northern Europe, primarily in Denmark, Finland, Norway, Sweden and Germany. EQT invests in a wide range of industries and targets situations where it has a specific industrial angle. Investments will focus on leading, high-quality companies which can be used as platforms to develop local businesses into global leaders. EQT is differentiated from its competitors by its network of senior industrialists who work with EQT at various stages of investment, helping the team identify opportunities, evaluate company operations and management, and implement growth strategies.


In May 2015 the University committed €35 million (~ U.S. \$40 million) to EQT VII, L.P.

Foresite Capital Fund III, L.P., a San Francisco, CA, and New York, NY, based venture capital fund, will invest in late stage healthcare companies which have products, technologies or services poised for substantial growth. In recent years, capital available for late stage healthcare investments has decreased significantly. This creates opportunities for Foresite Capital to invest in largely de-risked assets which are close to regulatory approval and commercial launch. Investments may be in either public or private companies and are expected to generate liquidity in relatively short periods of time.

In May 2015 the University committed \$30 million to Foresite Capital Fund III, L.P.

Daniel Island Co-Investment, is an opportunity offered by Crow Holdings, an existing real estate manager. Daniel Island is a mixed-use community located near Charleston, S.C., and is the last remaining asset in Crow Holdings Fund I. The fund has reached the end of its life, although approximately 550 residential lots remain to be sold on Daniel Island. We were offered the opportunity to remain in the investment until the remaining lots are sold. This co-investment will be at more attractive terms than the Fund.

In April 2015 the University committed \$3.0 million to Crow Holdings' Daniel Island Co-Investment.

Respectfully submitted,

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer