

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Alternative and Absolute Return 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.

Alternative Asset Commitments

Lime Rock Partners VIII, L.P., a natural resources fund based in Westport, CT, with an office in Houston, TX, will continue Lime Rock's strategy to make private equity investments in energy companies primarily in the exploitation and production and oil field services sectors. The team differentiates itself from competitors by being a creative, value-add, long-term investor of growth capital for small, well-managed companies in high-growth segments of the global energy industry. Lime Rock's deep interdisciplinary expertise, global network of relationships, and history of effective teamwork provides a strong pipeline of investment opportunities.

In May 2017 the University committed \$50 million to Lime Rock Partners VIII, L.P.

Moorfield Audley Real Estate Fund, is a London, U.K., based real estate fund established in 2015 to acquire Audley Retirement Villages, a retirement home company, the last remaining asset in Moorfield Real Estate Fund II. Capital raised in 2015 was to acquire the company and continue its growth. The pipeline has been robust and Audley has identified attractive opportunities which exceed its initial fundraising. As a result, Moorfield Audley is raising additional capital.

In April 2017 the University committed an additional £4.4 million (~\$5.7 million) to Moorfield Audley Real Estate Fund.

Absolute Return Commitments

Metric Capital Partners Private Capital Fund III, L.P. a London, U.K., based partnership loans money directly to mid-market European companies. The investment focus is on asset rich and cash flow generating companies in defensive industry sectors primarily based in Northern Europe. Investments consist of highly structured loans that provide protections for principal and frequently provide for significant equity participation. The third fund will continue this strategy with the goal of generating equity-like returns while minimizing risk of loss.

In March 2017 the University committed €40 million (~\$ 43.5 million) to MCP Private Capital Fund III, L.P.

BTC Ocho, S.a.r.l., is a co-investment opportunity offered by Black Toro Capital Fund II, L.P. a Barcelona, Spain, based direct lending fund. BTC Ocho was formed to acquire, refinance, and consolidate two leading, Spain based ice cream manufacturers. The resulting consolidated company will be a top five producer of ice cream in Europe and have a diversified set of products and sales distribution channels. Proceeds from this co-investment will be used to finance integration costs, increase working capital and reduce and refinance the debt of the combined company.

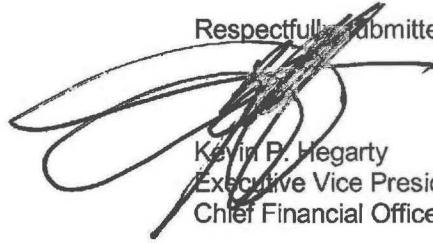
In February 2017 the University committed €10 million (~\$10.6 million) to BTC Ocho, S.a.r.l.

Corbel Capital Partners SBIC, L.P., a Los Angeles, CA, based credit fund, will invest in privately negotiated structured credit instruments in lower middle-market companies in the United States. The fund will invest in cash flowing companies with proven business models, and will always be senior in the

capital structure. Corbel is expected to earn attractive risk-adjusted returns through a combination of cash yield, equity participation, and low cost SBA provided leverage.

In March 2017, the University committed \$35 million to Corbel Capital Partners SBIC, L.P.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

September 2017