

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
February 17, 2011

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 real estate partnerships listed below.

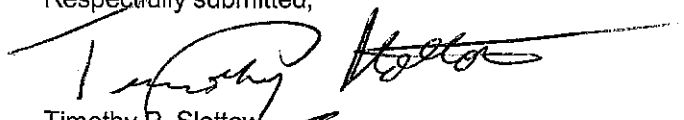
NIAM Nordic Investment Fund V, L.P., a real estate fund based in Stockholm, Sweden, will make real estate acquisitions in the Nordic region. As in prior funds, NIAM will identify attractive sectors and target markets using a research driven investment model based upon macro-economic data and real estate trends provided by NewSec, a real estate advisory, management and research company which is a division of NIAM's parent company, Stronghold. Once an attractive market or sector is identified, the team targets deals that are considered to be too small or management intensive for the large, opportunistic institutional funds. NIAM focuses on value creation by repositioning, re-tenanting, and controlling expenses. It is expected that the majority of the fund will be invested in Sweden, Finland, Norway and Denmark, although they may make investments in the Baltic region.

This is the University's third investment with NIAM. In December 2010 the University committed €20 million to NIAM Nordic Investment Fund V, L.P. The University previously committed €45 million to NIAM sponsored funds.

Shorenstein Realty Investors Ten REIT, a real estate fund sponsored by the San Francisco based Shorenstein Company, will invest in office buildings and mixed-use projects with a significant office component in major U.S. cities. The Fund will focus on top-quality assets that by virtue of location, physical quality, amenities, tenant base or other outstanding features enjoy leasing advantages in their respective markets. Within this type of asset, Shorenstein targets those situations in which the firm can acquire a property at an attractive price and then add value to the property by applying the firm's operating expertise to correct leasing, operating or physical issues that are impairing values. The General Partner believes that on a risk-adjusted basis, these types of assets, when well-bought and well-managed, present a compelling opportunity to participate in the upside of real estate markets with a significant reduction in downside exposure. Historically, trophy properties in top locations are most resilient when markets soften because the premier tenants will continue to want to operate in the best quality properties in the market.

This is the University's fifth investment with Shorenstein. In November 2010 the University committed \$10 million to SRI Ten REIT. The University previously committed a total of \$100 million to Shorenstein sponsored funds.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer