

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the  
Regents  
February 20, 2014

**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 private equity and real estate partnerships listed below.

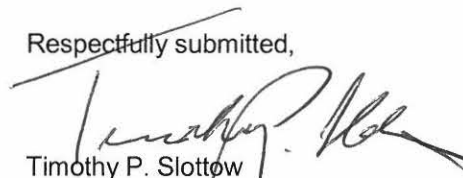
**Lone Star Partners VIII, L.P.**, a Dallas, TX, based fund that will invest globally in distressed assets. Lone Star invests in distressed residential mortgages, corporate debt and securitized loans. The fund will also target control investments in banks and other financially-oriented companies as well as asset rich operating companies.

The University committed \$13.4 million to Lone Star Partners VIII, L.P. in May 2013.

**Cabot Industrial Value Fund IV, L.P.**, a Boston-based real estate fund, will invest in industrial properties located primarily in North America, and to a lesser extent, Europe. Cabot focuses on major markets with growing demand and where values are more likely to increase due to limitations on new supply. Cabot creates value through active management and a disciplined sell process. Average transaction size will be \$20 million or less and although it is expected that the majority of the acquisitions will be existing buildings, Cabot may pursue development on a selective basis.

The University committed \$25 million to Cabot Industrial Value Fund IV, L.P. in October 2013.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

February 2014