

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
February 20, 2014

Subject: Alternative Asset Commitment

Action Requested: Approval of TDR Capital III, L.P.

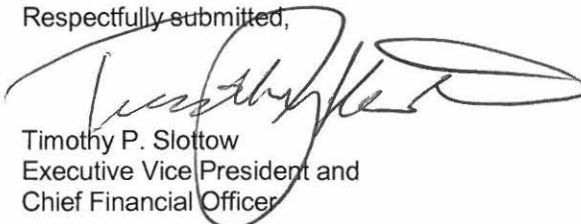
Background and Summary: We recommend a commitment of €15 million from the Long Term Portfolio to TDR Capital III, L.P., a London based private equity fund, which will invest in private middle market companies headquartered in or having significant operations in Europe. TDR was founded in 2002 by Majit Dale and Stephen Robertson, who began working together in 1995 at DB Capital Partners and its predecessor, BT Capital Partners.

TDR applies a value-based and operationally-focused investment strategy. It invests in mature but out-of-favor or under-managed companies which TDR believes it can transform. The firm's approach includes implementing strategic repositioning, making significant operational improvements, and facilitating accretive buy-and-build strategies. TDR's investment approach relies on teams of investment professionals and operating partners who collaborate on all aspects of deal origination, investment decision, and value creation initiatives.

TDR employs a proactive, theme-driven approach to deal origination which allows the team to source transactions outside the traditional auction-driven private equity deal flow. Initially the firm develops macroeconomic themes followed by analytical, company-by-company reviews to identify specific investment opportunities. The fund's investments will focus on sectors in which the firm has prior experience, including financial services, business services, and leisure.

This commitment offers the Long Term Portfolio the opportunity to increase its exposure to middle market private equity investments focused on the European market.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2014