

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ITEM FOR INFORMATION

**Subject:** Alternative 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**

**Zell Equity International VI Andean Tower Partners Co-Investment** is a co-investment opportunity offered by Zell Equity International, a Chicago, IL, based real estate manager. This investment represents an opportunity to build the largest private tower company in the Andean region by partnering with Digital Bridge, a United States based telecom infrastructure operator.

In June 2018 the University committed \$10 million to the Zell Equity International VI Andean Tower Partners Co-Investment.

**Kuramo Africa Opportunity Fund III, L.P. and Kuramo Africa Opportunity Co-Investment Vehicle III, L.P.**, are companion funds sponsored by Kuramo Capital Management focused on investment opportunities in sub-Saharan Africa with headquarters in New York, NY, and offices in Nairobi, Kenya, and Lagos, Nigeria.

Africa Opportunity Fund III is a fund of funds, which will commit capital to smaller, regional, and sector specific investment managers across private equity, agribusiness, real estate, natural resources, infrastructure, and public debt and equity opportunities. Co-Investment Vehicle III will invest alongside Opportunity Fund III.

In July 2018 the University committed a total of \$50 million to Kuramo Africa Opportunity Fund III, L.P. and Kuramo Africa Opportunity Co-Investment Vehicle III, L.P.

**Andreessen Horowitz**, a Menlo Park, CA, based venture capital firm, raised a cryptonetwork fund, **CNK Fund I, L.P.** to invest in cryptonetwork technology companies across the spectrum of seed, venture, and growth stage opportunities. The firm has decided to create a dedicated fund for crypto investments for a few primary reasons. First, crypto has become an important area of innovation and entrepreneurship that warrants focused attention. As opportunities related to cryptonetworks transition from being undefined to becoming more visible and sharply defined, the need for a separate thematic fund may recede. In addition, the regulatory landscape for crypto-based investments is potentially more cumbersome than is the case with the sort of traditional IT investing that otherwise characterizes AH's activities. Finally, crypto is currently regarded as a distinct type of technology by entrepreneurs, funding sources, and developers. By creating a separate fund, AH hopes to be better positioned within this community than would be the case by continuing to invest through its generalist IT funds.

In June 2018 the University committed \$3 million to CNK Fund I, L.P.

**TCV X, L.P.**, a venture capital fund with offices in Palo Alto, CA, London, U.K., and New York, NY, invests in expansion and late stage technology companies. TCV, as an active, long-term investor, stays involved with its portfolio companies through their initial public offerings and beyond. Within technology, TCV focuses on businesses in the internet, software, infrastructure, and services sectors.

In July 2018 the University committed \$50 million to TCV X, L.P.

**Carmel Partners Fund VII, L.P.**, a real estate fund headquartered in San Francisco, CA, will make multi-family investments in select supply-constrained, high barrier-to-entry U.S. markets including the San Francisco Bay Area, Los Angeles, Denver, Seattle, Honolulu, Washington DC, and New York City. The fund may acquire existing multi-family properties for renovation or develop new multi-family properties when market conditions support new construction. Carmel will then use its vertically integrated company to implement a value-add program in the case of existing assets or complete the new development.

In July 2018 the University committed \$50 million to Carmel Partners Fund VII, L.P.

**Mosaic Ventures**, a London, U.K., based venture capital fund, will invest in early stage information technology companies in Europe, primarily the U.K., Germany, and the Nordic region. Mosaic is positioned to take advantage of a market opportunity created by the growing number of European-based technology companies in need of start up financing in an environment where less venture capital is available. Many established, European-focused venture capital firms have raised larger funds and prefer to invest in growth stage companies, leaving a less competitive market opportunity for Mosaic as a "first money in" institutional investor. In addition to providing needed capital, the investment team will work closely with portfolio companies to add value in areas such as strategic planning, management team additions, and financing activities.

In July 2018 the University committed \$20 million to Mosaic Ventures II, L.P.

**KHP Fund V, L.P.**, is a real estate fund managed by KHP, a real estate manager based in San Francisco, CA. KHP was founded as the successor firm to Kimpton following the sale of Kimpton Hotels & Restaurants in 2015 to assume responsibility for the fund management business of Kimpton.

KHP will acquire, renovate, and operate boutique hotels in select major North American markets. Investments will include existing hotels in desirable locations and in need of renovations and/or market repositioning or adaptive re-use buildings, which are suitable for conversion to KHP-quality hotels. In select markets KHP will do ground-up development where supply and demand fundamentals support new construction. The fund expects to invest in seven to ten properties and exits will be through individual asset sales or a portfolio sale.

In August 2018 the University committed \$50 million to KHP Fund V, L.P.

Respectfully submitted,



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Executive Vice President and  
Chief Financial Officer

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