

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the
Regents
April 17, 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 partnerships listed below.

CREA Partners I, L.P., a real estate fund sponsored by Cypress Real Estate Advisors, an Austin, TX, based firm, will invest in residential and/or mixed used properties with a residential component. The fund will focus on markets in the southeast and southwest United States with strong underlying fundamentals including positive job growth, population migration, attractive demographics, an educated workforce and strong housing starts. Cypress targets assets they can acquire at a discount to market value due to the complexity of the transaction or where barriers to entry limit competition. Cypress then creates value through the development, redevelopment or entitlement process.

The University committed \$20 million to CREA Partners I, L.P. in December 2013. An additional \$10 million was committed for co-investment opportunities.

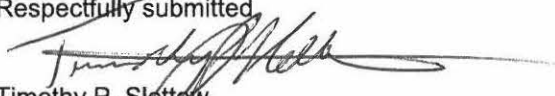
CP Investment Fund V, L.P., a real estate fund sponsored by Carmel Partners, a San Francisco, CA, based firm, will acquire existing or develop new multi-family properties in select supply-constrained, high barrier-to-entry U.S. markets. Carmel targets assets in markets where the cost to rent is substantially less than the cost to own such as Northern and Southern California, Denver, Seattle, Honolulu, Washington DC and New York City. Carmel will then use its vertically integrated company to implement a value-add program in the case of existing assets or to develop new properties when the market supports new construction.

The University committed \$25 million to CP Investment Fund V, L.P., in February 2014. An additional \$10 million was committed for co-investment opportunities.

Dyal Capital Partners II, L.P., a fund sponsored by Dyal Capital, a New York, NY, based firm that will acquire minority interests in the general partnerships of independent alternative asset managers. Dyal is a subsidiary of Neuberger Berman, a \$216 billion global asset manager.

The University committed \$50 million to Dyal Capital Partners II L.P. in September 2013.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

April 2014