

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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 partnerships listed below.

Matrix Partners China, a venture capital firm with offices in Beijing and Shanghai, China, invests in private technology companies which are expected to benefit from China's significant middle class of consumers. The fund will invest in both early and expansion stage companies in a number of sectors, including the internet, mobile, software, consumer and financial services, and healthcare.

In January 2016 the University committed a total of \$25.1 million to Matrix Partners China III, L.P. and Matrix Partners China IV, L.P.

TCV IX, 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 February 2016 the University committed \$40 million to TCV IX, L.P.

IMT Capital Fund IV, L.P., is a Sherman Oaks, CA, based real estate fund that will make investments in multi-family housing in major markets in the western and southern United States. Target investments will be located in in-fill locations, locations with high barriers to entry and markets with wide "rent versus buy" spreads. IMT will identify assets that are selling at significant discounts to replacement cost and where value can be enhanced by IMT's active, value-add strategies, which include making physical improvements to the properties and rigorous day-to-day asset management. Exits for these repositioned assets will include institutional buyers, local and regional investors, and high net worth individuals.

In December 2015 the University committed \$40 million to IMT Capital Fund IV, L.P.

Residence Inn, Alexandria, VA/Magna Hotel Fund V Co-Investment. In January 2015 the University committed \$30 million to Magna Hotel Fund V, L.P., a Warwick, RI, based real estate fund that focuses on limited service hotels in major urban markets of the United States. Fund V has offered the opportunity to co-invest in the all-suite, extended-stay Residence Inn located in the Old Town area of Alexandria, VA. The hotel is being acquired at a below market price and presents several opportunities for Magna to improve operations and performance. The economics of this co-investment are more attractive than those of Fund V.

In December 2015 the University committed \$4 million to the Residence Inn, Alexandria, VA, co-investment offered by Magna Hotel Fund V.

Respectfully submitted,



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Chief Financial Officer