

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Absolute Return and 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.

Absolute Return Commitments

Corbel Capital Partners, a credit fund located in Los Angeles, CA, will invest in privately negotiated structured credit instruments in lower middle-market companies in the United States. The fund will invest in cash flowing companies with proven business models and will primarily be senior in the capital structure. Corbel Capital Partners is expected to earn attractive risk-adjusted returns through a combination of cash yield, equity participation, and low cost SBA provided leverage.

In February 2022, the University committed up to \$50 million to a Corbel Capital Partners-sponsored investment.

Alternative Asset Commitments

Accel is a venture capital fund located in India that will invest in seed and early-stage rounds of companies based in India. The fund will be invested in companies that serve industry sectors in which the investment team has prior experience, including consumer, software-as-a-service, online financial services, and healthcare. The investment team has considerable startup operational knowledge, significant venture capital investing experience, and a network of industry relationships for sourcing investments.

In March 2022, the university committed up to \$8 million to an Accel-sponsored investment focused on investment opportunities in India.

BLG Capital, an Istanbul, Turkey, based real estate group that invests opportunistically in real estate assets throughout Turkey. Targeted sectors include hospitality, residential, student accommodations, and mixed-use properties where investments can benefit from the extensive zoning, planning, and construction expertise of the Bilgili Group. The fund is an existing co-investment in the redevelopment of prime Istanbul real estate, where the redevelopment includes a luxury hotel, high street retail, Class A office, and a passenger cruise port.

In August and December 2021 and February and May 2022, the university committed an additional €7.6 million (approximately \$8.5 million) to a BLG-sponsored co-investment.

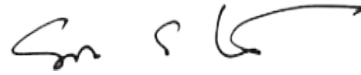
Francisco Partners, a private equity fund with offices in San Francisco, CA, and London, U.K., invests in middle market technology and technology-related companies. The firm generally makes control investments in the communications and security, financial, healthcare, software, and technology-enabled services and systems sectors. Francisco Partners' transactions may include buyouts, corporate spin-outs, recapitalizations, restructurings, or growth equity investments. In all investments, Francisco Partners seeks to be actively involved in helping companies improve their operations and pursue growth objectives that can enhance enterprise value.

In February 2022, the university committed \$70 million to two Francisco Partners sponsored vehicles.

SDC Capital Partners, a New York, NY, based real estate firm that makes opportunistic investments in the digital infrastructure market. SDC focuses on mission-critical infrastructure, including development of data centers for strong-credit customers in North America and Europe. The investment team has considerable experience in the digital infrastructure space and has demonstrated its ability to create value over time. SDC leverages its experience and relationships to anticipate demand trends, thereby earning a premium in a rapidly growing end-user market.

In March 2022, the university committed \$100 million to an SDC-sponsored investment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'G. Chatas', with a long horizontal flourish extending to the right.

Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

June 2022