

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents  
July 21, 2011

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of Green Courte Real Estate Partners III, L.P.

**Background and Summary:** We recommend a commitment of \$20 million from the Long Term Portfolio to Green Courte Real Estate Partners III, a \$400 million real estate fund that will invest in manufactured housing communities and parking assets across the United States.

Green Courte Partners, the General partner of the fund, was founded in 2002 by Randall Rowe. Prior to founding Green Courte, Rowe was co-founder and Chairman of Transwestern Investment Company and prior to Transwestern, he was a senior executive with Equity Group Investments, Sam Zell's organization. At Green Courte, Rowe has built a team of thirty-six employees, sixteen of which are experienced real estate professionals. The firm is based in Lake Forest, Illinois.

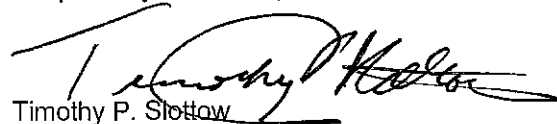
The Green Courte strategy is to invest in niche market segments which are currently out of favor, inefficient and in which there is less competition. Green Courte currently sees opportunities in manufactured housing communities and parking assets. It is expected that this third fund will be approximately 50 percent manufactured housing and 50 percent parking assets.

Beginning in Fund I and continuing in Fund II, Green Courte has acquired a portfolio of almost 50 manufactured housing communities with over 18,000 homes sites located in 10 states. These land-lease communities are both age-restricted and all-age communities in which the residents typically own their own homes and pay rent on the lots on which the homes are situated. Green Courte intends to continue to add properties to its existing portfolio, improve the operations of the communities through hands-on property management, and exit the portfolio in the next few years either through an initial public offering or a strategic sale.

Green Courte's strategy for parking assets is similar to its manufactured housing strategy where they intend to acquire assets, improve operations and exit through an initial public offering or strategic sale. As a result of the recent distress in the property markets, Green Courte believes it is an opportune time to acquire parking assets and take advantage of a recovery in the office markets.

This investment fits within the University's real estate investment strategy to invest with experienced managers that have demonstrated an ability to add value. Additionally, the University's real estate portfolio currently has no exposure to the manufactured housing sector and limited exposure to parking assets.

Respectfully submitted,

  
Timothy P. Slotlow  
Executive Vice President and  
Chief Financial Officer

July 2011