

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
March 20, 2008

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 one energy partnership, one real estate partnership, and one private equity partnership listed below.

JOG IV, L.P., is a Canadian based, energy private equity fund that will invest small amounts of equity in the growth stage of junior Canadian exploration and production companies. The team invests with experienced management teams that plan to build companies and take advantage of the institutional market's demand for larger companies. JOG requires the management teams to make significant capital commitments and focuses on teams with prior experience in their particular areas of focus.

This is the University's second investment with JOG Capital. The University committed CAD 10 million to JOG IV, L.P. in December 2007. The University previously committed CAD 10 million to JOG III, L.P. in October 2005.

Canyon-Johnson Fund III, L.P., is a Los Angeles based, real estate fund that will develop, redevelop and reposition real estate assets located in densely populated, ethnically diverse urban communities throughout the United States. Due to the lack of debt and equity capital for real estate development in these urban areas, residents have limited access to shopping, fewer housing alternatives, and fewer office and manufacturing jobs than their suburban counterparts.

Canyon-Johnson will target urban areas where there is significant existing mismatch between supply and demand, positive demographic upside and pro-growth governments. Typical investment size will range from \$10 to \$75 million and will include equity joint ventures with local owner/operators, participating and non-participating mezzanine loans, mortgages, recapitalizations and restructurings of existing ownership vehicles, build-to-suit transactions, sale-leaseback transactions and real estate opportunities made available through city, state and federal governmental entities. The projects might include retail/entertainment, multi-family housing and assisted living, office, hospitality, manufacturing/distribution and multi-use properties.

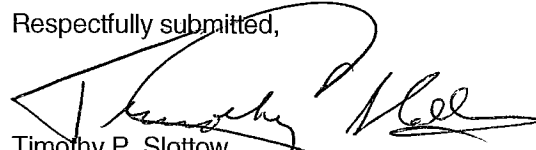
This is the University's second investment with Canyon-Johnson. The University committed \$25 million to Canyon-Johnson Fund III, L.P. in December 2007. The University previously committed \$20 million to Canyon-Johnson Fund II, L.P. in February 2005.

Bridgepoint Europe IV, L.P. is a pan-European private equity fund that will invest in profitable middle-market businesses throughout Western Europe. The fund has no fixed geographic investment allocations, and capital is invested in the best opportunities regardless of location. Bridgepoint relies on its multinational investment teams with diverse industry sector expertise to source and manage its portfolio of investments on a collaborative basis. The investment focus is on industry sectors where Bridgepoint has prior experience, including healthcare services, specialty retail, and financial services.

The investments include both management buyouts and growth equity transactions. On an opportunistic basis, the fund may undertake public-to-private transactions. Bridgepoint's strategy is to build value through both internal growth and add-on acquisitions. The fund seeks majority ownership of its portfolio businesses and is a pro-active shareholder.

This is the University's second investment with Bridgepoint. The University committed EUR 15 million to Bridgepoint Europe IV, L.P. in December 2007. The University previously committed EUR 15 million to Bridgepoint Europe III, L.P. in 2005.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

March 2008