

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION <i>Taylor</i>
	SECOND <i>Maynard</i>
	ACTION APPROVED BY THE REGENTS
NOTE:	JUN 16 2005

Subject: Alternative Asset Commitment

Action Requested: Approval of Moorfield Real Estate Fund, L.P.

Background and Summary: We recommend a commitment of up to £15 million to Moorfield Real Estate Fund, L.P., a fund that will make investments in various real estate assets throughout the United Kingdom. The target capitalization of the fund is £250 million.

The Moorfield Group is a private real estate company based in London. Prior to forming Moorfield in 1996, Marc Gilbard and Graham Stanley were responsible for the U.K. real estate activities for Goldman Sachs including primary and secondary equities, corporate advisory services and the Whitehall Street Real Estate Fund. Since leaving Goldman Sachs, the Moorfield team has partnered with several well-recognized real estate organizations in successful joint ventures. This will be the first institutional, multi-investor fund for Moorfield.

Moorfield intends to capitalize on various opportunities that exist in the U.K., including repositioning assets which suffer from poor asset management, acquiring assets being sold as part of a corporate disposal program, and buying surplus properties resulting from reorganizations and consolidations of businesses and funds. Moorfield believes that real estate investing is opportunity driven, and as a result, the fund will consider a wide range of assets. Likely investments could range from office, retail and mixed use projects to student housing transactions. Moorfield's focus on complex and innovative transactions reduces the amount of competition for deals.

The portfolio will be diversified both geographically and by property type. Typical investment size will be greater than £20 million and the average hold period will be three to five years. Exit strategies may include sales, IPOs, or corporate formation.

This investment fits within the University's real estate strategy to invest with experienced managers who have demonstrated an ability to add value. In addition, the European focus provides further diversification to our existing portfolio that is primarily domestic.

Respectfully submitted,



Timothy P. Sletow
Executive Vice President and
Chief Financial Officer

June 2005