

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

GKH	MOTION
	SECOND
	ACTION APPROVED BY THE REGENTS
NOTE:	MAR 17 2005

Subject: Alternative Asset Commitment

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.

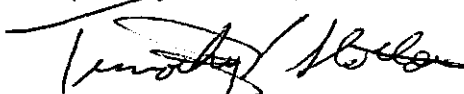
Pursuant to that policy, this item reports on the University's follow-on investment with the previously approved real estate partnership described below.

LBA Realty Fund II, L.P., is a \$450 million real estate fund that will continue the team's strategy to acquire a diversified portfolio of office and industrial properties located primarily in West Coast markets. The fund will target varying risk profiles, including value-added opportunities, core plus, and select build-to-suit and development projects. The fund will maintain a balanced approach to income and growth, with approximately one-half of the returns coming from current income.

The University committed \$30 million to LBA Realty Fund II, L.P. This is the University's second investment with the LBA Realty team. In 2003 the University committed \$15 million to LBA Realty Fund I, L.P.

This commitment is consistent with the University's real estate strategy to invest with experienced managers who have demonstrated the ability to add value.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

March 2005