

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents

June 19, 2008

Subject: Alternative Asset Commitment

Action Requested: Approval of IndoSpace Logistics Parks Limited

Background and Summary: We recommend a commitment of \$15 million from the Long Term Portfolio to IndoSpace Logistics Parks Limited, a \$385 million real estate fund which will make investments in industrial and logistics properties throughout India.

IndoSpace Logistics Parks Limited is the first fund sponsored by a joint venture between Realterm Global, a Maryland-based real estate asset management company and Future Capital Holdings, an Indian financial services company. Realterm Global, founded in 1992 by John Cammett and Ken Code, is a leader in identifying underserved markets and undervalued assets in the industrial real estate sector. Realterm is the parent organization of AeroTerm (the largest institutional owner of on-airport cargo facilities in North America), North American Terminals (a large institutional owner of surface and branded transportation facilities in the United States), and Mariterm (a port infrastructure initiative). Future Capital Holdings Limited (FCH) is the financial services arm of The Future Group, a Mumbai-based business group focusing on consumption-led businesses in India. FCH has three primary lines of business --- investment advisory services in real estate and private equity, retail financial services and proprietary research. FCH manages in excess of \$1 billion in total assets with a team of over 150 professionals located throughout India.

Although this is a first time fund, Realterm's expertise in the acquisition, development, property management and leasing of industrial space combined with FCH's India expertise, contacts and research creates an attractive joint venture.

The opportunity for industrial real estate development in India is created by the projected growth in consumption, organized retail and manufacturing and the lack of investment capital allocated to the sector. Although there has been a significant amount of money raised in recent years to make real estate investments in India, the focus has been primarily on residential, commercial, retail and IT parks. Little attention has been paid to the industrial sector.

The strategy for IndoSpace Logistics Parks (the fund) is to develop approximately 22 million square feet of modern industrial warehouse/logistics space across India's largest 8 markets including Mumbai, Delhi, Kolkata, Chennai, Bangalore, Pune, Hyderabad and Ahmedabad. Given the pent up demand for industrial space, Indospace intends to build most of the buildings on a spec basis although it is expected that Pantaloon, one of India's leading retailers and the flagship company of The Future Group, will be a lead tenant in many of the industrial parks. Exit strategies include individual assets sales, or more likely, a public listing.

An investment in IndoSpace Logistics Parks Limited will further diversify the existing portfolio by adding exposure to India.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

June 2008