

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION <i>Brandon</i>
	SECOND <i>Taylor</i>
	ACTION <i>APPROVED BY THE REGENTS</i>
NOTE: SEP 15 2005	

Subject: Alternative Asset Commitment

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

Background and Summary: We recommend a commitment of \$20 million from the Long Term Portfolio to Westbrook Real Estate Fund VI, L.P., a real estate fund that will invest in all major property types in the United States, Europe and Japan. The capitalization of the fund is \$750 million.

Westbrook Partners was founded in 1994 by Paul Kazilionis and William Walton. Prior to founding Westbrook, Kazilionis and Walton led the real estate investment activities for Morgan Stanley. Several members of the Morgan Stanley real estate team joined Kazilionis and Walton at Westbrook. Beginning in 1994 through 2003 Westbrook raised and invested four real estate funds. In 2003 the team separated, with Walton and several of the investment professionals leaving to form a separate real estate investment management firm, and Kazilionis and the remaining team members maintaining the Westbrook name. This is the second fund for the newly formed Westbrook.

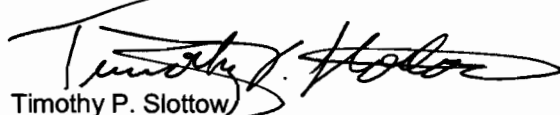
Westbrook Fund VI will continue the strategy the Westbrook team has successfully implemented since leaving Morgan Stanley. Westbrook identifies themes which it believes will provide attractive opportunities over the life of each fund. For Fund VI the themes include under-valued real estate assets and portfolios, corporate, government and other non-core sellers, urgent recapitalizations, dysfunctional ownership, and residential opportunities. These are all themes the team has been successful with in previous funds. Westbrook intends to carry out these investment strategies in target markets in the United States (New York and Washington, D.C), Europe (Paris and London), and Japan (Tokyo).

Westbrook has developed a broad network of local partners to originate and partner with on deals and seeks to avoid competitive bid situations.

The Fund will focus on well-located, high-quality assets available at significant discounts to both replacement cost and current market value, and that will be attractive to a wide range of buyers. Typical investment size will be approximately \$20 million. The portfolio is expected to be geographically diversified, with approximately 50 percent invested in the United States, 30 percent invested in Europe and 20 percent invested in Japan.

This investment fits within the University's real estate strategy to invest with experienced managers who have demonstrated an ability to add value. Also, the Japan and Europe exposures will add further diversification to the portfolio.

Respectfully submitted,


Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2005