

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION	<i>Brandon</i>
	SECOND	<i>White</i>
	ACT APPROVED BY THE REGENTS	
NOTE:		OCT 21 2005

Subject: Alternative Asset Commitment

Action Requested: NCH New Europe Property Fund, L.P.

Background and Summary: We recommend a commitment of \$20 million to NCH New Europe Property Fund, L.P., a real estate fund being established to make property investments in Eastern Europe.

The General Partner of the fund will be an affiliate of NCH Capital Inc., a firm founded in 1993 by George Rohr and Moris Tabacinic to take advantage of investment opportunities in Eastern European countries. Headquartered in New York, NCH has offices in Russia and several Eastern European countries. To date, NCH has raised seventeen partnerships which have made investments in equity and equity-related securities, debt and real estate in the region. This will be NCH's first dedicated real estate fund.

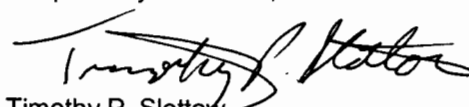
NCH New Europe Property Fund will acquire, develop, redevelop, manage, lease, and sell retail, commercial, industrial and residential real estate properties and real estate-related securities in countries in Eastern Europe that are expected to join the European Union and select other markets of the former Soviet Union. The Fund will seek to invest in markets where structural reforms and macroeconomic improvements have been dramatic and are expected to continue, yet where the capital shortage remains severe and asset valuations remain low. The General Partner expects to invest the majority of the Fund's capital in Russia, Ukraine, Romania, Bulgaria and Latvia.

The Fund will focus on the development of new projects, the redevelopment or repositioning of existing properties, and the opportunistic purchase of land. NCH may invest in a wide range of asset categories such as logistics and warehouse distributions centers, retail properties, office buildings, residential properties, hotels, as well as real estate-rich operating companies and real estate service companies. The Fund may also pursue investments in real estate-related securities. The portfolio will be diversified geographically, by property type, and by holding period.

NCH believes that during the term of the Fund significant buying interest will develop, primarily among Western European banks, pension funds, insurance companies and other financial investors that are increasingly seeking stabilized properties that offer higher yields than those available in more developed markets, as well as from local entrepreneurs and other buyers from within the region.

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 Eastern European focus provides further diversification to our existing portfolio.

Respectfully submitted,



Timothy P. Sloton
Executive Vice President and
Chief Financial Officer

October 2005