

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION  
EXH  
ITEM FOR INFORMATION

MOTION
APPROVED BY THE REGENTS
DEC 15 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.

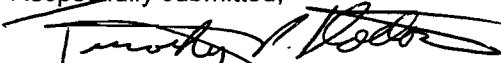
Pursuant to that policy, this item reports on the University' follow-on investment with the previously approved real estate partnership described below.

**Cabot Industrial Value Fund II, L.P.**, is a \$450 million real estate fund that will continue the team's strategy to acquire industrial properties throughout the United States. The focus will be on properties in major markets with growing demand and where values are more likely to increase due to limitations on new supply. Cabot will create value through active management and a disciplined sell process. Although it is expected that the majority of the acquisitions will be existing buildings, Cabot may pursue development on a selective basis.

The University committed \$15 million to Cabot Industrial Value Fund II, L.P. This is the University's second investment with the Cabot team. In 2003 the University committed \$10 million to Cabot Industrial Value Fund, 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

December 2005