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July 24, 2026

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan, Director

SUBJECT: **Real Estate Investment: Cerberus Institutional Real Estate Partners VII, L.P.**

The Division of Investment (the "Division") is proposing an investment of up to $150 million into Cerberus Institutional Real Estate Partners VII, L.P. (the "Fund"). This memorandum is presented to the State Investment Council (the "Council") pursuant to N.J.A.C. 17:16-69.9.

The Division is recommending this investment based on the following factors:

Flexible Mandate that can Pivot across Strategies and Geographies as Market Conditions Evolve
The Fund's wide mandate and hybrid equity and debt strategy enable Cerberus to pursue investments that are positioned to generate the most attractive risk-adjusted returns throughout the real estate cycle. The Fund can pursue credit origination, non-performing loans (NPLs) and distressed real estate investments as those assets and portfolios emerge. Cerberus can pursue equity strategies (asset aggregation and direct equity) in sectors and geographies where valuations are attractive.

Cerberus Platform Edge
Cerberus Capital Management, L.P. ("Cerberus" or the "Firm") is a privately held, global alternative investment manager with approximately $71.4 billion in assets under management and 929 corporate employees (including affiliates). Cerberus Real Estate can utilize Cerberus's corporate and affiliated resources to assist with workflows in areas such as loan servicing, asset management, and technology transformation.

Seasoned Investment Team and Platform with Experience Navigating Market Cycles
Cerberus Real Estate has deep expertise with highly structured, complicated transactions and capital structures. The senior Real Estate leadership team has invested through multiple market cycles with an average of 30 years of industry experience and 20 years of tenure per member. Cerberus Real Estate has sourced 79% of its historical investments off market or through limited processes by leveraging its extensive network of relationships.

Granularity of Portfolio Construction
The prior funds typically have constructed portfolios comprised of 50 or more unique positions, and oftentimes these positions are multi-asset in the form of acquired NPL portfolios, distressed equity, opportunistic credit, RMBS/CMBS acquisitions, and strategic asset aggregation platforms. This approach allows Cerberus to build scaled exposures to specific sectors and geographies of thematic conviction whilst mitigating the impact idiosyncratic risks at individual properties or loan holdings may pose to overall fund-level performance.

A report of the Investment Policy Committee ("IPC") summarizing the details of the proposed investment is attached.

Division Staff and its real estate consultant, Aksia LLC, undertook extensive due diligence on the proposed investment in accordance with the Division's Alternative Investment Due Diligence Procedures.

As part of its due diligence process, staff determined that the Fund has not engaged a third-party solicitor ("placement agent") in the fundraising of the Fund.

In accordance with the State Investment Council's Environmental, Social & Governance ("ESG") Policy, the Division of Investment's ESG Team completed its review of Cerberus Capital Management's ESG efforts. Cerberus has a firm-wide ESG policy and targeted sub-policies for each of its investment desks which are reviewed regularly. The Firm is a signatory to the Principles of Responsible Investment (PRI) and closely follows other industry standards and best practices. ESG considerations are reviewed and analyzed during investment due diligence and monitored on an ongoing basis for controlled investments.

Staff will work with representatives of the Division of Law and outside counsel to review and negotiate specific terms of the legal documents to govern the investment. A preliminary Disclosure Report of Political Contributions has been obtained in accordance with the Council's regulation governing political contributions (N.J.A.C. 17:16-4) and no political contributions have been disclosed. An updated Disclosure Report will be obtained at the time of closing.

Note that the investment is authorized pursuant to Articles 69 and 71 of the Council's regulations. Cerberus Institutional Real Estate Partners VII, L.P. is considered a non-core real estate investment, as defined under N.J.A.C. 17:16-71.1.

A formal written due diligence report for the proposed investment was sent to each member of the IPC, and a meeting of the IPC was held on July 15, 2026. In addition to the formal written due diligence report, all other information obtained by the Division on the investment was made available to the IPC.

We look forward to discussing the proposed investment at the Council's July 29, 2026 meeting.

Attachment

Cerberus Institutional Real Estate Partners VII, L.P.

- **DOI Commitment**: up to $150 million

- **Strategy**: Non-Core Real Estate

- **Investment Focus**: The Fund will utilize a multi-strategy approach, opportunistically pivoting between global regions, property types, and parts of the capital structure in pursuit of compelling risk-adjusted returns. The Fund will seek to capitalize on investment opportunities catalyzed by distress and motivated counterparties in need of a liquidity solution.

- **Target Returns**: 13-16% net returns

- **Investment Thesis**:
  - Flexible Investment Strategy
  - Seasoned Investment Team
  - Cerberus Platform Edge
  - Granular Diversification
  - Portfolio Fit

Fund Name: Cerberus Institutional Real Estate Partners VII, L.P. — July 24, 2026

Contact Info: *Doston Bradley, 875 Third Avenue, New York, NY 10022*

Fund Details:

Total Firm Assets:	$71.4 billion
Strategy:	Opportunistic Real Estate
Year Founded:	1992
Headquarters:	New York
GP Commitment:	Lesser of 1.5% and $45 million

Key Investment Professionals:

Frank Bruno: Mr. Bruno is the Chief Executive Officer and Chief Investment Officer of Cerberus and is responsible for leading the Firm's global investment activities across credit, private equity, and real estate strategies. From 2018 until 2025, Mr. Bruno served as Co-Chief Chief Executive Officer along Cerberus Co-Founder, Steve Feinberg. Since joining Cerberus in 1998, he has overseen the investment of more than $32 billion in equity capital in Asia and Europe. Under his leadership, Cerberus expanded its international presence, opening global advisory offices across Asia and Europe.

Lee Millstein: Mr. Millstein is the Chairman of Cerberus' Global Real Estate and Non-Performing Loan platforms. Until 2024, Mr. Millstein served as President of Cerberus Global Investments and Global Head of Real Estate for Cerberus, where he led the Firm's global real estate franchise and helped establish Cerberus as a global leader in real estate, real estate-related strategies, and non-performing loans. From 2009 to 2017, he served as Head of European and Asian Real Estate and Distressed Assets. Prior to joining Cerberus, Mr. Millstein was Head of Corporate and Investment Banking for Aozora Bank. From 1994 to 2004, he was at Morgan Stanley, most recently as Managing Director and Head of High Yield and Distressed Principal Investing in Japan and non-Japan Asia.

David Teitelbaum: Mr. Teitelbaum is President of Cerberus Global Investments and Global Head of Real Estate, Non-Performing Loans and Financial Opportunities. In his role, he oversees the Firm's global real estate, non-performing loans and financial opportunities franchise, and leads the day-to-day operations of these businesses'. Teitelbaum joined Cerberus in 1997 and has led many of the Firm's largest European transactions.

Daniel Dejanovic: Mr. Dejanovic is the Head of European Advisory Offices and Head of International Real Estate Advisory for Cerberus, overseeing Cerberus' international investments in commercial and residential properties, real estate-related portfolios, and real estate operating companies. Since joining the Firm in 2006, he has been instrumental in establishing Cerberus as a leading real estate investor in Europe and played a central role in Cerberus becoming one of the largest private residential landlords in Germany. Mr. Dejanovic leads Cerberus' non-performing loan (NPL) platform in Europe, where the Firm has been the leading purchaser of NPL portfolios since 2013. Prior to joining Cerberus, he was at Ernst and Young in its corporate finance division. From 2004 to 2005, he worked for the Australian subsidiary of China Light and Power (CLP) in Business Development and Project Finance.

Tom Wagner: Mr. Wagner is Head of North American Real Estate and is responsible for the sourcing, execution and management of Cerberus' real estate investments across North America. Since joining the Firm in 2006, he has been instrumental in driving the expansion of Cerberus' real estate activities in the United States. Mr. Wagner has more than 30 years of real estate experience, with significant expertise in investing across asset classes, property types and geographies. Prior joining Cerberus, He was a Managing Director of Real Estate at GE Real Estate from 1998 to 2006, where he was responsible for direct equity investments and was previously responsible for business development in North America. From 1987 to 1998, Mr. Wagner worked at Chemical Bank and Mitsubishi Bank in their respective real estate groups.

Investment Summary

Cerberus Institutional Real Estate Partners VII, L.P. (the "Fund") is a closed ended commingled fund sponsored by Cerberus Capital Management, L.P. The Fund is a global, multi-strategy, debt and equity real estate fund focused on opportunistic, undervalued and/or distressed real estate structures to capitalize on prevailing market conditions. The Fund deploys capital opportunistically in dislocated markets to earn attractive risk-adjusted returns and benefits from a seasoned investment team and platform with specific experience in volatile and dislocated markets. The Fund can also pivot across strategies and geographies as market conditions evolve.

Existing and Prior Funds

Funds	*Vintage Year*	*Strategy*	*Returns as of 12/31/2025*
Fund I	2004	Opportunistic	9.7% Net IRR; 1.25x TVPI; 1.25x DPI
Fund II	2008	Opportunistic	17.6% Net IRR; 1.58x TVPI; 1.58x DPI
Fund III	2012	Opportunistic	10.8% Net IRR; 1.54x TVPI; 1.39x DPI
Fund IV	2015	Opportunistic	-6.4% Net IRR; 0.67x TVPI; 0.02x DPI
Fund V	2020	Opportunistic	10.4% Net IRR; 1.46x TVPI; .07x DPI
Fund VI	2022	Opportunistic	7.5% Net IRR; 1.11x TVPI; .01x DPI

Source of Returns - Aksia LLC

IRR = Internal Rate of Return; TVPI = Total Value to Paid-In; DPI = Distributions to Paid-In

Vehicle Information:

Inception:	2026	**Auditor:**	**Price WaterhouseCoopers LLP**
Fund Size :	$3.0 billion	**Legal Counsel:**	**McDermott Will and Schulte LLP**
Management Fee:	1.5% on commitments during the Investmer Period; 1.5% on invested during the Harves Period.		
Incentive Fee:	20% with a 9% Preferred Return		
Additional Expenses:	Fund will bear certain organizational and ongoing expenses		

NJ AIP Program

Recommended Allocation ($mil.):	up to $150 million	**LP Advisory Board Membership:**	**YES**
% of Fund:	5.00%	**Consultant Recommendation:**	**YES**
		Placement Agent:	**YES**
		Compliance w/ Division Placement Agent Policy:	**YES**
		Compliance w/ SIC Political Contribution Reg:	**YES**

*This review memorandum was prepared in accordance with the State Investment Council rules governing the Alternatives Investment Program and the policies and procedures related thereto.