Agenda Item 10b

State of New Jersey

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SHOAIB KHAN
Director

July 24, 2026

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan, Director

SUBJECT: **Real Estate Investment: Focus Senior Housing Core Strategies LP**

The Division of Investment (the "Division") is proposing an investment of up to $150 million in Focus Senior Housing Core Strategies, LP (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:

Best-in-Class Sector Specialist
Focus Healthcare Partners LLC ("Focus" or the "Firm") is a Chicago-based real estate investment manager founded in 2010 that is dedicated to the senior housing sector. Between time spent at Focus and at predecessor firms, Focus's senior leadership team has overseen the acquisition, management, and/or financing of over 100,000 units of senior housing.

High-Quality, Institutional Scale Portfolio
The Fund is being established to recapitalize a sixteen property, 2,863-unit senior housing portfolio diversified across U.S markets (the "Portfolio") owned by Focus in separate funds. The Portfolio is well suited for a long-term hold with an average building vintage of 2020 and approximately 77% of units being independent living, a lower acuity, higher-margin unit type that has exhibited less volatility.

Compelling Sector Fundamentals Supported by Demographic Trends
The senior housing sector is supported by the structural megatrend that is the aging of the U.S population. The U.S 80 and older population is projected to grow at a 5.0% CAGR between 2026 and 2030, compared to just under 0.5% CAGR for the U.S population overall. The number of senior housing units under construction nationwide also remains below the long-term average, indicating that the current supply-demand mismatch will likely persist for the next several years.

Portfolio Fit
The Division is under-allocated to the Real Estate asset class with a current allocation of approximately 6% versus the long-term target allocation of 7%. In addition, a commitment to the Fund would expand the Division's exposure to healthcare-related real estate, which is an area of high conviction due to the demographic tailwinds that back the sector.

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 Focus Healthcare Partners' ESG efforts. Focus maintains an ESG policy tailored to its business as a senior housing real estate investor with the policy being reviewed as needed. The Firm is a signatory to the United Nations Principles of Responsible Investment (UNPRI). ESG considerations are factored into investment decisions and Focus' standardized due diligence process includes third-party environmental risk assessments and each prospective facility's human capital management approach. Focus maintains oversight of ESG factors during the hold period through check-ins with third-party property managers and site visits.

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. Focus Senior Housing Core Strategies, LP, is considered a 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

Focus Senior Housing Core Strategies, LP

- **DOI Commitment**: up to $150 million
- **Strategy**: Core Real Estate
- **Investment Focus**: The Fund is being established to recapitalize a fully-identified portfolio of sixteen Class A senior housing properties located across the U.S that are owned by Focus in separate funds.
- **Target Returns**: 9-10% net returns
- **Investment Thesis**:
  - High-Quality, Institutional Scale Portfolio
  - Compelling Demographic Tailwinds
  - Best-in-Class Sector Specialist
  - Portfolio Fit

Fund Name: Focus Senior Housing Core Strategies, L.P. **July 24, 2026**

Contact Info: Michael Feinstein, 200 W. Madison Street, Suite 2650 Chicago, IL 60606

Fund Details:

Total Firm Assets:	$2.1 Billion
Strategy:	Specialized Real Estate
Year Founded:	2010
Headquarters:	Chicago
GP Commitment:	1%

Key Investment Professionals:

Paul Froning: Mr. Froning has more than 28 years of involvement in healthcare and Senior Housing as an investor, operator, advisor, and investment banker. Prior to co-founding Focus, Mr. Froning was a Managing Director of Fortress Investment Group until October 2009, with senior responsibility over healthcare private equity investments by Fortress including the day-to-day oversight of the operation and restructuring of Holiday Retirement, the second largest Senior Housing owner and operator in the United States with more than 35,000 units. Prior to Fortress, Mr. Froning was an Executive Vice President and Chief Investment Officer of Brookdale Senior Living and was directly responsible for all of Brookdale's external growth.

Curt Schaller: Mr. Schaller is a Co-Founder and Principal of Focus Healthcare Partners. Mr. Schaller has been involved in the healthcare real estate sector for over 27 years and prior to co-founding Focus served in senior leadership positions with two of the leading lenders in healthcare, General Electric and Merrill Lynch Capital. Mr. Schaller has sourced and closed over 200 Senior Housing and healthcare transactions with an investment value exceeding $4.5B. Mr. Schaller most recently was the Senior Managing Director for GE Healthcare Financial Services' $8B real estate investment group. Mr. Schaller joined GE as part of its purchase of Merrill Lynch Capital in early 2008.

Michael Feinstein: Mr Feinstein serves as a Managing Director at Focus and is responsible for implementing the acquisition and asset management activities for the Firm and serving as the primary contact for investor relations and capital raising initiatives. Previously, Mr. Feinstein was a Vice President at Buchanan Street Partners, the real estate private equity subsidiary of the TCW Group. Prior to his work at Buchanan Street Partners, Mr. Feinstein worked on the acquisition team of Brookdale Senior Living.

Scott MacGregor: Mr. MacGregor serves as a Managing Director at Focus and is responsible for implementing the acquisition and asset management activities. Prior to joining Focus, Mr. MacGregor was an acquisition officer for Pearlmark Real Estate Partners. While at Pearlmark, Mr. MacGregor sourced, underwrote and asset managed value-add and core-plus investment opportunities for the firm's dedicated multifamily fund. During his seven-year tenure at the firm, Mr. MacGregor was involved in over $1B of transactions.

Tom Girard: Mr. Girard serves as Senior Vice President, Controller & Risk Manager at Focus and is responsible for coordinating the accounting, treasury, insurance, and administration functions related to the Firm's investment vehicles. Previously, Mr. Girard spent 18 years in the accounting and financial areas as a Vice President and / or Controller at Brookdale Senior Living, the nation's largest provider of senior living.

Investment Summary

Focus Healthcare Partners is a Chicago-based real estate investment manager investing in, operating, and financing senior housing real estate nationwide. Focus invests exclusively in the senior housing sector, targeting assets that are predominately private-pay Independent Living, Assisted Living, Memory Care, with selective exposure to Skilled Nursing. The Firm's strategy in the Core Strategies vehicle is a direct continuation of its established approach—acquiring high-quality assets, executing focused business plans, and delivering durable, income-oriented returns across cycles

Existing and Prior Funds

Funds	*Vintage Year*	*Strategy*	*Returns as of 12/31/2025*
Pool A	2011	Specialized	56.6% Net IRR; 2.06x TVPI; 2.06x DPI
Pool B	2013	Specialized	18.7% Net IRR; 3.11x TVPI; 3.11x DPI
Pool C	2013	Specialized	23.3% Net IRR; 1.79x TVPI; 1.79x DPI
Pool D	2014	Specialized	22.2% Net IRR; 1.53x TVPI; 1.53x DPI
Funds	*Vintage Year*	*Strategy*	*Returns as of 3/31/2026*
Fund I	2017	Specialized	12.7% Net IRR; 1.79x TVPI; 0.98x DPI
Fund II	2022	Specialized	73.0% Net IRR; 2.1x TVPI; 0.13x DPI

Source of Returns - Focus

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

Vehicle Information:

Inception:	2026	**Auditor:**	**RSM**
Fund Size :	$800 million	**Legal Counsel:**	**DLA Piper**
Management Fee:	1.35% on invested equity		
Incentive Fee:	15% with a 7% Preferred Return		
Additional Expenses:			

NJ AIP Program

Recommended Allocation ($mil.):	up to $150 million	**LP Advisory Board Membership:**	**YES**
% of Fund:	18.75%	**Consultant Recommendation:**	**YES**
		Placement Agent:	**NO**
		Compliance w/ Division Placement Agent Policy:	**N/A**
		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.