Nebraska Investment Council

Real Assets Performance Report – Q1 2026

August 2026

Aksia

www.aksia.com

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Real Assets

Real Estate Overview

Tailwinds	Headwinds
▪ In our view, the industrial sector fundamentals remain relatively strong, stemming from a secular trend towards increasing e-commerce, supply chain reconfiguration and "near-shoring" impacts, despite elevated new deliveries in recent years resulting in increasing vacancy, particularly for mid-size and big-box distribution warehouses. ▪ We observed that operational performance of market-rate residential assets remains relatively steady, buoyed by higher mortgage rates and declining new supply. However, rental rate growth has slowed as many markets absorb elevated new deliveries in 2025 and 2026. ▪ Stubbornly-high input costs may support existing asset values by discouraging new development. ▪ Liquidity is returning to the market, driven by improving market sentiment regarding valuations and strong debt capital markets.	▪ Government policies on immigration, trade, and the Iran war could add to inflationary pressures, raising concerns that high costs may weigh on growth and consumer spending, even as supply-demand fundamentals remain broadly solid outside the office sector. ▪ Potential regulatory reforms restricting institutional investment in single-family residential (SFR) properties could have broader downstream effects, further limiting capital investment across the residential sector. ▪ Base rates remain elevated, driving higher yield requirements (cap rates) for investors, as expected incremental return from debt utilization (positive leverage) is muted. ▪ Strong capital inflows into "new economy" sectors (data centers, cold storage, BTR) driven by secular demand have created growth but also structural liquidity risk, with elevated pricing, rising costs, and thin exit markets increasing repricing risk.

Performance at a Glance

- The NCREIF Open End Diversified Core ("ODCE") and NCREIF Property Index ("NPI") reported Q1 2026 gross returns of 1.2% and 1.2%, respectively.[1,2]
- NPI Transaction volumes during Q1 2026 were meaningfully lower quarter-over-quarter with a total of 115 property transactions (59% decrease), driven predominately by the office sector, down over 76%. The retail sector was the second least active with only 12 transactions, representing a 67% decrease from Q4 deal volume followed by industrial with only 59 transactions, down 60% QoQ. Residential properties also experienced a decrease in transaction volume, down 30% from the prior quarter.[2]
- Most property types produced positive returns during the quarter according to NPI, except Hotel, with the greatest positive moves in Retail, Self-Storage, and Office. While still positive, Industrial, self-storage, and Residential declined versus prior quarter.[2]
- The ODCE index reported 0.2% in appreciation during Q1 2026, with a consistently-positive income return of 1.0%. The overall appreciation return for the trailing 1-year is -0.1%.[1]

Figure 1: **Gross Quarterly Returns | %**

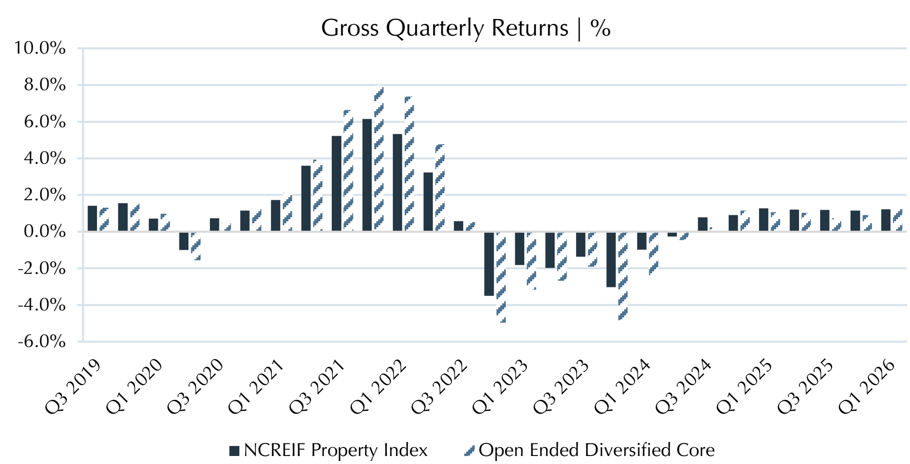
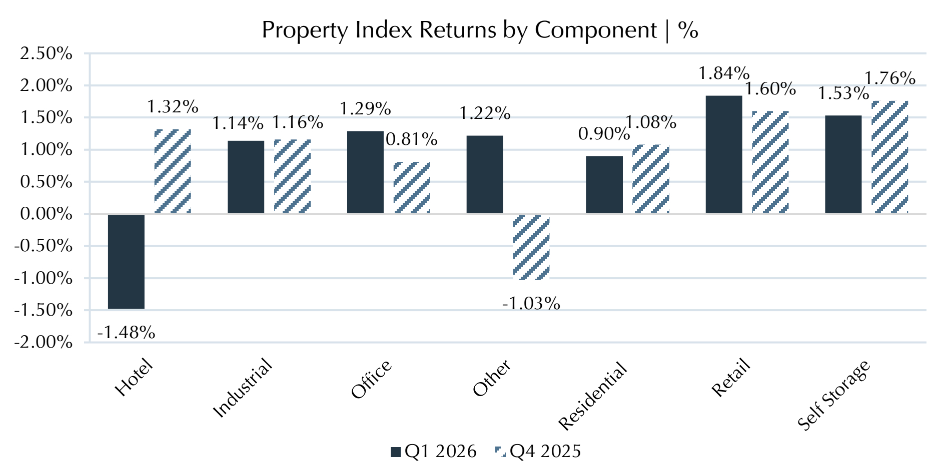


Figure 2: **Property Index Returns by Component | %**



Source: NCREIF, as of March 31, 2026. Past performance is not indicative of future results. The above represents Aksia's market observations. Observations are subject to change. All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia").

Residential

Sector fundamentals are relatively strong, supported by elevated interest rates and home prices, which have kept the renter pool large. Additionally, inflated financing and construction costs have continued to constrain new supply, supporting low vacancy rates and strong rental growth for existing assets. Aksia expects the sector's demographic demand drivers will keep it somewhat insulated from macroeconomic concerns, particularly within more affordable product. Furthermore, emerging residential sub-sectors (e.g., BTR, MHR, seniors) in the U.S. cater to specific renter profiles and support a growing demand of "renters-by-necessity".

Industrial

Despite continued tariff uncertainty, labor shortages, and fears of a weaker consumer, the industrial sector is showing signs of stabilization, with leasing activity up meaningfully in 1Q2026 year-over-year. However, an elongated conflict in Iran is cause for concern in European logistics networks that are more vulnerable to energy market volatility than their U.S. counterparts. Despite these challenges, Aksia expects reductions in new deliveries, global e-commerce expansion and onshoring/near-shoring efforts to buoy demand for well-located, modern assets.

Office

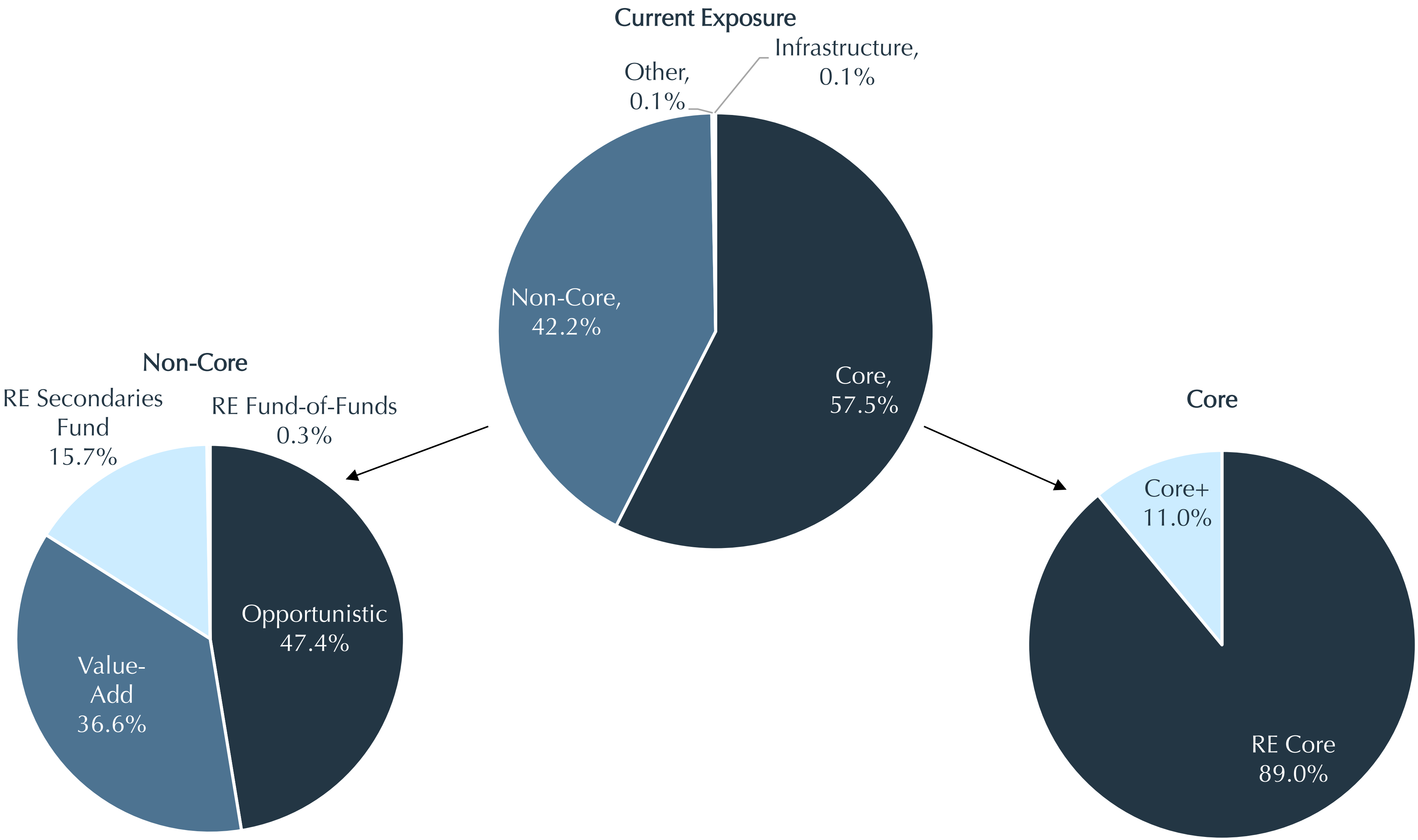
Globally, performance in the office sector remains bifurcated by asset quality and region. European and Asian return-to-office mandates have supported positive performance in those markets, especially for newer, well-located buildings. U.S. office holds some of the highest vacancies globally, with minimal office transactions and growing loan defaults defining the sector. However, the "flight to quality" trend is evident with tenant demand for modern class A space dramatically outpacing lower quality product.

Alternatives

As many alternative sectors are demographic-driven, they remain more insulated from the current macroeconomic volatility. Senior housing is supported by low supply growth and an aging population, and manufactured housing and built-to-rent assets are supported by their relative affordability and the continued housing shortage. Additionally, data center demand continues to surge globally with the rapid expansion of and reliance on "AI", machine learning, and cloud computing. However, the rush toward mega-scale (1 GW+) campuses warrants caution, as these projects carry outsized execution, power-availability, absorption, and ultimately exit/liquidity risks that can materially undermine underwriting assumptions.

The above represents Aksia's market observations. Observations are subject to change.

Portfolio Exposures



Total Exposure = FMV + Unfunded
As of March 31, 2026

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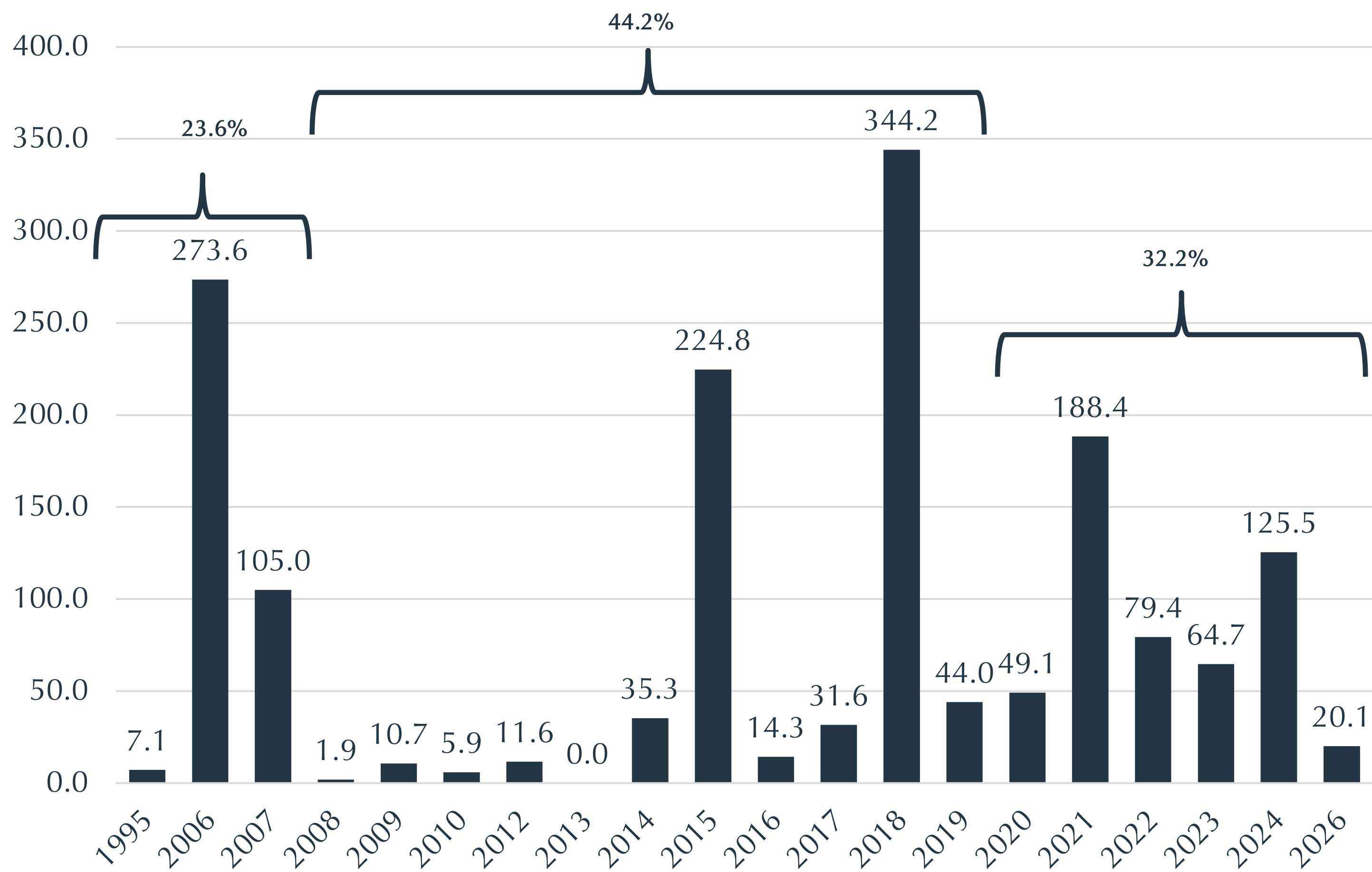

- Open-ended managers causing outsized exposure to 2006, 2015, 2018 and 2021 commitment years

Total Exposure = FMV + Unfunded
As of March 31, 2026

Portfolio Summary

Defined Benefit and Cash Benefit Balance Program	
Total Plan Assets	$24.0 bn
Real Assets Target	7.5%
Real Assets Net Asset Value	$1.2 bn
Real Assets Exposure	5.0%
Net IRR Since Inception	5.2%
Total-Value-to-Paid-in Since Inception	1.4x

Healthcare Endowment Program	
Total Plan Assets	$654.9 mn
Real Assets Target	5.0%
Real Assets Net Asset Value	$18.8 mn
Real Assets Exposure	2.9%
Net IRR Since Inception	6.5%
Total-Value-to-Paid-in Since Inception	1.3x

General Endowment Program	
Total Plan Assets	$1.3 bn
Real Assets Target	5.0%
Real Assets Net Asset Value	$42.6 mn
Real Assets Exposure	3.2%
Net IRR Since Inception	6.5%
Total-Value-to-Paid-in Since Inception	1.3x

OSERS Program	
Total Plan Assets	$1.9 bn
Real Assets Target	7.5%
Real Assets Net Asset Value	$111.8 mn
Real Assets Exposure	5.8%
Net IRR Since Inception	6.8%
Total-Value-to-Paid-in Since Inception	1.4x

As of March 31, 2026

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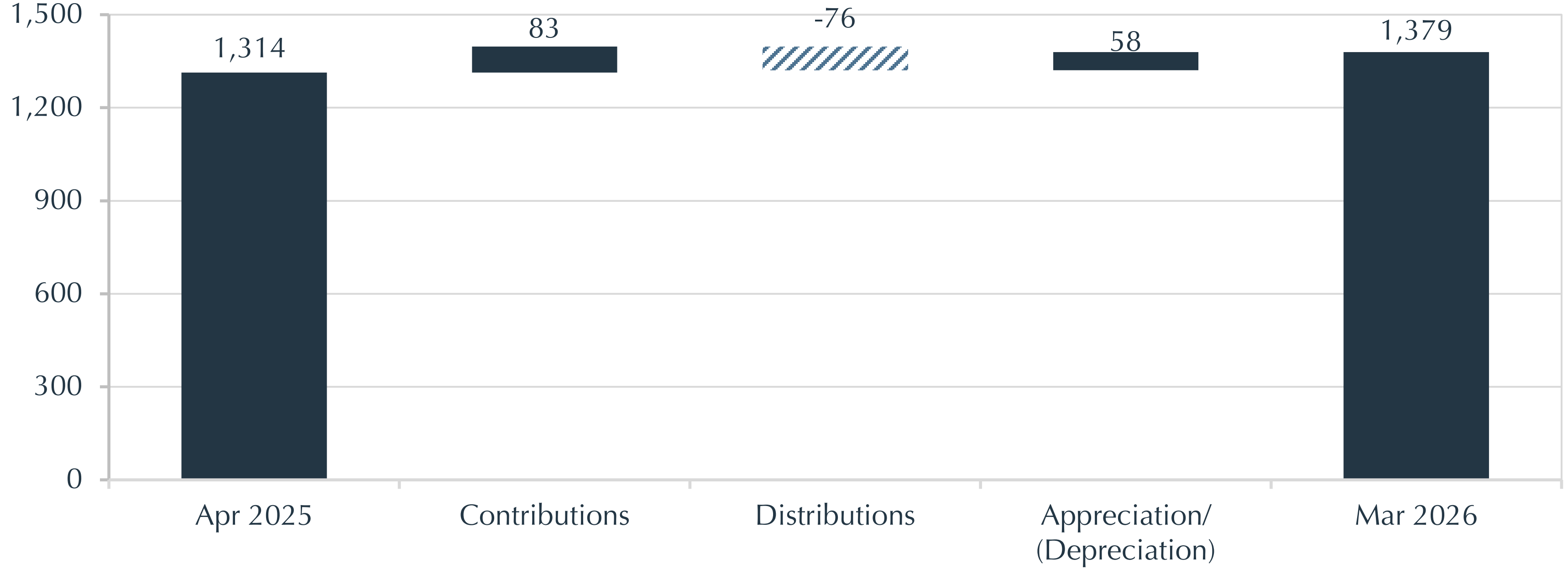
Portfolio Value Bridge | April 01, 2025 through March 31, 2026 | $ millions



- Contributions of $83.2 million exceeded distributions of $75.9 million generating negative cash flow from the program of $7.3 million.
- From April 01, 2025 to March 31, 2026, the portfolio appreciated by $58.1 million.
- Total market value on March 31, 2026 was $1.4 billion.
- Unfunded commitment on March 31, 2026 was $258.2 million.

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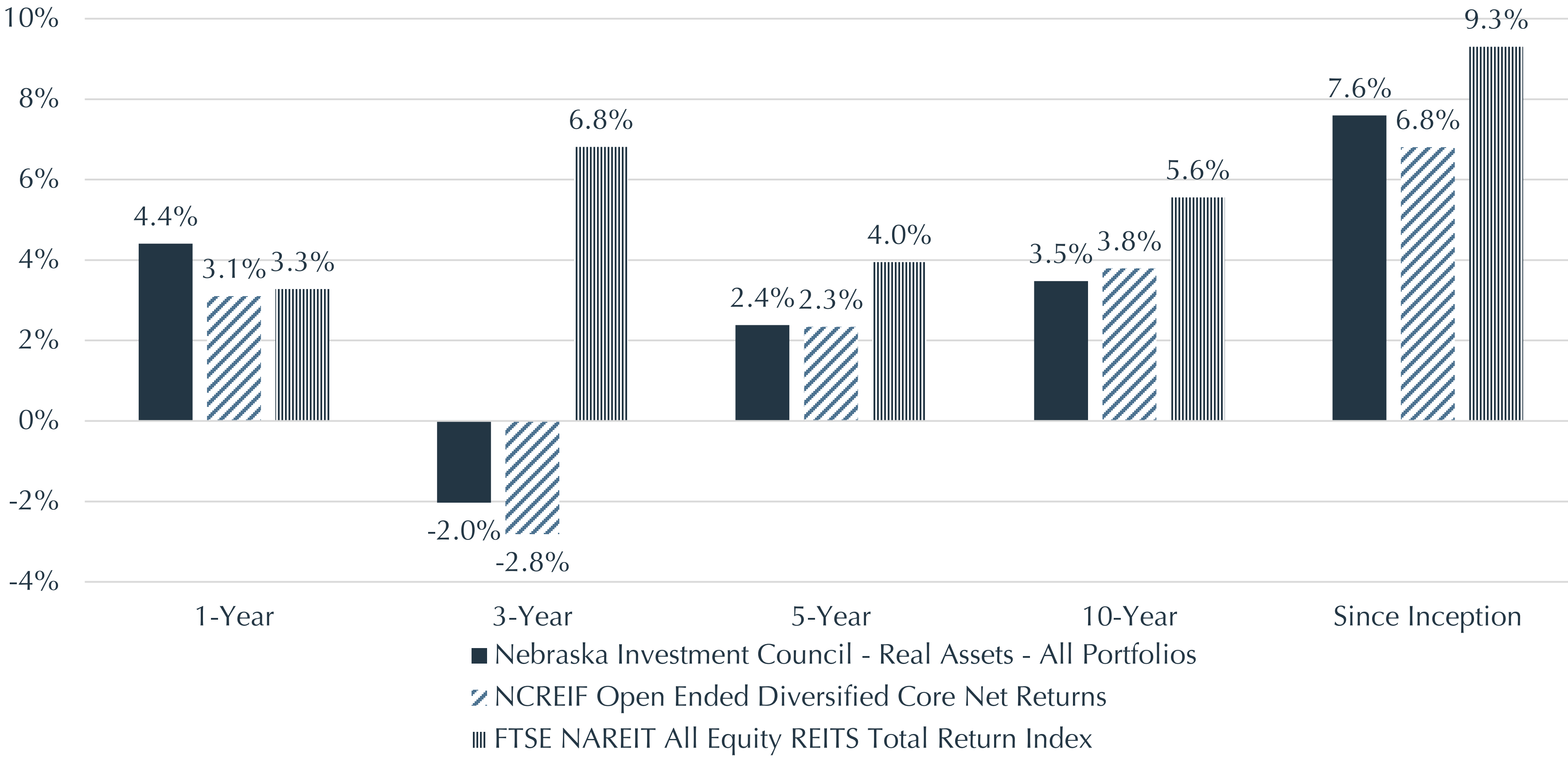
Portfolio TWR vs Benchmark | As of March 31, 2026



- NIC outperformed its private markets benchmark for the 1-year , 3-year, 5-year periods and since inception, and underperformed over the 10-year period.
- NIC outperformed the REIT benchmark for the 1-year period.

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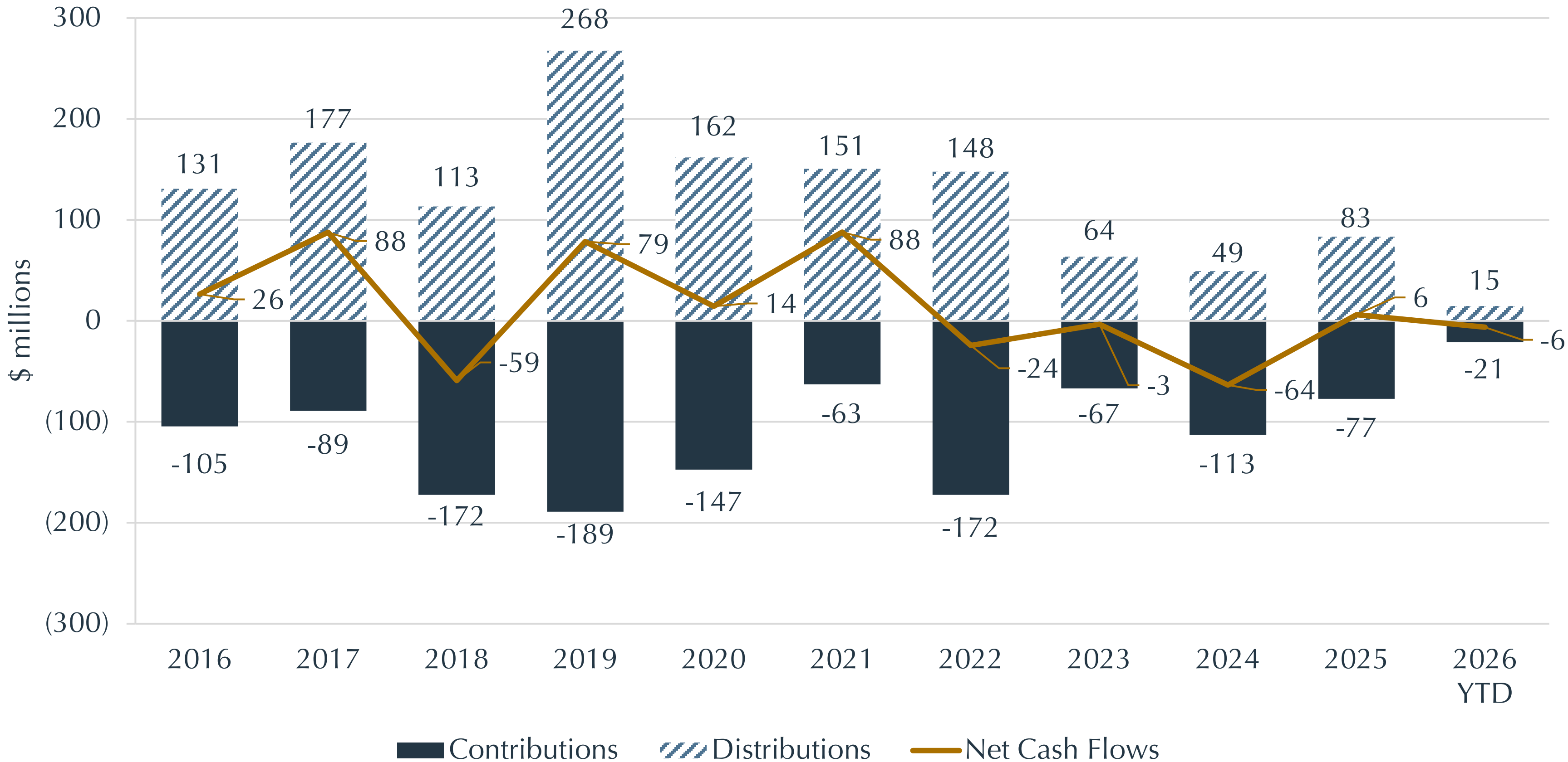
Top 10 Managers Ranked by Exposure[1] | As of March 31, 2026 | $ millions

Manager	Commitment	Fair Market Value	% of Fair Market Value	Unfunded	Total Exposure[1]	% of Total Exposure	IRR[2]	TVPI
PGIM Real Estate	207.5	319.9	23.2%	0.0	319.9	19.5%	4.9%	2.0x
Clarion Partners LLC	239.6	303.7	22.0%	0.0	303.7	18.5%	2.5%	1.1x
UBS Financial Services Inc	283.1	257.2	18.7%	0.0	257.2	15.7%	5.1%	1.6x
Neuberger Berman	237.3	105.7	7.7%	45.0	150.7	9.2%	9.6%	1.4x
Oaktree Capital Management LP	120.0	46.3	3.4%	68.9	115.1	7.0%	0.3%	1.0x
Ares Management LLC	199.4	50.5	3.7%	58.3	108.7	6.6%	11.5%	1.3x
Torchlight Investors	154.0	81.5	5.9%	14.7	96.2	5.9%	7.3%	1.3x
Kayne Anderson Capital Advisors LP	80.5	78.2	5.7%	17.0	95.2	5.8%	12.3%	1.3x
Morgan Stanley	70.9	61.0	4.4%	0.0	61.0	3.7%	-0.6%	1.0x
Harrison Street Advisors LLC	98.3	26.7	1.9%	4.5	31.3	1.9%	-7.2%	0.8x
Top 10 Managers	**1,690.5**	**1,330.6**	**96.5%**	**208.3**	**1,538.9**	**94.0%**	**5.0%**	**1.4x**
Total Portfolio	**2,566.3**	**1,379.1**	**100.0%**	**258.2**	**1,637.3**	**100.0%**	**5.7%**	**1.4x**

Reflects all plans combined
[1]Total Exposure = FMV + Unfunded
[2]The internal rate of return (IRR) is based on daily cash flows. IRRs of investments held less than twelve months generally are not meaningful and are therefore labeled NM

Annual Contributions, Distributions & Net Cash Flows | As of March 31, 2026

- Program cash flows have varied over the years. Lower distributions from 2022 through 2024 and in 2026 YTD have led to the program using cash rather than generating it on a net basis.
- Since the beginning of 2016, real assets program distributions have exceeded contributions by $144.7 million.



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