

# NCBCM Unit Trust Real Estate (rE) Fact Sheet

As at December 2024



# NCBCM UNIT TRUST REAL ESTATE PORTFOLIO

The NCBCM Real Estate (rE) Unit Trust (UT) portfolio oversees a diverse pool of commercial properties with a total leasable space exceeding 114,000 square feet, generating a net operating income yield of over 10%. Currently, the portfolio consists of eight NCB Jamaica (NCBJ) branches and three NCBJ car parks. Additionally, the independently appraised values of these properties have shown a 12-month growth rate of approximately 12% from August 2023 to December 2024, underscoring the portfolio's strong performance and growth potential.



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## VALUE PROPOSITION

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The rE UT provides an accessible pathway for investors to diversify their portfolios and gain exposure to the lucrative real estate market— without the complexities and capital demands of direct property ownership. Through the rE UT, investors can purchase units representing fractional ownership in a carefully curated portfolio of income generating properties, making real estate investment more attainable and flexible. With an average rate of return of **24.46%**, the rE UT delivers strong yield potential. Investors benefit from consistent income through quarterly cash distributions. This return represents up to **85%** of the fund's net distributable income.

The rE UT offers cost-effective and seamless access to real estate opportunities. Additionally, it has consistently outperformed its benchmark of CPI + 100 basis points (bps). This highlights its competitive advantage as it serves as a built-in hedge against inflation. The fund is an excellent option for investors seeking stability and growth.

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## INVESTMENT OBJECTIVE

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The rE Portfolio seeks long-term capital appreciation by providing investors with access to a broad range of income as well as growth producing real estate assets.

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## TARGET INVESTOR

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The rE Portfolio is tailored for investors with moderate to aggressive risk profile, who aim for capital appreciation. It is best suited for individuals who are comfortable with short-term price volatility ranging from moderate to high.

## PORTFOLIO KEY RISKS

Like any other investment, real estate may underperform due to global and local market conditions or changes in interest rates.

Additional risks include the Investment Manager's (IM) ability to select, finance, and manage properties effectively, as well as challenges in handling leases, controlling expenses, maintenance, improvements, and potential disposals. To mitigate these risks, the IM collaborates with external experts, including professional property management service providers.

## FUND DETAILS

### NCBCM Unit Trust rE Fund Details

Main Currency	JMD
NetAsset Value per unit:	\$14.3791
Year-to-date Growth Rate:	24.46%
Estimated Yearly Yield:	2.56%
Minimum Investment:	\$50,000
Subsequent Investment:	\$5,000
Minimum Holding Period:	3 years
Preliminary Charge:	2.0%
Management Fees:	2.5%
Early Redemption Charge:	4.0%
Performance Relative to Peers:	2nd

## INVESTMENT STRATEGY

The rE portfolio focuses on high-quality local and regional commercial real estate in prime locations to ensure high occupancy rates. Investments include developments, listed real estate securities, and REITs, offering both diversification and liquidity. The rE portfolio focuses on high-quality local and regional commercial real estate in prime locations to ensure high occupancy rates.

The Investment Manager strategically selects assets across currencies to optimize returns, while maintaining flexibility to invest in corporate and government debt securities or hold cash equivalents. By employing an integrated approach to real estate risk and returns, the portfolio aims to remain a market leader by continuously enhancing commercial property performance.

## PORTFOLIO GROWTH PLANS

### SHORT TERM GROWTH PLANS

The portfolio's primary objective is to strategically expand and diversify its holdings. The Investment Manager is actively conducting due diligence on new opportunities involving fully tenanted commercial properties, aligning with the portfolio's goal of delivering substantial and consistent returns to investors. If added to the fund, these properties are expected to further enhance the portfolio's performance.

### LONG TERM GROWTH PLANS

The IM aims to increase portfolio participation in development opportunities both locally and regionally to yield higher returns. Although property development entails heightened risks, including regulatory hurdles and construction delays, leveraging developments can amplify returns based on the underlying investment value.

Therefore, the IM will prudently manage the allocation of developmental properties considering these factors.

# UNIT TRUST REAL ESTATE PORTFOLIO

## LIST OF PROPERTIES

<b>Location</b>	<b>1-7 Knutsford Boulevard</b>
<b>Building Size</b>	32,464.98 sq. ft.
<b>Market Value</b>	J\$858.0M
<b>Valuation CAGR (2021-24)</b>	8.4%
<b>Net Operating Income Yield</b>	12.10%



<b>Location</b>	<b>6 Perth Rad, Mandeville</b>
<b>Building Size</b>	15,990.00 sq. ft.
<b>Market Value</b>	J\$530.0M
<b>Valuation CAGR (2021-24)</b>	8.3%
<b>Net Operating Income Yield</b>	9.1%



<b>Location</b>	<b>41 Main Street, May Pen</b>
<b>Building Size</b>	10,648 sq. ft.
<b>Market Value</b>	J\$195.0M
<b>Valuation CAGR (2021-24)</b>	7.1%
<b>Net Operating Income Yield</b>	10.9%



<b>Location</b>	<b>90-94 Half-Way-Tree Road</b>
<b>Building Size</b>	37,850 sq. ft.
<b>Market Value</b>	J\$1.13B
<b>Valuation CAGR (2021-24)</b>	17.2%
<b>Net Operating Income Yield</b>	8.4%



<b>Location</b>	<b>15-15 1/2 Northside Drive and 3B, 5 &amp; 7 Dunwell Road, Kingston 6</b>
<b>Building Size</b>	16,330 sq. ft.
<b>Market Value</b>	J\$480M
<b>Valuation CAGR (2021-24)</b>	10.9%
<b>Net Operation Income Yield</b>	10.5%



<b>Location</b>	<b>9 Knutsford Boulevard</b>
<b>Building Size</b>	8,010.00 sq. ft.
<b>Market Value</b>	J\$290.0M
<b>Valuation CARG (2021-24)</b>	6.0%
<b>Net Operation Income Yield</b>	8.3%



<b>Location</b>	<b>19-21 Main Street, St. Ann's Bay</b>
<b>Building Size</b>	72,034.46 sq. ft.
<b>Market Value</b>	J\$480.0M
<b>Valuation CARG (2021-24)</b>	7.5%
<b>Net Operation Income Yield</b>	11.0%



<b>Location</b>	<b>37 Duke Street, Kingston</b>
<b>Building Size</b>	26,793.0 sq. ft.
<b>Market Value</b>	J\$300M
<b>Valuation CARG (2021-24)</b>	8.3%



<b>Location</b>	<b>17 Trafalgar Road</b>
<b>Building Size</b>	18,183.00 sq. ft.
<b>Market Value</b>	J\$270.0M
<b>Valuation CAGR (2021-24)</b>	63.5%
<b>Net Operating Income Yield</b>	2.9%



<b>Location</b>	<b>39 Main Street, May Pen</b>
<b>Building Size</b>	10,890.00 sq. ft.
<b>Market Value</b>	J\$25.0M
<b>Valuation CAGR (2021-24)</b>	2.1%
<b>Net Operating Income Yield</b>	10.6%



<b>Location</b>	<b>39 Duke Street, Kingston</b>
<b>Building Size</b>	7,942.40 sq. ft.
<b>Market Value</b>	J\$40M
<b>Valuation CARG (2021-24)</b>	49.1%
<b>Net Operation Income Yield</b>	11.0%



# Real Estate

## OVERVIEW

The real estate market encompasses transactions involving various types of properties, including residential (e.g., houses and apartments) and commercial properties (e.g., office buildings). These transactions involve property sales, leases, and the overall valuation of real estate, making it a key avenue for investment opportunities.

### Global Real Estate Market Overview

#### **Rate Cuts to Improve the Mood of Real Estate investors**

The global real estate market, valued at over \$380 trillion in 2024, remains the largest asset class worldwide, driven by residential, commercial, industrial, and agricultural segments. The widely expected interest rate cuts across major economies have influenced market dynamics, with the US Federal Reserve delivering a 50 basis points (bps) cut in September, followed by 25bps in November, while the European Central Bank and Bank of England implemented consecutive 25bps cuts in the latter half of the year.

While lower interest rates typically boost real estate demand by reducing borrowing costs, the current environment presents mixed implications. On one hand, financing conditions have improved, encouraging investments in residential and commercial properties, particularly in multifamily and industrial real estate. On the other hand, the expectation of further rate cuts, restrictive lending standards, and economic uncertainty may temper large-scale leveraged purchases, which are fundamental to real estate investment, especially for institutional players and Real Estate Investment Trusts (REITs).

Additionally, regional disparities persist, with North America's office sector struggling amid shifting workplace trends, Europe facing inflationary and economic slowdown concerns, and Asia-Pacific markets, particularly China, managing risks related to debt levels. Ultimately, while lower interest rates provide some relief, macroeconomic uncertainties, credit availability, and evolving market conditions continue to shape the global real estate outlook in 2024. Looking ahead, according to Statista, the sector is anticipated to grow at an annual rate of 2.69% (CAGR 2025-2029), resulting in a market volume of US\$727.80tn by 2029.

### Local Real Estate Market Overview

According to the Jamaica Observer, as of 2024, Jamaica's real estate market is valued at approximately US\$93.95 billion, with residential properties accounting for about US\$76.73 billion of this total. The sector is experiencing a compound annual growth rate (CAGR) of 4.00%, and projections indicate that the market will reach US\$109.90 billion by 2028.

The sector benefits significantly from a thriving tourism industry, which welcomed around one million visitors in early 2024, generating US\$1 billion in earnings—an 8.8% increase from the previous year. Additionally, foreign investment continues to drive the resort real estate segment, particularly in Montego Bay, Negril, and Ocho Rios.

Overall, Jamaica's real estate market is poised for steady growth, supported by tourism, foreign investment, and infrastructure development, though affordability concerns and supply constraints remain key considerations.

# FUND FACTS



Here are some additional fund facts about the NCB Real Estate Fund!

- The NCBCM Real Estate Fund first launched in March of 2023 to participate in triple-net leasing arrangement with the National Commercial Bank Jamaica Limited (“NCBJ”) to buy and lease back several of its branches and car parks.
- The Real Estate Fund (rE Fund) seeks long term capital appreciation by providing investors with access to a broad range of income as well as growth producing real estate assets.
- The portfolio consists primarily of high quality commercial real estate assets, situated in prime locations in Kingston, St. Ann, Mandeville and May Pen.
- The portfolio acquired an additional three (3) properties consisting of branches and car parks from NCB Jamaica Limited in April 2024.
- The rE Fund provides an opportunity for investors diversify their portfolio and potentially benefit from significant capital gains and dividend income.
- The Real Estate Portfolio is suitable for investors who have a moderate to aggressive risk profile.
- The minimum investment currently stands at JMD\$50,000 with a minimum holding period of three (3) years.
- The primary risk faced by the fund is the fluctuating property values due to global as well as local market conditions and as interest rates change.

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## DISCLOSURE

### Company Identification

NCB Capital Markets Limited (formerly Edward Gayle and Company) was established in 1968 and is Jamaica's oldest stock brokerage company. The company became a part of the NCB Group in 1994 and a fully owned subsidiary in October 2002. In December 2002, the then Edward Gayle and Company was merged with another NCB subsidiary, NCB Investments. The products distributed by this combined subsidiary cover the traditional money market product offerings (J\$ and US\$ Repos), primary dealer services, stock brokerage and investment advisory services. Edward Gayle and Company was renamed NCB Capital Markets Limited in October 2003.

### Important Disclosures

The views expressed in this report are the views of NCB Capital Markets Limited at the date of this report.

### Disclaimer

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### Sources

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