



SmartCentres Real Estate Investment Trust (CWYUF)

Updated November 17th, 2025, by Kody Kester

Key Metrics

Current Price:	\$18.70	5 Year Annual Expected Total Return:	6.3%	Market Cap:	\$3.4B
Fair Value Price:	\$18.20	5 Year Growth Estimate:	0.5%	Ex-Dividend Date:	11/28/25 ¹
% Fair Value:	103%	5 Year Valuation Multiple Estimate:	-0.5%	Dividend Payment Date:	12/15/25 ¹
Dividend Yield:	7.2%	5 Year Price Target	\$18.72	Years Of Dividend Growth:	0 ²
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Sell

Overview & Current Events

Founded in 1989, SmartCentres Real Estate Investment Trust is a Canadian real estate investment trust mostly focused on retail properties. In 1994, the company helped Walmart enter the Canadian market. Decades later, CWYUF remains Walmart's only real estate development partner in the world. The company completed its initial public offering in 2012.

As of September 30th, 2025, the company owned 197 properties spanning 35.6 million square feet throughout population centers in Canada. CWYUF has approximately 86.2 million square feet of projected mixed-use development initiatives in its pipeline, which make up about 14% of total assets. This is several times greater than the peer average of 4.0%.

CWYUF's typical tenants are large (95%+ of tenants are national or regional) and provide consumers with essential services. These include the likes of Walmart (22.9% of annualized rent) and Canadian supermarket chains Loblaws and Sobeys (2.7% and 2.1% of annualized rent, respectively). Other financially healthy tenants include the likes of off-price department store retailer TJX Companies (4.4% of annualized rent) and consumer electronics retailer Best Buy (1.4% of annualized rent). CWYUF's focus on well-established tenants translates into a 98.6% committed occupancy rate.

On November 12th, the REIT released its earnings report for the third quarter ended September 30th, 2025. CWYUF's revenue decreased by 9.1% over the year-ago period to \$162.1 million in the quarter (using average CAD to USD exchange rates in Q3 2024 and Q3 2025). CWYUF's AFFO per unit fell by 0.5% year-over-year to \$0.35 during the quarter (based on average CAD to USD exchange rates).

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.43	\$1.56	\$1.65	\$1.57	\$1.59	\$1.61	\$1.51	\$1.39	\$1.38	\$1.31	\$1.40	\$1.44
DPS	\$1.26	\$1.25	\$1.32	\$1.36	\$1.37	\$1.38	\$1.48	\$1.42	\$1.37	\$1.35	\$1.34	\$1.34
Units³	153.5	155.1	157.6	159.6	169.2	170.1	170.2	170.2	170.3	170.4	182.2	183.0

CWYUF's AFFO per unit in CAD has been relatively flat since 2015. Deterioration in the CAD to USD exchange rate has caused a gradual decline in AFFO per unit as measured in USD over the years. Despite the CAD's recent rally against the USD, we still believe it will weaken further in the years ahead. CWYUF does have some positives going for it, though. Occupancy remains high, and rental growth was solid at 8.4% on lease extensions in Q3 2025. CWYUF's development pipeline is also strong, with two self-storage facilities in Quebec set to open in 2026. Two more self-storage facilities in British Columbia are anticipated to open in 2027. Overall, macro headwinds such as a weakening Canadian Dollar are probably going to mostly neutralize these tailwinds. That's why we still believe that AFFO per unit will increase by 0.5% annually through 2030, off an anticipated 2025 base of \$1.40.

¹ Estimated based on past distribution dates.

² In its original Canadian Dollar declaration.

³ Unit count is in millions.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Av. P/AFFO	15.3	15.3	14.9	14.5	15.1	11.3	16.8	14.2	13.6	13.1	13.4	13.0
Avg. Yld.	5.8%	5.2%	5.4%	6.0%	5.7%	7.6%	5.8%	7.2%	7.3%	7.9%	7.2%	7.2%

Since 2015, CWYUF's P/AFFO ratio has ranged from as low as the low double-digits to as high as the mid-teens. The average P/AFFO over this period has been 14.4. Guiding our fair value is the thought that 10-year U.S. Treasury yields will remain above the average over the past 10 years. This is why we continue to argue that a rational fair value is one standard deviation below the 10-year average P/AFFO ratio. That yields a fair value P/AFFO multiple of approximately 13. This suggests shares of CWYUF are marginally overvalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	88%	80%	80%	87%	86%	86%	98%	102%	99%	103%	96%	93%

CWYUF's relationship with Walmart as its sole developer is a key competitive advantage for the company. That's because there's arguably no better anchor tenant than Walmart. Along with the property portfolio being within 10 kilometers of more than 90% of the Canadian population, this tends to result in high foot traffic at its properties.

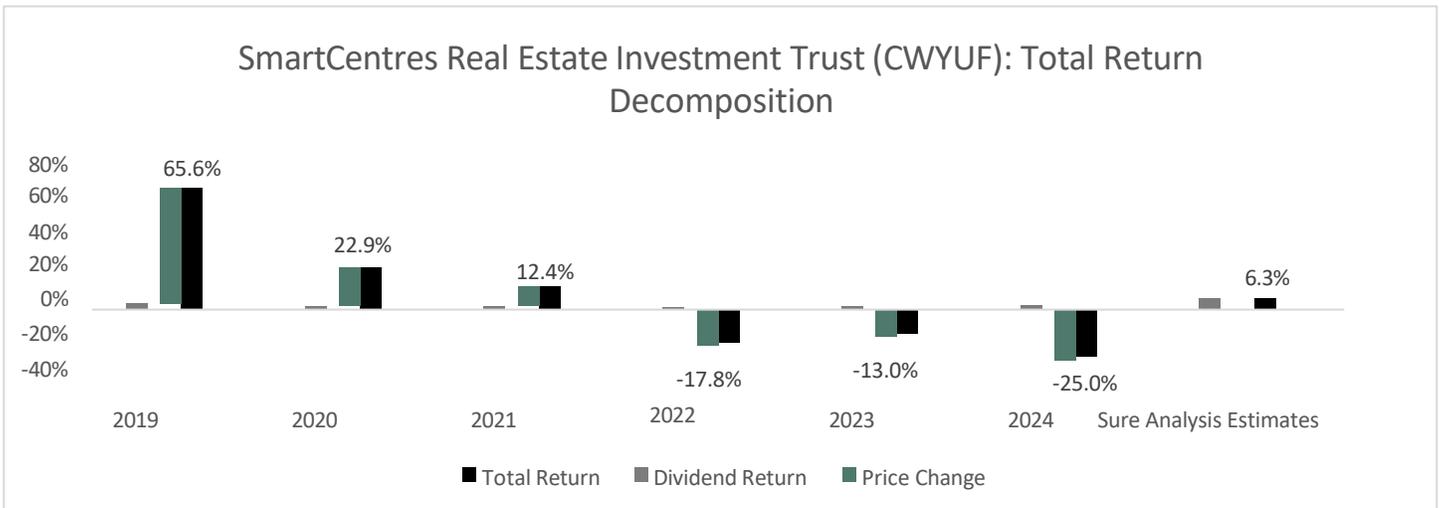
CWYUF's adjusted debt to adjusted EBITDA ratio was sequentially stable at 9.6x over the last 12 months. That explains SmartCentres' BBB credit rating with a stable outlook from the Canadian rating agency, DBRS.

The 7.2% distribution yield appears to be stretched. In USD, the payout ratio was 103% in 2024. Even in CAD, the payout ratio was about 97% for the year. Such an elevated payout ratio leaves CWYUF with no room for error. A breakdown in its relationships with key tenants like Walmart could adversely impact results and force a distribution cut.

Final Thoughts & Recommendation

CWYUF's 7.2% yield, 0.5% annual AFFO per unit growth potential, and 0.5% annual valuation multiple downside could lead to a 6.3% annual total return potential through 2030. It hasn't cut the distribution in the native currency to this point. Still, the company's payout ratio has been particularly elevated in recent years (an average of 84% or so from 2015 through 2019 to roughly 98% from 2020 to 2024). This is why we still think there are more compelling REITs in the investment universe that can provide safer income at comparable valuations. With no dividend increase streak, we're maintaining our Sell rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	524	548	577	610	608	583	623	618	618	670
Gross Profit	354	377	385	409	414	375	427	386	380	399
Gross Margin	67.6%	68.8%	66.7%	67.1%	68.2%	64.3%	68.6%	62.5%	61.5%	59.6%
SG&A Exp.	27	36	37	43	48	51	64	25	26	27
D&A Exp.	1	5	6	7	6	11	10	8	8	5
Operating Profit	327	340	347	365	365	322	362	361	353	372
Operating Margin	62.4%	62.1%	60.2%	59.8%	60.1%	55.3%	58.1%	58.3%	57.2%	55.5%
Net Profit	211	243	229	258	237	56	660	397	306	173
Net Margin	40.3%	44.4%	39.7%	42.3%	38.9%	9.6%	106%	64.1%	49.6%	25.8%
Free Cash Flow	232	239	272	270	259	221	296	284	244	273

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	6,129	6,482	7,459	6,945	7,601	8,410	8,857	8,622	8,974	8,319
Cash & Equivalents	15	17	129	22	42	623	49	26	26	26
Accounts Receivable	7	6	9	13	12	45	28	42	20	19
Inventories		-	16	17	19	20	21	30	39	22
Goodwill & Int.	38	38	40	36	37	36	35	32	32	29
Total Liabilities	2,899	3,022	3,621	3,268	3,491	4,358	4,276	4,081	4,181	3,903
Accounts Payable	55	51	70	69	66	61	62	192	72	69
Long-Term Debt	2,732	2,846	3,365	3,018	3,235	4,086	3,807	3,672	3,769	3,516
Shareholder's Equity	2,661	2,854	3,176	3,046	3,439	3,386	3,826	3,777	3,974	3,653
LTD/E Ratio	1.03	1.00	1.06	0.99	0.94	1.21	1.00	0.97	0.95	0.96

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.4%	3.9%	3.3%	3.6%	3.3%	0.7%	7.6%	4.5%	3.5%	2.0%
Return on Equity	6.4%	7.3%	6.3%	6.9%	6.1%	1.4%	15.3%	8.7%	6.6%	3.8%
ROIC	3.5%	4.0%	3.4%	3.7%	3.4%	0.7%	8.0%	4.8%	3.7%	2.1%
Shares Out.	153.5	155.1	157.6	159.6	169.2	170.1	170.2	170.2	170.3	170.4
Revenue/Share	3.53	3.52	3.66	3.78	3.56	3.37	3.66	3.63	3.63	3.93
FCF/Share	1.56	1.53	1.73	1.67	1.52	1.28	1.74	1.67	1.43	1.60

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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