Plaza Retail REIT (PAZRF)

Updated December 16th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$3.07	**5 Year Annual Expected Total Return :**	3.2%	**Market Cap:**	$344 M
Fair Value Price:	$2.60	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	11/28/2025
% Fair Value:	118%	**5 Year Valuation Multiple Estimate:**	-3.3%	**Dividend Payment Date:**	12/15/2025
Dividend Yield:	6.5%	**5 Year Price Target**	$2.60	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

Plaza Retail REIT is a Canadian open-ended retail real estate investment trust focused on the ownership, development, redevelopment, and management of essential-needs, convenience, and value-oriented retail properties across Canada, with a core concentration in Ontario, Quebec, and Atlantic Canada. As of September 30th, 2025, the Trust had interests in 197 properties totaling 8.8 million square feet of gross leasable area, predominantly open-air centers and single-use retail assets leased primarily to national tenants. The portfolio has very high occupancy (97.5% same-asset committed), long average lease terms, and strong exposure to grocery, pharmacy, and every day-needs retailers. The REIT reports its financials in Canadian dollars. All figures in this report have been converted to USD unless otherwise noted. Plaza Retail posted $86.6 million in revenues last year. It has a market cap of $344 million and pays dividends on a monthly basis.

On November 12th, 2025, Plaza Retail REIT reported its Q3 results for the quarter ended September 30th, 2025. Rental revenue was $22.8 million, up about 4% year over year, driven by rent escalations, leasing activity, and contributions from developments and properties transferred to income-producing status. Net property operating income increased to $14.7 million, supported by 1.7% same-asset NOI growth and same-asset committed occupancy of 97.5%, up 60 basis points year over year. Below the operating line, higher leasing and maintenance capital expenditures related to asset optimization weighed on cash flow. As a result, AFFO declined 10% year over year, with AFFO per share of about $0.055, despite continued strength in underlying property operations. For FY2025, we see AFFO per share of $0.20.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO	$0.23	$0.22	$0.26	$0.21	$0.27	$0.25	$0.28	$0.24	$0.22	$0.20	***$0.20***	***$0.20***
DPS	$0.18	$0.19	$0.21	$0.21	$0.22	$0.22	$0.22	$0.21	$0.21	$0.19	***$0.20***	***$0.20***
Shares[1]	94.0	104.5	109.2	103.5	103.7	103.0	103.0	103.0	109.5	111.5	***111.6***	***130.0***

Plaza Retail REIT has posted relatively stable AFFO per share over the past decade. In the mid-2010s, Plaza supported modest AFFO growth through same-asset NOI increases from leasing rent escalations, high occupancy, and contributions from developments and redevelopments transferred to income-producing status. But this was tempered by periodic equity issuances to fund growth, which expanded the unit count and exerted dilution pressure on per-unit metrics.

The pandemic period (2020) saw softness in cash flow related to transitional leasing and market conditions, with operating performance resilient but AFFO per unit still pressured by ongoing expenses and capital requirements. Post-pandemic, Plaza again delivered same-asset NOI growth and stabilized occupancy, supported by rent escalations and developments reaching stabilized NOI, but these gains were frequently offset by higher maintenance and leasing costs, and a weaker CAD against USD.

More recently, through 2022–2024, AFFO per share trends remained subdued as incremental NOI gains from leasing and development absorption were largely offset by higher operating expenses, expanded administrative costs, and interest costs, as well as the impact of unit issuances in prior periods. While property performance and occupancy remained strong, the ongoing capital intensity of optimizing retail assets limited growth on a per-unit basis.

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[1] Share count is in millions.

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Moving forward, we see no growth in AFFO per share because incremental NOI from rent escalations and development completions is likely to be offset by elevated maintenance and leasing capital requirements, high payout levels. We also forecast no growth in the dividend, which the company has maintained at C$0.0233 per month since 2018, when the most recent hike took place. The REIT switched in monthly dividend in 2014. While the dividend hikes haven't occurred every year, but the REIT has never cut its dividend since its first payout in 2002.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/AFFO	---	---	---	---	---	---	7.1	8.6	9.8	11.2	***15.4***	***13.0***
Avg. Yld.	---	---	---	---	---	---	11.1%	10.2%	9.8%	8.5%	***6.5%***	***7.7%***

Plaza Retail REIT has a somewhat short history trading in its OTC listing. During this period, its P/AFFO has hovered in the high-single digits to low-teens. Today, the multiple has expanded to a richer 15.4x AFFO. We believe this multiple likely overvalues the stock given the lack of meaningful growth. We have set our fair multiple at a more reasonable 13.0x. In the meantime, the stock offers a dividend yield of 6.5%, below the average of its more recent years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

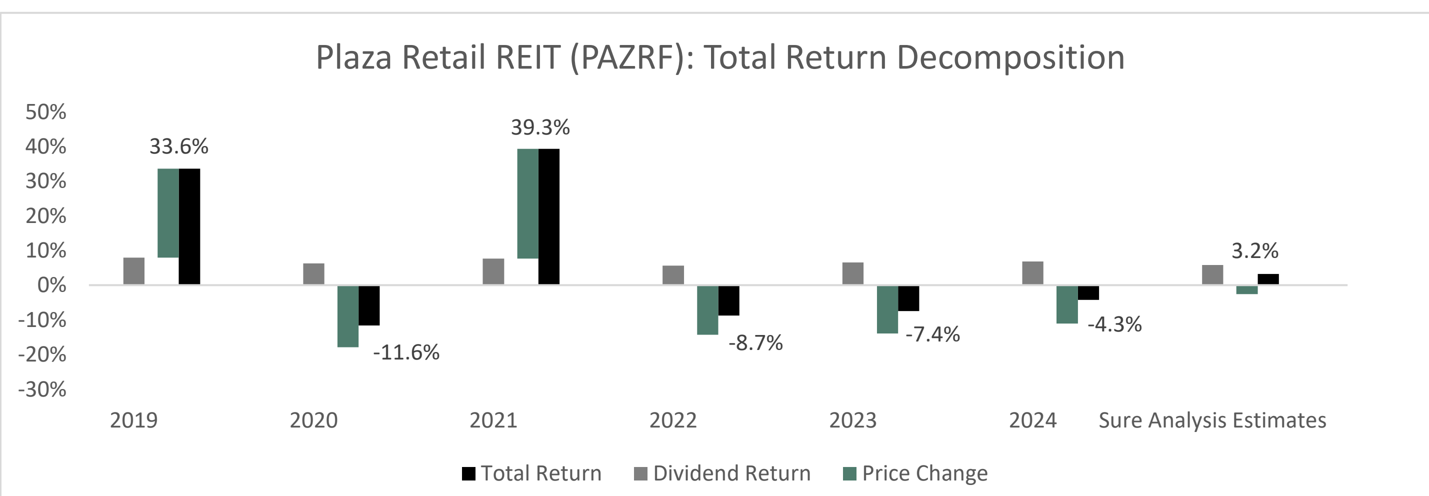
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	78%	86%	81%	100%	81%	88%	79%	88%	95%	95%	***100%***	***100%***

Plaza Retail REIT benefits from a high-quality, necessity-based retail portfolio with very high occupancy and long-standing tenant relationships, supporting stable and predictable cash flow through economic cycles. Importantly, the REIT has never cut its dividend, which proves the resilience of its cash flows and management's conservative approach to capital allocation. Its fully internalized platform and deep operating presence in Atlantic Canada provide a durable competitive advantage as well. However, these strengths are balanced by high AFFO payout levels, ongoing capital intensity, and interest-rate sensitivity, which limit financial flexibility despite strong operating stability.

Final Thoughts & Recommendation

Plaza Retail REIT offers resilient, necessity-based retail assets and a proven record of maintaining its distribution, but high payout ratios and capital intensity should constrain long-term AFFO per unit growth. Moving forward, we forecast annualized returns of just 3.2%, as returns from the dividend could be offset by a valuation headwind. Because of that and the lack of dividend growth, we rate the stock a sell.

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	78	78	81	82	88	82	91	88	88	92
Gross Profit	50	49	51	55	62	56	64	61	65	62
Gross Margin	64.6%	63.5%	63.4%	66.8%	69.9%	69.0%	70.0%	68.9%	73.4%	67.3%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.										
Operating Profit	43	41	46	47	46	47	54	54	48	47
Operating Margin	56.0%	53.2%	56.1%	57.0%	52.4%	57.7%	58.7%	61.7%	54.3%	50.6%
Net Profit	30	25	18	9	37	(11)	80	42	15	19
Net Margin	38.8%	31.9%	22.3%	11.4%	41.5%	-13.6%	87.8%	47.2%	17.1%	20.2%
Free Cash Flow	21	25	27	26	32	24	38	30	31	29
Income Tax	1	1	0	(0)	0	1	1	0	0	2

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	737	768	823	777	896	894	962	937	958	862
Cash & Equivalents	16	4	5	5	7	6	6	5	8	6
Accounts Receivable										
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	431	426	449	443	528	556	563	548	539	484
Accounts Payable										
Long-Term Debt	396	399	406	398	492	507	510	494	472	438
Shareholder's Equity	299	334	366	327	360	332	391	383	414	376
LTD/E Ratio	1.39	1.22	1.17	1.29	1.40	1.61	1.37	1.36	1.23	1.21

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.9%	3.3%	2.3%	1.2%	4.4%	-1.2%	8.6%	4.4%	1.6%	2.0%
Return on Equity	9.2%	7.7%	5.1%	2.7%	10.6%	-3.2%	22.0%	10.7%	3.8%	4.7%
ROIC	4.0%	3.4%	2.3%	1.2%	4.5%	-1.3%	8.9%	4.5%	1.6%	2.1%
Shares Out.	94.0	104.5	109.2	103.5	103.7	103.0	103.0	103.0	109.5	111.5
Revenue/Share	0.84	0.79			0.78	0.79	0.80	0.78	0.79	0.81
FCF/Share	0.23	0.25			0.28	0.23	0.34	0.26	0.28	0.26

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