Morguard Real Estate Investment Trust (MGRUF)

Updated March 29th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$4.64	**5 Year Annual Expected Total Return:**	1.5%	**Market Cap:**	$316 M
Fair Value Price:	$4.16	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	03/31/2026
% Fair Value:	112%	**5 Year Valuation Multiple Estimate:**	-2.2%	**Dividend Payment Date:**	04/15/2026
Dividend Yield:	3.7%	**5 Year Price Target**	$4.16	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

Morguard REIT owns a diversified Canadian commercial real estate portfolio comprising 45 properties with 8.0 million square feet of gross leasable area, weighted mainly toward retail (~55%), followed by office (~41%), and a smaller industrial (~4%) component. The retail portfolio is split between enclosed shopping centers and grocery- and service-anchored community strip centers, while the office portfolio mixes single- and dual-tenant buildings (many leased to government or large institutional users) with multi-tenant urban office properties. Assets are located across six Canadian provinces, with the largest exposure in Ontario and Western Canada, and the portfolio includes both wholly owned properties and a limited number of joint venture interests. The REIT reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The REIT pays dividends on a monthly basis. Morguard REIT generated $176 million in revenue. It currently trades at a market cap of $316 million.

On February 11th, 2026, Morguard REIT reported its Q4 and full-year results for the period ended December 31st, 2025. Total revenue from real estate properties was $44.7 million, down 7% year-over-year, as the multi-million dollar revenue reset at Penn West Plaza following the Obsidian head lease expiry continued to weigh on the office segment. Net operating income fell 13% year-over-year to $20.7 million, reflecting the Calgary office transition and increased vacancy costs, which were partially mitigated by resilient 5%–9% renewal spreads in the retail portfolio and 20% growth in industrial NOI. Operating margins were 46%, with FFO of $9.3 million ($0.14 per unit), a decrease from the $0.18 recorded in the fourth quarter of 2024. For FY2025, we expect FFO/share of $0.52.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	$1.35	$1.25	$1.08	$1.08	$0.78	$0.83	$0.69	$0.62	$0.56	$0.47	***$0.52***	***$0.52***
DPS	$0.71	$0.76	$0.70	$0.74	$0.50	$0.21	$0.18	$0.18	$0.17	$0.17	***$0.17***	***$0.17***
Units[1]	71.9	73.6	74.1	60.7	62.1	64.1	64.2	64.2	64.3	65.2	***65.2***	***70.0***

Morguard REIT's FFO per share was relatively resilient from 2015 through 2019, with the increase into 2016 reflecting stronger operating performance following earlier acquisitions and leasing progress, before moderating in 2017–2019 as portfolio recycling and retail disruption weighed on results. The closure of major department store anchors in enclosed malls reduced near-term cash flow while space was repositioned, and this effect was compounded by gradual pressure on office fundamentals and higher operating and financing costs. As a result, FFO settled into a lower but stable range in 2018–2019, following normalization after earlier growth rather than a single-year shock.

The sharp step-down in 2020 and only partial recovery in 2021 were driven primarily by the pandemic's impact on retail and office cash flows. Rent relief, elevated credit losses, and specific large-tenant rent resets reduced operating income in 2020, leading to the largest year-over-year decline in the series. In 2021, FFO improved a bit as collections stabilized and leasing activity resumed, but results remained well below pre-pandemic levels due to lingering tenant restructurings and slower recovery in office utilization.

[1] Share count is in millions.

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From 2022 through 2025, the continued decline in FFO per share reflects structural and macro headwinds. Specifically, higher interest rates increased financing costs, while office vacancy limited NOI growth. Retail performance improved and industrial assets contributed incremental stability, but these positives were insufficient to offset interest expense and the absence of prior one-time income items.

Moving forward, we expect no growth in FFO per share, as higher interest costs and weak office fundamentals continue to offset modest operating improvements across the portfolio. We also expect no growth in the dividend as the REIT should prioritize deleveraging. The monthly dividend was slashed in early 2021 in half and has since remained stable.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	---	---	---	---	---	6.6	7.2	7.5	8.1	8.8	***8.9***	***8.0***
Avg. Yld.	---	---	---	---	---	3.8%	3.6%	3.9%	3.7%	4.1%	***3.7%***	***4.1%***

Morguard REIT's P/FFO has hovered in the high single digits following 2021's dividend cut. Investor confidence has gone up lately, with the stock now trading at 8.9x this year's expected FFO. However, considering our weak growth forecast and lack of dividend growth we believe that a compression back to about 8x FFO seems reasonable. The dividend yield is also hardly enough to entice us in today's environment.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	53%	61%	65%	69%	64%	25%	26%	29%	30%	36%	***33%***	***33%***

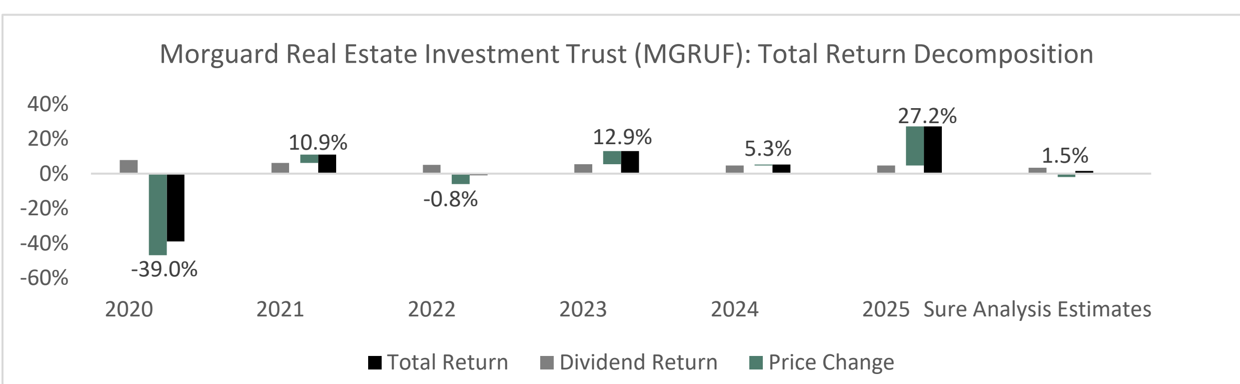
We like that Morguard REIT benefits from a portfolio anchored by necessity-based retail and institutional office tenancy, which has historically provided a degree of downside protection during economic stress. During tougher periods, like the post-2018 retail disruption and the 2020 pandemic, cash flows declined but remained positive, reflecting the defensive nature of grocery-anchored centers, government tenants, and active asset management.

That said, its resilience is constrained by structurally weaker office demand and a portfolio that has limited near-term growth optionality. While the asset base remains durable, today's leverage (57% debt/assets) is still elevated, reducing financial flexibility and increasing sensitivity to interest rates. This tempers overall safety and limits the REIT's ability to compound value through the cycle. The payout ratio hovers at healthy levels, but again, structural issues remain.

Final Thoughts & Recommendation

Morguard REIT is a stable but leveraged REIT with dependable retail cash flow and pressured office exposure. We feel the stock might have a hard time producing noteworthy returns due to the lack of meaningful growth prospects and the possibility of valuation headwinds. For this reason and due to the lack of dividend growth, we rate the stock as a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	227	212	215	213	206	189	193	186	189	189
Gross Profit	130	121	121	117	113	92	97	94	93	94
Gross Margin	57.0%	57.2%	56.3%	55.0%	54.9%	48.7%	50.5%	50.3%	49.4%	49.5%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.					0	0	0	0	0	0
Operating Profit	81	75	75	71	110	90	94	91	90	91
Operating Margin	35.6%	35.3%	34.9%	33.1%	53.3%	47.3%	49.0%	48.8%	47.9%	48.1%
Net Profit	21	43	52	56	11	(266)	4	(66)	(55)	(43)
Net Margin	9.1%	20.4%	24.1%	26.4%	5.4%	-141%	2.0%	-35.5%	-29.2%	-22.7%
Free Cash Flow	77	87	78	72	67	35	64	57	49	40
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,102	2,263	2,331	2,181	2,265	2,008	1,974	1,754	1,729	1,512
Cash & Equivalents	19	84	12	8	4	7	9	7	6	5
Accounts Receivable										
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	983	1,107	1,086	1,024	1,080	1,099	1,062	978	1,000	897
Accounts Payable										
Long-Term Debt	951	1,069	999	933	962	890	1,021	899	897	786
Shareholder's Equity	1,119	1,155	1,246	1,157	1,186	909	912	776	729	615
LTD/E Ratio	0.85	0.93	0.84	0.85	0.88	1.17	1.13	1.21	1.31	1.39

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	2.0%	2.3%	2.5%	0.5%	-12.5%	0.2%	-3.5%	-3.2%	-2.6%
Return on Equity	1.7%	3.8%	4.3%	4.7%	1.0%	-25.4%	0.4%	-7.8%	-7.3%	-6.4%
ROIC	0.9%	2.0%	2.3%	2.5%	0.5%	-12.7%	0.2%	-3.6%	-3.2%	-2.7%
Shares Out.	61.8	71.9	73.6	74.1	60.7	62.1	64.1	64.2	64.2	64.3
Revenue/Share	3.68	2.95	2.92	2.88	3.39	3.05	3.00	2.90	2.94	2.94
FCF/Share	1.24	1.21	1.06	0.97	1.11	0.56	1.00	0.89	0.76	0.62

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