



ACT NOW: Retire Rich on This Real Estate Value Stock

Description

Cominar Real Estate Investment Trust (TSX:CUF.UN) owns and manages a [diversified portfolio](#) consisting of office, retail, industrial, and residential properties located primarily in Québec and Ottawa. The company owns 325 properties, of which about 200 are located in Montréal, 100 are located in Québec City, and 25 are located in Ottawa. Cominar's portfolio includes approximately 11.1 million square feet of office space, 9.5 million square feet of retail space, and 15.4 million square feet of industrial space.

The company has a price-to-earnings ratio of 17.13, price-to-book ratio of 0.55, dividend yield of 4.25%, and market capitalization of \$1.55 billion. Debt is very sparingly used at Cominar, as evidenced by a debt-to-equity ratio of just 1.22. The company has excellent performance metrics with an operating margin of 47.52% and a return on equity of 3.16%.

Cominar's portfolio is 95% leased. The company's focus is on [growing net asset value](#) and exploiting expansion or redevelopment opportunities that provide attractive risk-adjusted returns. Cominar has achieved significant growth in cash flows from existing properties by increasing rental rates, improving occupancy and retention rates, as well as proactive leasing strategies, management of operating costs, disciplined allocation of capital, and controlling capital expenditures.

Recently, Cominar completed a detailed strategic review of all real estate operations and began the implementation of a clearly defined plan to solidify Cominar's financial position, create value for unitholders, and position the company for growth. Cominar's initiatives have allowed it to make significant progress toward these goals.

The company's transformation plan aims to deliver operating efficiencies, accelerate operating income growth, and crystallize untapped portfolio value in order to generate value for unitholders. The plan includes initiatives such as researching new sources of revenue, workforce optimization, outsourcing arrangements, operating cost reductions, process automation, and leveraging technology.

Cominar has created a dedicated asset management platform to maximize portfolio returns and enhance the investment decision making process. The asset management team is in place and has

completed a thorough review of the majority of the portfolio. The company is also focused on further strengthening and de-risking the balance sheet. Management appears committed to prudent management of the capital structure.

Cominar is targeting a disciplined reduction in leverage through higher retained cash flow, growth in the portfolio value and selective dispositions. Targeted dispositions, including the reduction of Cominar's exposure to lower-quality non-core assets, include the disposition of fully valued liquid assets at historically low cap rates to unlock trapped equity value. In 2019, Cominar disposed of 46 non-core properties for gross proceeds of \$260.6 million, 54% of which were retail properties.

Overall, 92% of the energy consumed in Cominar's portfolio of properties comes from a renewable source. The remaining 8% comes from non-renewable energy sources such as natural gas. Cominar is equipped to monitor and analyze energy consumption in almost all properties. This allows the company to quantify the efficiency of new initiatives and propose solutions aimed at optimizing results. In 2020, the results of these energy-efficiency efforts translated to a reduction of more than 30% in energy use.

Cominar appears to be a great investment for retail investors searching for exposure to the Montréal real estate market.

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