



Margin-of-Safety Investing: Buy 1 Deep-Value Stock Trading Cheap

Description

Morguard Real Estate Investment Trust ([TSX:MRT.UN](https://www.scribd.com/document/488888888/TSX:MRT.UN)) is a real estate investment trust (REIT) whose primary business goal is to accumulate a Canadian portfolio of [high-quality real estate assets](#) and then deliver the benefits of such real estate ownership to unitholders. The primary benefit of owning the stock is a reliable and, over time, increasing cash distribution.

Reliable cash flow

The REIT manages distributions to ensure sufficient cash is retained to meet [fixed obligations](#) while ensuring reliable cash flow to unitholders. It holds a diversified real estate portfolio of 47 retail, office, and industrial properties consisting of approximately 8.3 million square feet of gross leasable area (GLA) located in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec.

The company's asset management team is focused on continually improving the returns from the assets currently owned and making quality acquisitions that are accretive in the long term. As part of the company's strategy to continually improve the quality of the REIT's property portfolio, the company undertakes the disposition of properties in cases where both the cash flows and values have been maximized, where the properties no longer fit the REIT's portfolio, or where market trends indicate that superior investment return opportunities are available elsewhere.

Reduced operating costs

Morguard REIT's management team is incentivized to maintain occupancy levels and rents that outperform local markets. The company has established the highest standards for maintaining the quality of the REIT's portfolio and these efforts are enhanced through a sustainability program which tracks utility usage and savings over time. These savings are returned to the REIT's tenants through reduced operating costs, increasing the company's reputation as a responsible landlord.

The company's management team is supported by contracted property management, information

system services activities, and risk-management administration. The choice to contract for property management provides the REIT with a day-to-day operating platform that is both best in class and cost effective.

Low debt

Further, the REIT's debt strategy involves the use of conventional property-specific secured mortgages or bonds, unsecured convertible debentures and secured floating rate bank financing. The REIT currently targets a capital structure which maintains an overall indebtedness ratio of not more than 50% of gross assets. By the company's declaration of trust, the REIT has the ability to increase the company's overall indebtedness ratio to 60%.

The risk and reliability characteristics of real estate asset classes are different, and delivering on the primary goal requires a mix of assets that balance risk and rewards. Morguard REIT's retail portfolio includes two broad categories of income-producing properties, including enclosed full-scale regional shopping centres that are dominant in primary markets and community strip centres that are primarily anchored by food retailers, discount department stores and banking institutions. Investing across these two broad categories of allows assets allows the REIT to spread the company's tenant base, reducing exposure to a single-category retailer.

Also, Morguard REIT's office portfolio is focused on well-located, high-quality properties in major Canadian urban centres. The portfolio is balanced between single-tenant properties under long-term leases to governments and large national tenants, which work to secure the company's cash flows.

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