

These 4-7% Yielders Just Raised Their Payouts

Description

Killam Apartment REIT ([TSX:KMP.UN](#)) and **Acadian Timber Corp.** ([TSX:ADN](#)) just made very shareholder-friendly moves and raised their dividends. Let's take a closer look at each, so you can determine if you should buy one or both of them today.

Killam Apartment REIT

Killam is one of the largest owners and operators of residential properties in Canada. Its portfolio consists of 181 apartment properties with a total of 14,105 units and 35 manufactured home communities with a total of 5,165 land-lease sites located across Nova Scotia, New Brunswick, Ontario, Newfoundland & Labrador, Prince Edward Island, and Alberta. It also owns four commercial properties totaling 248,000 square feet in Nova Scotia.

In its fourth-quarter earnings release on February 14, Killam announced a 3.3% increase to its monthly distribution to \$0.05167 per unit, representing \$0.62 per unit on an annualized basis, and this is effective for its March distribution, which will be paid in April. This means unitholders will receive a distribution of \$0.05 per unit for the month of February, which is payable in March and gives its stock a yield of about 4.7% today, before receiving monthly distributions of \$0.05167 per unit each month after, which would give its stock a yield of about 4.9% today.

Investors should also make the following two notes about Killam's distribution.

First, this is the third time it has raised its monthly distribution since it began paying distributions in March 2007, and this is its first increase since January 2014.

Second, I think Killam's very strong AFFO growth, including its 13.2% year-over-year increase to \$0.77 per unit in 2016, and its growing property portfolio that will help fuel future AFFO growth, including its addition of five apartment properties and a total of 424 apartment units in 2016, could allow it to announce further distribution hikes in the years ahead.

Acadian Timber Corp.

Acadian is one of the leading suppliers of primary forest products in eastern Canada and the northeastern U.S., and with a total of 2.4 million acres of land under management, it's the third-largest timberland operator in New Brunswick and Maine.

In its fourth-quarter earnings release on February 15, Acadian announced a 10% increase to its quarterly dividend to \$0.275 per share, representing \$1.10 per share on an annualized basis, and this brings its yield up to 6.2% today. The first quarterly installment at this increased rate is payable on April 14 to shareholders of record at the close of business on March 31.

It's also important to make the following two notes about Acadian's dividend.

First, this hike has it positioned for 2017 to mark the third consecutive year in which it has raised its annual dividend payment.

Second, I think Acadian's strong generation of free cash flow, including \$1.16 per share in 2016, the fact that its payout ratio was just 86% in 2016, which was "comfortably" below its target level of 95%, and the positive outlook on the timber industry, including forecasters' projected 3% year-over-year growth in saw-timber demand over the next few years to support domestic construction needs, could allow its streak of annual dividend increases to continue in 2018 and beyond.

Which should you buy today?

I think both Killam Apartment REIT and Acadian Timber represent very attractive long-term investment opportunities, so take a closer look and strongly consider initiating positions in at least one of them today.

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