



## Checking in With Dream Office Real Estate Investment Trst

### Description

Over the past six months, a number of articles have been published about **Dream Office Real Estate Investment Trst** ([TSX:D.UN](#)), whose stock has been performing very well as of late. For investors who were lucky enough to enter a position in the past six months, shares have rallied in excess of 20% in addition to a monthly dividend which, on an annual basis, yields approximately 7.5% as of the current price of almost \$20.

The story regarding this company was a dividend that was much too generous leading to an unsustainable dividend-payout ratio which, in turn, drove the share price down. What followed was a write-down and stock price that was a fraction of the company's tangible book value. With such negative sentiment from the broad market, the shares of Dream Office traded sideways for several months prior to a changing of sentiment. After a full year since the distribution cut, shares of the company have finally started to turn a corner.

Currently trading at close to \$20 per share, the dividend of close to 7.5% is finally beginning to look very attractive to investors since the stock has found support. Most importantly, the stock has tangible book value of \$22.63. For new investors wishing to purchase a loonie for \$0.884, this truly is a dream come true!

Throughout fiscal 2017, investors will have the option to invest in a security which clearly has momentum. Currently trading at a discount to tangible book value with a yield close to 7.5%, the question long-term investors may soon be asking is, "When do I sell?"

### When should you sell?

In a situation when a security is clearly undervalued based on tangible book value, the easy approach is to hold the stock until the price per share equals the tangible book value. Given the current financial statements, we may be arriving there soon.

The second approach would be to read the technical indicators, such as the simple moving average (SMA); in the case of Dream Office, the SMA shows clear signs of a breakout. Currently, the 10-day SMA is in line with the share price, while the 50-day SMA is moving upwards to catch up.

For investors who may want to be more active in managing their portfolios, there is the possibility to evaluate the exit price based on the moving averages catching up to the share price. Given that the share price has been moving sideways around the \$20 mark for almost two months without breaking above the \$21 mark, shares may now be hitting a resistance level which can carry more downside risk for existing investors.

As most investors are aware, finding excellent securities to purchase at excellent prices is extremely difficult. Trying to perfectly time the exit could potentially make the game impossible to win. As is said at *Motley Fool*, "Stay Foolish." It's not necessary to drive yourself mad by trying to pick the perfect exit point.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)

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