



## A REIT at a Discount to Tangible Book Value

### Description

For investors seeking the best investment opportunities, it can sometimes help to look back at past success and try to determine what the factors were that made the investment or the company much more successful than average. When considering one of Canada's leading industrial real estate companies, **Pure Industrial Real Estate Trust** (TSX:AAR.UN), called PIRET for short, management has done a fantastic job in diligently researching each transaction before entering it.

The result of such a high level of diligence was an [incredible return](#) for investors who have enjoyed a run in the share price of more than 25% over the past year [in addition to a the dividend yield](#), which currently stands at slightly more than 4.5%. Over time, the company has done a lot more things correctly than incorrectly.

When looking past this industrial name, we find relative newcomer **PURE MULTI FAMILY REIT LP CAD** (TSXV:RUF.UN), which is currently run by many of the same individuals who were present for the beginning of PIRET. As the company is listed on the venture exchange instead of on the TSX, many investors are not taking a careful look at this name, which carries a market capitalization of almost \$600 million and a beta of only 0.26.

Pure Multi Family has a low amount of volatility and a dividend yield that exceeds 6%. Investors need to know what they are buying before taking the plunge. Although the company is Canadian listed, the business of buying and renting out multi-unit residential apartment buildings happens in the United States with a focus on the sunbelt states.

Following the high dividend yield, there are a number of factors that make this stock extremely attractive.

To begin with, the shares trade at a discount to tangible book value by 12%, as the company has recently incurred a number of one-time costs due to the hurricane which hit the southern United States and the raising of new capital to expend the company. In its current state, the company has reached a point of critical mass, which allows for the potential raising of new capital without diluting the value (of assets and cash flows) to existing shareholders. Essentially, the market capitalization is big enough to

support another \$50 million equity raise if needed.

As the company gets bigger, investors will begin noticing this name. It could potentially move away from the venture exchange and onto the Toronto stock exchange alongside “older brother” PIRET. As a reminder to investors looking into this name for the first time, the ticker RUF.UN is the stock ticker for shares listed in Canadian dollars, whereas the ticker RUF.U (without the N) is the ticker for shares listed and priced in U.S. dollars. Both currencies are available.

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