



## Income Investors: 2 High-Yield Stocks to Put on Your Radar

### Description

Retirees and other income investors are searching for companies that pay [above-average distributions](#) and offer opportunities for growth.

Let's take a look at **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) and **Inter Pipeline Ltd.** (TSX:IPL) to see if one deserves to be on your radar.

#### RioCan

RioCan operates shopping centres across Canada. This might not sound like a great investment these days, given the wave of closures in the large department store segment, but RioCan's tenant base is diverse, and demand for its properties remains strong.

The company receives no more than 5% of its revenue from any single customer, so the failure of one business has a minor impact on the overall picture. When a large tenant leaves, RioCan does a good job of finding new ones to fill the space. For example, the company has already located tenants to replace more than 130% of the revenue lost due to the Sears Canada closures.

RioCan is working through a strategy shift that will see the company monetize \$2 billion in non-core assets in secondary markets and focus on growth opportunities in six major centres. In the Q1 2018 report, RioCan said it already had conditional, firm, or completed transactions in place for \$800 million.

The company is building up to 10,000 residential units at its prime urban locations over the next decade. As the properties are completed, investors could see revenue increase enough to support strong distribution growth.

RioCan raised its payout last fall. The current monthly distribution of \$0.12 per unit provides an annualized yield of 6%.

#### IPL

IPL owns natural gas liquids (NGL) extraction assets, oil sands pipelines, conventional oil pipelines,

and a liquids storage business in Europe.

Net income hit a record \$143 million in Q1 2018, and the good times look set to continue.

IPL took advantage of the oil rout to acquire strategic assets at attractive prices, including the purchase of two NGL extraction facilities from The Williams Companies. Those assets helped boost funds from operations in the gas-processing business by 20% compared to Q1 2017 due to improved market pricing.

IPL is also moving ahead with its \$3.5 billion Heartland Petrochemical Complex. The facility should be finished by the end of 2021, and IPL expects to see average annual EBITDA of \$450-500 million from the site.

The company raised the dividend late last year, and more gains should be on the way. At the time of writing, investors can pick up an annualized yield of 7%.

### **Is one more attractive?**

Both RioCan and IPL offer attractive payouts that should be safe. If you only buy one, I would probably make IPL the first choice today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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