



## Become a Global Property Investor and Earn a 6% Yield Without Becoming a Landlord

### Description

Many investors look to direct property investing as a means of building a recurring passive-income stream and achieving financial independence. While owning rental properties can be one way to achieve this by providing a regular income, tax deductions, and capital appreciation, it comes with many pitfalls, which can make it a costly and worrying affair. An easier way to invest in real estate without having to worry about costly maintenance, troublesome tenants, vacancies, and tax issues is to buy units in a quality real estate investment trust (REIT). One which offers considerable potential and the ability to diversify outside of Canada is **Dream Global REIT** (TSX:DGR.UN).

### Diversifying internationally

Canada's stock market represents a mere fraction of the global investable universe, and it is heavily weighted towards the financial and energy sectors, which make up over half of the **S&P/TSX Composite Index**. Dream Global provides investors with exposure to a portfolio of high-quality Western European office properties. It owns 216 properties across Belgium, the Netherlands, Austria, and Germany with 1.8 million square metres of gross leasable area, which is 94% comprised of office properties, and the remainder is light industrial.

Dream Global reported some impressive numbers for its first-quarter 2019 results. This included ending the period with an impressive occupancy rate of 91.7%, which was 2.3% greater than the equivalent period in 2018. Funds from operations (FFO), which is a critical number for measuring a REIT's performance, shot up by 8% year over year to \$51.3 million, while adjusted EBITDA gained 2% to be \$60.6 million. Notably, net income of \$281 million was 2.7 times greater than the first quarter 2018.

This solid improvement in Dream Global's performance can be attributed to a combination of a higher occupancy rate, higher in-place rental rates, and the completion of value-adding projects.

Dream Global also finished the quarter with a solid balance sheet. It reported a debt-to-gross book

value of 39%, interest coverage of 5.1 times, and weighted average interest rate of 1.91%, highlighting its financial strength and flexibility.

A key reason to add Dream Global to your portfolio is that because its operations are focused on Western Europe and the region's largest economy, Germany, it provides international diversification while reducing the correlation of your portfolio to North American financial markets.

## Pulling it together for investors

What makes Dream Global a compelling investment is the fact that it is trading at a 17% discount to its net asset value (NAV) of \$16.36 per unit. It is rare to find a quality REIT that isn't trading at a premium to its NAV, making now the time to buy Dream Global before its stock soars.

The REIT rewards investors with a regular monthly distribution of \$0.07 per unit, which is \$0.80 per unit annualized, giving Dream Global a juicy 6% yield. With a payout ratio of 77% of diluted trailing 12-month FFO, the distribution is sustainable.

Importantly for long-term investors seeking to build wealth, Dream Global offers a distribution-reinvestment plan where they can elect to reinvest their cash distributions in additional units of the trust. That not only allows investors to avoid paying brokerage fees when acquiring new units; they can also qualify for a bonus distribution of units, which is equal to 4% of any cash distribution invested. This allows investors to access the [power of compounding](#) and accelerate the [growth](#) of their investment, thereby achieving their goals sooner.

### CATEGORY

1. Dividend Stocks
2. Investing

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