



Buy This 7.8%-Yielding Dividend King in December and Never Sell!

Description

Anytime you've got a security yielding more than 7%, you should expect that shares are [down double-digit percentage points](#) from all-time highs due to reasons that ought to be cause for concern.

That's not the case with **Inovalis REIT** ([TSX:INO.UN](#)), though — a 7.8%-yielding play on European office real estate. Shares of the name are down just off 5% from all-time high levels reached just over a week ago.

A potential acquisition on the horizon

The REIT retreated on an announcement that it entered an agreement with an underwriter syndicate to sell over 4,000,000 trust units at \$10.65 for \$45,000,510 and an over-allotment option to purchase 633,810 more units under the same conditions up to 30 days after the offering closes. Inovalis plans to use the proceeds to finance a potential acquisition that could bolster long-term AFFOs.

The news caused Inovalis to surrender around half of the gains posted in the REIT's sharp September-November rally. Now that shares are pulling back towards mean levels, investors could have an opportunity to bag a near 8% yield again on an agile REIT that, believe it or not, has the capacity to grow its distribution further at some point over the next three years.

With a payout ratio of 86%, the firm has enough [financial flexibility](#) to balance the rewarding of shareholders with long-term growth endeavours. And the recent offering provides Inovalis with an opportunity to add to its small but impressive portfolio of properties located across French and German markets.

"This acquisition opportunity represents the first step in simplifying the ownership structure of the REITs assets," said Inovalis CEO David Giraud. "It is the REIT's intention over the next 12 to 18 months to reduce the number of joint-venture properties and crystalize some of the embedded value within the portfolio to provide additional value for unitholders."

Inovalis is reportedly looking for a premium office property within a "desirable region" that's in close

proximity to “high-profile companies.” The move is projected to give AFFOs a nice boost through 2021.

A rare blend of growth and massive income

Inovalis is a little-known REIT with a sub-\$300-million market cap that’s agile enough to grow at a quicker rate than most REITs that offer far smaller yields. As management looks “clean up” the ownership structure while pursuing acquisition opportunities, unitholders have a rare chance to score a safe nearly 8% yield alongside potential capital gains moving forward.

Inovalis is, indeed, a rare breed. It’s a gem of a REIT that ought to be on the radars of income investors who desire to give themselves a raise without risking their shirts or sacrificing long-term growth potential.

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