



## Earn \$2,450/Year Tax-Free with These 2 Dividend Beasts

### Description

Canadians with free or excess money they won't need anytime soon can have their way with dividends and [earn tax-free](#) at the same time. The Tax-Free Savings Account (TFSA) is the vehicle to achieve the objective. If you plan to maximize your TFSA limit or contribution room in 2022, two [dividend beasts](#) in the real estate sector are your best options.

**Slate Grocery** ([TSX:SGR.U](#)) and **True North Commercial** ([TSX:TNT.UN](#)), both established real estate investment trusts (REITs), pay identical 8.18% dividends. A \$15,000 investment in each will produce a combined [passive income](#) of \$2,454 per year. If you hold the stocks in your TFSA, the entire amount is tax-free.

### Durable cash flows

Slate Grocery is a \$793.06 million REIT that owns and operates grocery-anchored real estate in major metropolitan markets in the United States. With its resilient property portfolio (107 properties) and strong credit tenants, expect your dividend payouts or income streams to be durable cash flows. Your total earning could even rise through price appreciation.

In Q3 2021, rental revenue, net operating income (NOI) and net income grew 6.6%, 11%, and 25.9% respectively compared to Q3 2020. Likewise, Slate increased its portfolio's scale to \$1.9 billion due to \$414.3 million worth of completed acquisitions during the quarter. Moreover, it's now present in 50 major U.S. markets (23 states), a 65% year-over-year increase.

David Dunn, Slate Grocery's CEO, said Q3 2021 was one of the best, most consequential quarters by far. He describes it as an achievement of transformational growth due to higher portfolio value and exceptional operating performance, particularly the high spreads (20.5%) on new leasing volumes. Another notable highlight was the increased occupancy for five consecutive quarters.

The tenant base is awesome as 96% are grocery-anchored, while 69% are essential lessees. **Kroger** and **Walmart** are the top two tenants. Management's strategy to ensure long-term sustainable income regardless of economic conditions is straightforward. Slate acquires high-quality properties in the U.S.,

then sign up leading national grocers as tenants.

Dunn wants to emphasize that the recent quarterly results show the resilient and essential nature of the grocery-anchored real estate. Thus, expect Slate Grocer's portfolio to keep growing and create additional value for stakeholders. This REIT trades at \$13.49 per share (+27.4% year-to-date).

## High-quality tenant base

True North Commercial owns and operates commercial properties in Canada's urban cities. This \$638.11 million REIT matches Slate Grocery in terms of resiliency and durable cash flows. The competitive advantage is focusing on long-term leases with a high-quality tenant base. Currently, the stock is a steal at \$7.26 per share.

About 76% of revenues from the 45 commercial properties come from government and credit-rated tenants. The top 20 tenants include the federal government of Canada and four provincial governments (Alberta, British Columbia, New Brunswick, and Ontario).

For the last three quarters, the average property revenue and net operating income (NOI) are \$34.35 million and \$20.72 million, respectively. The REIT's occupancy rate is a high of 96%, while the average weighted lease term is 4.6 years. Management continues to seek and identify potential acquisitions. Its investment criteria focus on cash flow security, capital appreciation and value enhancement.

## Beat inflation

TFSA investors can invest in dividend beasts, earn tax-free income, and beat high inflation in 2022.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:SGR.U (Slate Retail REIT)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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