



TFSA Investors: This 6.5% Dividend Stock Pays You Every Month

Description

The [Tax-Free Savings Account](#), or TFSA, provides Canadians the opportunity to derive returns without paying taxes to the Canada Revenue Agency. In 2022, you can contribute up to \$6,000 towards this registered account, while the cumulative contribution room is much higher at \$81,500.

Further, the TFSA can be used to create a steady stream of passive income if you invest in dividend-paying companies such as **Slate Grocery REIT** ([TSX:SGR.U](#)). Let's see why it makes sense to add Slate Grocery stock as part of your TFSA right now.

The bull case for Slate Grocery REIT

While the commercial [real estate sector](#) was decimated amid the pandemic, REITs, or real estate investment trusts, such as Slate Grocery managed to overcome a tough macro environment, showcasing the resiliency of grocery-anchored properties.

The last year was a transformational one for Slate Grocery REIT, as it invested \$470 million in accretive grocery-anchored assets. It grew by 3.7 million square feet, or 40%, while increasing exposure to leading omnichannel grocers south of the border across large metropolitan areas, including Texas and New York.

Slate Grocery completed 375,000 square feet of [new lease deals](#) at a weighted average rental spread of 18%, while its occupancy rates stood at 94%. The fourth quarter of 2021 was the sixth consecutive quarter of occupancy growth for the company. Its same-property net income grew by 3%, while its AFFO (adjusted funds from operations) stood at \$0.22 per share in Q4.

The company believes it's well positioned to pursue organic growth and high-quality accretive acquisitions in 2022 by purchasing single assets — a strategy employed regularly by Slate Grocery. During the Q4 call, Slate Grocery confirmed its actively underwriting “compelling” investment opportunities and emphasized it will maintain a robust balance sheet, providing it with liquidity and financial flexibility.

Slate Asset Management owns and operates more than \$3 billion of grocery assets globally. The REIT has more than 100 assets in the U.S. and 240 assets in Europe. Some of its big-ticket tenants include **Walmart** and **Kroger**.

Slate REIT pays a monthly dividend

One of the two publicly traded REITs under Slate Asset Management, Slate Grocery has a presence in 23 states in the United States. Around 95% of its properties in the country are anchored by grocery businesses, making it a recession-proof entity. The company has an aggressive acquisition strategy, and it acquired 30 properties at a cap rate of 7.8%.

As Slate Grocery derives stable cash flows across business cycles it offers investors an annual dividend of \$1.10 per unit, indicating a forward yield of 6.5%. It has been paying a monthly dividend for several years and increased payouts twice in the last five years.

In addition to its robust business model, Slate Grocery's attractive dividend yield is also sustainable, as it has a payout ratio of less than 60%. An investment of \$6,000 in the REIT will help you generate \$390 in annual dividends, amounting to a monthly payout of \$32.5.

Slate Grocery REIT has returned close to 160% to investors in the last decade, and the stock is up almost 50% in dividend-adjusted gains since March 2021.

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1. Dividend Stocks
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