



This New Dividend Aristocrat Looks Dirt Cheap in February 2023

Description

Minto Apartment REIT ([TSX:MI.UN](#)) is an Ottawa-based [real estate investment trust \(REIT\)](#) that owns and operates a portfolio of income-producing multi-residential rental properties across Canada. Today, I want to discuss why I'm looking to snag this undervalued [Dividend Aristocrat](#) in February. Let's jump in.

How has this Dividend Aristocrat performed over the past year?

Shares of this REIT have dropped 23% year over year as of close on February 7. However, the stock has jumped 19% so far in 2023. Fool readers can play with the interactive price chart below to get a better handle on its recent performance.

Should investors be encouraged by Minto's recent earnings?

Investors can expect to see Minto REIT's fourth-quarter (Q4) and full-year fiscal 2022 earnings in the first half of March. In the third quarter of fiscal 2022, Minto REIT delivered average monthly rent growth of 3.8% to \$1,714. Meanwhile, it reported average occupancy of unfurnished suites of 96.2%, which was up from 92.9% in the third quarter of fiscal 2021. End of period occupancy stood at a strong 97.4%.

Minto delivered total revenue of \$37.8 million — up 21% from the previous year. Meanwhile, total revenue for the same-property portfolio increased 9.8% to \$34.3 million. Net operating income (NOI) climbed 24% year over year to \$24.2 million, while NOI for the same-property portfolio jumped 13% to \$22.0 million. Moreover, adjusted funds from operations (AFFO) increased 28% year over year to \$14.0 million and AFFO per unit jumped 15% to \$0.2121.

In the first nine months of fiscal 2022, this REIT achieved revenue from investment properties of \$105 million — up 16% from the previous year of \$91.1 million. The same-property portfolio revenue posted 8.5% growth to \$98.8 million.

On the unit front, this REIT repositioned 75 suites across its portfolio that generated an annualized

return of 9.4%. In the third quarter, Minto acquired 182,227 units under its normal course issuer bid at an average price of \$15.15 per unit.

Why I'm looking to snatch up this Dividend Aristocrat today

A Canadian Dividend Aristocrat needs to have a market cap of at least \$300 million. Moreover, the company needs to have achieved annual increases to its dividend for at least five consecutive years. Fortunately, Minto REIT has recently ticked off the box for the latter. This makes it a very solid target for income-oriented investors right now.

In Q3 2022, Minto REIT approved a monthly dividend increase of \$0.015 per share. That represents a 3.2% increase to its annual distribution from \$0.4750 per unit to \$0.49 per unit. This now brings the monthly distribution rate to \$0.041 per unit, which represents a 2.9% dividend yield. Moreover, Minto REIT has now achieved five consecutive years of annual dividend growth. That means it has officially entered the Canadian Dividend Aristocrat club.

Shares of this dividend aristocrat currently possesses a [price-to-earnings ratio of 2.3](#). That puts this REIT in very attractive value territory at the time of this writing.

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