

Beat the Tar Out of Low Bank & Treasury Rates; Earn 7 to 20 Times More with this Low Risk, Well Managed Trust

Dear Fellow Investor,

What a slap in the face!

Not only have the Fedmeisters made rates so low that we can't even beat inflation with returns that bank CDs and Treasury pay, Mr. MARKET decides to throw us wild swings.

Let's see: bank CDs paying .6% for 6 months; 1.1% for 1 year; 2.25% for 5 years and Treasuries paying 0% for 3 months; .04% for 6 months; .5% for 2 years; 1.6% for 5 years; 2.2% for 10 years.

Heck, inflation is at least 2% as currently calculated by the government's Bureau of Labor Statistics.

Inflation, taking into account real estate and energy, is really about 5.5% to 6% according to ShadowStat's 1990-based Alternative CPI calculation.

It doesn't take a rocket scientist to see that we're being eaten alive and losing money and wealth.

With swings of market drops like 260 points one day while raising 180 points the next day, my gut just ties into knots.

Some market pundits are calling for a large correction of 40% to 50%, some are calling for a 10% to 20% one. Still, others are saying hold on; it will be a small correction with the market resuming its long uptrend.

Sure, I have my stops in at 25% but what good does that do when I'm not trying to lose any of the gains that I've had? Every bit of gain is important to me.

What's an investor to do to make some money?

All the great analysts will tell you, it's not what you make; it's what you don't lose.

Like you, I'm trying to save and make every dollar that I can for retirement.

Maybe you've tried many different investment approaches like I have....brokers who never came through, options, swing trading, speculating with the biotechs to make great gains, on and on and on.....

It just got to be too much work for meager gains as well as losses.

That's when I remembered some of the wise words of some investment analysts who invested for the long term and did so with value stocks that produce great dividends.

Simple dollar cost investing over the long haul in some high yielding stocks that will slowly but surely increase your wealth through the greatest force on earth: compound interest.

I found the cure for eliminating your worries while increasing your wealth!

This investment has been around since June 2009 but it has been religiously paying out at a 7.5% dividend rate.

I'm talking about Government Properties Income Trust (NYSE: GOV).

GOV is a REIT (Real Estate Investment Trust)!

I know you might be surprised. Like many, you may still be recovering from the real estate market bubble that burst several years ago and are fearful of being anywhere close to the same.

But this investment has a much different slant and twist to it that I'm sure will peak your interest and certainly get your attention.

A REIT with a Rock Solid Tenant and Near 100% Guarantee of Long-term Revenue!

Government Properties Income Trust (NYSE: GOV) leases commercial office space to government clients and has a \$1.7B investment portfolio. It owns 84 properties across 31 states and the District of Columbia comprising a total of almost 10 million square feet of rentable space. Around 94% of annualized rental income is paid by the U.S. Government, 16 state governments and the United Nations. The company is externally managed by REIT Management and Research (or RMR).

It's a huge benefit of being a landlord to Uncle Sam! Since the US Government is the nation's largest renter, it's highly unlikely to ever bounce a rent check with the extra bonus of having leases for the long-term. Now that is much less risk to you!

What's further amazing is that GOV has historically been increasing its dividend from its inception in June 2009 and currently stands at 7.54%.

That's a great return for a low risk REIT! This is a perfect buying opportunity now. Buying on the dip of a market correction only enhances the return of your investment in this REIT!

The last time I checked, the best rate on a 30-year Treasury bond paid only 3.07%!!!

Almost All the Benefits of Owning Rental Real Estate Without the Hassle of Doing So!

If you are like me, although I like the notion of owning rental property since it has the advantage of leveraging someone else's money for increased rental income and capital appreciation, I despise having to manage it myself or depend on some property manager who may not have my same interests in mind.

Owning a REIT provides rental income in the form of a dividend and allows someone else to do all the messy work. Gone are the worries associated with tenant screening, collecting rents, sending late notices and eviction notices, tracking down deadbeat tenants with no permanent

phone number, going to rent court to petition for eviction, etc. With GOV, you get the added benefit of the low risk tenant continually paying on time.

Real estate is notoriously illiquid – when an owner wants to sell a property, it might take six months or even a year to do so. REITs, alternatively, are traded daily and shares can be bought or sold on a moment's notice. In fact, GOV has high daily traded volume of almost 750,000 shares per day! That's highly liquid.

Talking about the property management, this REIT's management is outsourced to professionals who have a great track record over the last 5 years with GOV. **REIT Management and Research** (or RMR) has also been successfully managing the likes of **CommonWealth REIT** (CWH), **Hospitality Properties Trust** (NYSE:HPT), **Senior Housing Properties Trust** (NYSE:SNH) and **Select Income REIT** (NYSE:SIR). Like GOV, these REITs are singularly focused on very high-targeted segments with dependable paying tenants.

Long Term Dividend Payouts with Minimal Downside!

With interest rates at record lows, investors like you and I are always looking for other places to put our money to get the highest rate of return at the lowest risk of loss.

As retirees or about-to-be retirees, while we might diversify and put that money in stocks – perhaps even stocks that have a high dividend yield – we have to be mindful of the fact that those stocks may go down significantly in value. That's what we are not looking for.

There's an added benefit to REITs because of the more long-term focus of their investment and operating horizons. A REIT can pay out more in annual dividends because it won't have to pay taxes on it as long as the REIT distributes around 90 percent of its annual income. So the good news is that this means the REIT is encouraged to pay out high dividends and has a larger, non-taxable pool of money from which to pay them.

The downside to dividend income is that it is taxed at normal individual income tax rates. However, at the highest income tax rate of 39%, you would still achieve a return of 4.6% which is still much higher than the 30-Year Treasury bond of 3.07%.

Of course, if you were investing in an IRA or 401K, you wouldn't be taxed at all until you take your distributions from those retirement accounts. You would enjoy the extra compounding. If you were to re-invest those dividends back into the REIT, your growth would achieve even higher compounding returns over time.

Another benefit to a REIT is that it can offer some diversification and balancing of your portfolio. Investing in a REIT is a third investing option, in addition to stocks and bonds. A REIT might also be a more stable investment as it's less vulnerable to market fluctuations and inflation.

The Insiders Are Voting With Both Feet. You Should Be Too by Owning GOV!

If someone is recommending an investment to you, you might want to understand just how much they are committed to that investment themselves.

When we look at the rolls of those insiders owning the GOV, we find that as recently as 7 October 2014, the two most significant officers; Chairman Barry Portnoy and President & CEO Adam Portnoy of the outsourced managing company, RMR, both respectively purchased 490,000 and 406,000 shares of GOV. On 12 September 2014, President & CEO David Blackman of GOV purchased 34,000 shares.

Major Direct Holders (Forms 3 & 4)		
Holder	Shares	Reported
Portnoy, Barry M	490,314	Oct 7, 2014
Portnoy, Adam	406,967	Oct 7, 2014
Blackman, David M	34,000	Sep 12, 2014
Kleifges, Mark L	26,750	Sep 12, 2014

Table Depicting Insider Buying & Selling

Now, that's what I call a testament to management's belief in the success of GOV!

Not only that, but the institutional and top mutual fund ownership rolls look like a Who's Who of the top financial firms in the United States: BlackRock Fund Advisors, Invesco Ltd., Shinko Asset Management, Huber Capital Management, Vanguard Group, State Street, Morgan Stanley, and 5 separate Vanguard Index Funds.

Top Institutional Holders				
Holder	Shares	% Out	Value	Reported
BlackRock Fund Advisors	2,813,624	4.00	71,437,913	Jun 30, 2014
Invesco Ltd.	2,145,020	3.05	54,462,057	Jun 30, 2014
BlackRock Institutional Trust Company, N.A.	1,719,350	2.45	43,654,296	Jun 30, 2014

Shinko Asset Management Co., Ltd.	1,659,865	2.36	42,143,972	Jun 30, 2014
Huber Capital Management, LLC	1,649,068	2.35	41,869,836	Jun 30, 2014
Vanguard Group, Inc. (The)	7,502,695	10.68	190,493,426	Jun 30, 2014
State Street Corporation	1,153,424	1.64	29,285,435	Jun 30, 2014
Morgan Stanley	779,906	1.11	19,801,913	Jun 30, 2014
Vanguard Specialized-REIT Index Fund	3,908,190	5.56	99,463,435	Apr 30, 2014

Table Depicting Institutional and Mutual Fund Holders of GOV

Rock Solid Business Model That Pays for the Long-Term with Minimal Competition!

GOV is the only REIT that is focused on government-leased properties, so there is limited competition in the specialty sector.

The reason that GOV has little competition in this space is due to the type of lease. GOV offers “NNN” lease whereby the tenant pays all of the operating cost as opposed to the “Gross” leases where the Landlord pays the expenses. This is a great feature: long term leases where the tenant – the US Government and state governments - pay the expenses.

This is a low risk business model!

An added benefit to GOV is that it has a fairly stable lease maturity schedule through 2022.

Solid Financial Fundamentals Make This a Great Buy

GOV certainly has a lot going for it and RMR’s management is keeping it running like a well-oiled and lubed high performance engine.

Consider:

- Gross Margin is the highest in the industry at 70% with Operating margin being a very respectable at 30.9%.
- Revenue growth has slightly outpaced the industry average of 11.4%. Since the same quarter one year prior, revenues rose by 11.7%.

- GOV has witnessed stable earnings per share growth over the past year with it reporting \$.61 for the current quarter with a FFO payout of 84%. GOV has begun to develop a solid track record for paying dividends after 4.5 years of its existence.
- GOV has a well-balanced and conservatively funded capital model that consists of common equity (69%), unsecured financing (23%), revolving line (2%), and mortgage debt (6%).
- Debt to book capitalization is a very respectable and conservative industry leading 31%.
- GOV has reduced its mortgage debt from around 20% to around 17.9%.

It's clear that management has been doing a great job of managing the business and that's good for us.

A Top Performer With a Low Risk, High Yielding Return!

There's a lot going for GOV:

- **Solid tenants with long-term leases and revenue.**
- **Great benefits of rental real estate ownership without the mess.**
- **Long-term dividend payouts over 7% with minimal downside risk.**
- **Insider management team that buys heavily demonstrating its belief in the value of GOV.**
- **Rock solid business model for making money with minimal competition.**
- **Great management team with a proven track record with solid financial fundamentals.**

So what's not to like about GOV? It certainly has a lot going for it! I rate GOV a Very Strong Buy!

I'm not the only one in the same boat. Both Zack's and The Street equity analysts have GOV rated as "Strong Buys". Currently, GOV is trading at \$22.82 and is slightly above its 52 week low of \$21.71 and far below its 52 week high of \$26.30.

Capital gains for GOV have not been accounted for given its current 7.54% dividend return. I believe as well as other industry analysts that GOV will witness an upside target of \$25.00 within the next 3 months adding to your return if you were to realize it through a sale of your shares.

Hurray and take action now while you can still get GOV below \$23 per share. I don't believe that you will get a better price than now for a long time to come.

Sources of Information


[Brad Thomas, The Intelligent REIT Investor](#) (6,120 clicks)

Dividend growth investing, REITs, newsletter provider

3 Buy-Rated Dividend Stocks Leading The Pack: BCE, GOV, MCC

By [Jessica Sandoval](#) [Follow](#) 10/13/14 - 11:30 AM EDT

Government Properties Income (GOV) Is in Oversold Territory: What's Next?

 **ZACKS** By Zacks Equity Research September 23, 2014 8:16 AM

Yahoo Finance: <http://finance.yahoo.com/q?s=gov&ql=1>

FINVIZ.com Financial Visualizations: <http://www.finviz.com/quote.ashx?t=GOV>

Google Finance: <https://www.google.com/finance?q=gov&ei=Pog1VPi0C9SZ8gazloHgBQ>