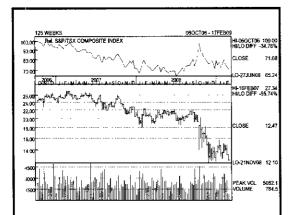


Exhibit III-B RBC Capital Markets Industry Report





RBC Dominion Securities Inc.

Neil Downey, CA, CFA (Analyst) (416) 842.7835; neil.downey@rbccm.com

Tyler Bos (Associate) (416) 842-4123; tyler.bos@rbccm.com

Michael Markidis, CFA (Associate) (416) 842-7897; michael.markidis@rbccm.com

FY Dec	2007A	2008A	2009E	2010E
EPU (Op) - FD	0.16	0.67	0.74	0.75
Prev.		0.79	0.78	0.78
P/EPU	77.9x	18.6x	16.9x	16.6x
FFO (Op) - FD	1.51	1.48	1.51	1.54
Prev.		1.51	1.53	1.55
P/FFO	8.3x	8.4x	8.3x	8.1x
AFFO - FD	1.32	1.31	1.31	1.33
Prev.		1.38	1.36	1.38
P/AFFO	9.4x	9.5x	9.5x	9.4x
EPU (Op) - FD	Q1	Q2	Q3	Q4
2007	0.02A	(0.51)A	0.17A	0.31A
2008	0.14A	0.21A	0.19A	0.14A
Prev.				0.25E
FFO (Op) - FD				
2007	0.35A	0.38A	0.36A	0.42A
2008	0.32A	0.40A	0.37A	0.39A
Prev.				0.42E
2009	0.35E	0.39E	0.38E	0.39E
All values in CAD	unless oth	erwise no	ted	

PRICE TARGET REVISION | COMMENT

FEBRUARY 18, 2009

RioCan REIT (TSX: REI.UN)

Q4/08 Re-cap; Pro-Actively Approaching 2011 To

Expand Asset Management Op's

Sector Perform Average Risk

Price:	12.47	Price Target; Implied All-In Return:	16.00 ~ 18.00 39%
Units O/S (MM): Distribution: NAYPS: BYPS: Float (MM): Debt to Cap: NAY/Unit derived via 7.75% cap.	222.0 1.38 15.50 7.89 222.0 55%	Market Cap (MM): Yield: P/NAVPS: P/BVPS:	2,768 11.1% 0.8x 1.6x

Event

RioCan has released Q4/08 and full-year results.

Investment Opinion

- Q4/08 FFO/Unit Misses Expectations Q4/08 FFO/unit of \$0.39 was -7% behind Q4/07's \$0.42 and our \$0.42E. Disposition gains and fee income were the primary sources of the shortfall.
- Holding Up Well Operationally Q4/08 same-property NOI growth was a strong +3.6% (2008 was +2.6%). Occupancy shed -70bps through 2008, to 96.9%, with the outlook being 96% at Q4/09. Interestingly, retail industry tenant "fall-out" seems less than we had expected through early '09 (maybe the inevitable has simply been delayed?). RioCan's own stats seem to corroborate with only 81,000 sf of unbudgeted vacancy (ex-Linens 'N Things) through Feb-13 (versus 48,000 sf during the same time frame in '08). Factoring in modest contractual steps, intensification capital and positive re-leasing spreads, RioCan sees 2009 same-property NOI growth of +2%-2.5%.
- Solid Balance Sheet & Liquidity Q4/08 liquidity temporarily declined to \$157MM from \$275MM at Q3/08. Pro-forma \$103MM of mortgage financing (5-yr term @ 4.87%) and a new \$90MM bank facility, liquidity will exceed \$300MM. We see reasonable investment capacity as being ~\$450MM based on a 58% D/GBV ratio.
- Game Plan For The REIT Rules RioCan appears to be leaning towards moving to a stapled structure to ensure compliance with the REIT Exemption by 2011. Current estimates suggest this will result in modest cash-tax leakage in 2011+ (~\$0.05/unit, probably less with some tax planning). Importantly, we note: i) that RioCan now has a credible "game plan" upon which to execute this restructuring (it is probably ahead of many); and, ii) RioCan's human and financial capital, and institutional relationships leave it best positioned to "grow" its way through the cash tax drag by expanding its asset management operations.
- Estimates Trimmed; Sector Perform Rating Reiterated We have trimmed our 2009E/2010E FFO/unit -\$0.02 each to \$1.50/\$1.54, respectively. We have also fine-tuned our AFFO calculations and cut -\$0.05 from our 2009E/2010E which now stand at \$1.31/\$1.33. Our new \$16 price target is derived via a 12x multiple (13x prior) to our 2010E AFFO/unit. We continue to view RioCan's units as a core holding for income and long-term value appreciation. Relative total return considerations lead us to reiterate our "Sector Perform" rating. Priced as of prior trading day's market close, EST (unless otherwise noted).

Details

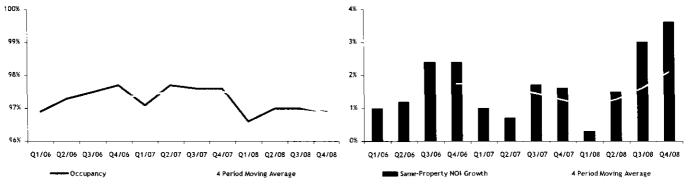
Q4/08 FFO/Unit Misses Expectations – Q4/08 FFO/unit (diluted) of \$0.39 was -7% behind Q4/07's \$0.42 and our \$0.42 estimate. Net Operating Income was a tad short of expectations (approximately \$0.5 million light), but this was offset by interest expense which was lower than forecast by nearly the same amount. Elsewhere through the operating cash flow statement there were three notable variances versus our forecast, each of which compounded to create the -\$0.03 shortfall versus our Q4/08 estimate:

- General & Administrative expense was +\$850,000 higher than expected (<\$0.01/unit);
- Fee Income was -\$3.4 million lower than expected (~\$0.015/unit). The shortfall was mostly related to disposition dependent fees, where we had expected \$3 million, but RioCan only generated \$0.3 million in Q4/08; and,
- Disposition gains were -\$2 million lower than our estimates (~\$0.01/unit).

Same-Property NOI Growth Accelerates In Q4/08 - Q4/08 same-property NOI growth was a strong +3.6%, bringing the annual figure to +2.6%. Same-property growth was the product of rent uplifts on lease renewals, step rents in existing leases and income from intensification and redevelopment projects. These factors were offset by a -70 basis point decline in occupancy. Management has guided toward +2%-2.5% same-property NOI growth for 2009, with assumed year end occupancy of 96%, which would represent a decline of nearly -100 basis points from the 96.9% registered at Q4/08.

Exhibit 1 graphically depicts RioCan's historical occupancy and same-property NOI statistics.

Exhibit 1: Historical Portfolio Occupancy And Same-Property NOI Statistics (Q1/06 to Q4/08)



Source: RBC Capital Markets and Company reports

Leasing Activity – In Q4/08, RioCan leased 874,000 sf, including 632,000 sf of renewals and 242,000 sf new leases. The REIT retained 92.5% of the expiring leases at an average uplift of \$1.75 per sf (+12%). For 2008, the REIT completed 4.1 million sf of leasing, comprised of 2.9 million sf of renewals and 1.2 million sf of new leases. For the full year, RioCan retained approximately 85.8% of the expiring leases, with an average uplift of \$1.56 per sf (+12%). The 2008 renewal percentage was on-par with the previous year.

In 2009, RioCan has 2.2 million sf subject to contractual expiry (less than 7% of its portfolio). Lease expirations accelerate in 2010 and 2011, with 3.2 million (10%) and 3.8 million (11.5%), respectively. Through February 13th, 27 leases totaling 145,194 sf were signed at an average rate of \$16.49/sf. This compares to 121,562 sf at \$15.75/sf in the same period of 2008.

Fewer Tenant Failures Than Expected, So Far – With the passage of time though this deteriorating economic climate, we anticipate al. landlords (retail in particular) to be subject to an increasing volume of tenant failures. Through 2008, RioCan noted that there were 17 small tenant bankruptcies (where space actually went dark), representing approximately \$4.8 million of annualized NOI. This compared to 10 tenancies representing some \$2.1 million in the prior year. As a point of reference, these figures compare to RioCan's annualized gross rental revenue of approximately \$700 million and annualized NOI of approximately \$450 million. In addition to this, there were a handful of situations with more prominent national retailers including:

• Linens 'N Things: As we've previously discussed, Linens 'N Things ("Linens") filed for bankruptcy in October 2008. Linens occupied 149,600 sf (RioCan's interest) at 10 locations. This constituted less than 0.5% of the REIT's portfolio (by GLA) and represented approximately \$3.3 million of annual revenues (~\$22/sf gross). On January 16th, leases were disclaimed at 9 of the 10 locations, with the tenth lease assigned to Forzani Group Limited to operate a Sport Chek. RioCan received rental revenue for January. Two leases have already been signed with Home Outfitters and Value Village. The REIT has entered into agreements with Bed, Bath & Beyond to occupy 2 properties. Three of the Linens' stores are being subdivided, with letters of intent for five of six units, with tenants including Style Sense and Sport Chek. Management is in discussions with several tenants regarding the last 2 stores. Management is "confident that by the end of the third quarter, all will not only be leased, but will be generating income".



Management took an approach to fill the space quickly, rather than "hold out for the last dollar," resulting in rents ~\$0.25/sf below Linens' rents. Management estimated that tenant inducements will amount to ~\$20/sf – hence the actual return on capital employed will decline by a greater percentage than the expected fractional decline in net rent.

• Other Tenants On Watch: The Source By Circuit City – While the U.S. parent has gone into liquidation, "The Source" remains open in Canada and a search for a purchaser is underway. "The Source" occupies 77,000 sf (RioCan's interest) at 44 locations and represents approximately \$2.5 million of annual revenues. Cotton Ginny – At the end of December 2008, Cotton Ginny emerged from creditor protection. Cotton Ginny occupies 32,500 sf (RioCan's interest) at 13 locations and contributes approximately \$1.1 million of annual rental revenues.

Interestingly, the tenant "fall-out" that we expected to occur throughout the retail industry has been less than expected. Perhaps we are simply delaying the inevitable? Nevertheless, RioCan's own statistics seem to corroborate this as the REIT has noted that through February 13th, thus far in 2009 the REIT has had 81,000 sf (0.25% of annual revenues) of "unbudgeted vacancies" (excluding Linens 'N Things). This compares to 48,000 sf (0.2% of annual revenues) in the same period of 2008.

Urban Intensification & Mixed-Use Potential Continues To Grow; Economic Cycle Is An Unavoidable Set-Back – RioCan is tireless in its drive to create value throughout its portfolio. In this regard, there is a growing focus upon added retail density, including mixed-use commercial and residential space, particularly within the more urban properties. Specifically 8 properties have been identified and plans have/are being developed for intensification programs. We have summarized these in Exhibit 2 below. Management estimates that the REIT will invest \$20 million to \$25 million in its expansion and redevelopment projects in 2009. Yields on these projects are expected in the range of 10% to 11%, somewhat higher than the average greenfield development, as the Riocan already owns the land/density rights.

Property	Location	Existing	Redevelopment Plans					
Avenue Road Toronto, Ontario		A 1.5 acre site at Avenue Road and Fairlawn Avenue. A former 17,373 sf retail facility was demolished.	A mixed-use development featuring a 5.5 storey residential component and 21,000 sf of street-front retail. 65 of 80 residential units have been sold. Rioc has a 50% profit participation right.					
Brentwood Village Shopping Centre	Calgary, Alberta	A 321,366 sf shopping centre, on 22.9 acres in Northwest Calgary.	RioCan has sold air rights and residential density on 2.6 acres at north end of the centre. 50,000 sf of existing retail will be replaced with 568,000 sf of residential and 40,000 sf of new retail.					
Coulter's Mill Marketplace	Thornhill, Ontario	A 73,667 sf unenclosed, single-storey shopping centre anchored by Staples and Dollarama.	Potential mixed-use facility comprising 675,000 sf of residential space and 10,000 sf of retail.					
Lawrence Square	Toronto, Ontario	A 678,246 sf enclosed shopping centre. The main building contains 385,042 sf of retail on 2 levels and 189,478 sf of office. A second building adds 103,725 sf of office.	RioCan is contemplating the addition of 650,000 sf of residential space, in addition to the existing shopping centre.					
Markington Square	Scarborough, Ontario	An 114,997 sf strip community shopping centre on 14.89 acres. The centre is anchored by a 51,000 sf Metro.	RioCan negotiated a lease buyout to replace 60,000 sf of retail with a 1.15MM sf residential tower, with 50,000 sf of ground floor retail. Zoning for 1,000 residential units expected by Q3/08.					
Queen and Portland	Toronto, Ontario	A one-acre development site in downtown Toronto.	A mixed-use development comprising 4-storeys of residential and 91,000 sf of retail. 55 of 90 residential units have been sold. RioCan has a 40% profit participation right.					
Tillicum	Victoria,	A 472,530 sf enclosed shopping centre, anchored by	The centre has excess density on which RioCan plans to					
Centre	B.C.	Zellers, Safeway and Famous Players.	develop a 300,000 sf mixed-use facility.					
Yonge	Toronto,	A 1MM sf mixed-use facility occupying a 4-acre site in mid-	RioCan plans to submit a rezoning request in February					
Eglinton Centre	Ontario	town Toronto. YEC is comprised of 750,000 sf of office space in 2 towers and 4 levels of retail totaling 275,000 sf.	2009, to add 46,000 sf of new retail space and 12-storey, 210,000 sf expansion of the office towers.					



Urban intensification projects have become somewhat reliant upon residential condo units in recent years, and this segment of the market appears to be weakening - dramatically. Hence, the economic cycle is becoming an unavoidable setback. RioCan seems undeterred and will remain creative. For instance, the REIT is now contemplating the idea of adding residential rental suites at its Markington Square property (instead of condos). This approach might see the REIT forgo realization gains, in return for a recurring, long-term rental stream. As with all projects of this nature, a partner bringing industry expertise is the key. Lastly, we note that the economic picture and likely project delays really represent only an "opportunity cost," as opposed to a "ticking time bomb" of any sort, because in most cases, the underlying properties are currently generating durable, recurring rental income while awaiting future intensification.

No Acquisitions Completed In Q4/08 – RioCan did not complete any acquisitions in Q4/08. In 2008, the REIT acquired interests in 26 properties totaling 856,822 sf for \$162.8 million.

Subsequent to year end, the REIT acquired:

- An additional 2 properties in Cambridge, Ontario and Edmonton, Alberta to complete the Cara portfolio acquired in Q3/08. The 2 properties were acquired for \$7.5 million at an 8.5% cap rate.
- A six-property retail portfolio from ING Real Estate Canada LP for a total investment of \$67.5 million. However, concurrent with the closing of this transaction in Q1/09, the REIT has agreed to sell a 50% in 4 of the 6 properties to a private investor for approximately \$20 million. Thus, RioCan's investment will be reduced to \$47.5 million. For more details on this portfolio, we refer readers to our January 22nd note entitled *Announces 6-Property "Tuck-In" Acquisition Totaling \$67.5MM*.

Management is of the view that now is a better time to be a buyer, and is eager to continue to grow its portfolio. The goal for 2009 is to continue to grow the REIT's balance sheet through continued growth in its asset management platform.

Impairment Charges Taken Against Two Tertiary-Market Properties; Indefinite Timeframe For Redevelopment – In Q4/08, RioCan recorded a \$24.3 million non-cash impairment charge against RioCan Renfrew Mall, in Renfrew, Ontario and Chaleur Centre, in Bathurst, New Brunswick. These properties are smaller, enclosed malls in tertiary markets. According to the portfolio listings on RioCan's website, Renfrew Mall is 44.2% leased and Chaleur Centre was 12.6% leased. The carrying value of these properties was written down to approximately \$3.4 million, or just under \$100,000/sf. Impairment charges included \$4 million of estimated demolition costs and other expenses required to position the properties for redevelopment as unenclosed centres. In light of the current weakened economy and the state of the tertiary markets where these properties are located, the REIT has not set a fixed timeframe for redevelopment.

Industry-Leading Liquidity Position Maintained – At Q4/08, immediate liquidity of \$157 million consisted of \$11 million of cash and \$145 million of availability on the REIT's undrawn lines. Note, liquidity declined from \$275 million at Q3/08, as a \$110 million bank line used to manage unsecured debenture maturities last year expired in 2008. At year end, the REIT's leverage ratio (Debt/GBV) was 54.9%. Overall, RioCan continues to enjoy low leverage and exceptional liquidity, which is a function of the fact that Management has very proactively managed its liquidity position.

2009 maturities include \$231 million of mortgages and \$84 million of its Series D unsecured debentures. \$20 million matures in Q1/09, with a further \$34 million in Q2/09.

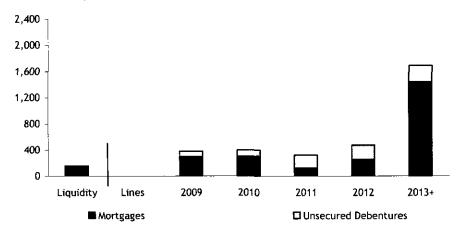
Subsequent to year end, Management has secured:

- A \$102.5 million 5-year mortgage financing on a floating rate basis. The mortgage is secured by 7 properties, 6 unencumbered. The floating rate has been swapped for a fixed rate of 4.87% for the full term. This financing will provide the REIT with approximately \$95 million of incremental cash.
- RioCan is finalizing a new \$90 million secured bank facility.

Pro forma these items, RioCan would have immediate liquidity exceeding \$300 million.

Exhibit 3: Liquidity And Debt Maturity Profile (\$MM, As At Q4/08)

Cash	11
Undrawn Lines	145
Liquidity	157
Lines	0
Unsecured Debentures	849
Mortgages	2,412
Total Debt	3,261
Liquidity as a % of Total Debt	5%
% Unsecured	26%
% Secured	74%



Source: RBC Capital Markets and Company reports

Within the confines of its 60% D/GBV limit, theoretical acquisition capacity exceeds \$750 million. From a more practical perspective, we believe that reasonable acquisition/investment capacity is still a formidable \$450 million or so within a 58% D/GBV ratio. Management believes that access to this quantum of debt is available at reasonable rates, but could take some time to fully achieve. This is in part, due to the fact that RioCan has a significant pool of unencumbered assets (approximately 15% of all properties based on area). We continue to note that RioCan's strong capital position could result in mild earnings dilution (versus potential) in the short-term. However, in an environment where capital is *clearly* more constrained, RioCan may prove to be one of the few listed real estate companies truly positioned to react decisively on larger-scale investment opportunities.

Exploring A Stapled-Structure To Isolate "Tainted" Income Prior To 2011 – With its year-end results and MD&A, RioCan has provided an important update relating to its "REIT Exemption qualification plan" (the "Plan"). The Plan involves:

- 1. Assessing the impact of the SIFT legislation on the REIT's current structure, assets and activities.
- Financial modeling to understand the impact of restructuring on business arrangements and accounting.
- 3. Identify regulatory and compliance requirements.
- 4. Determine reallocation of internal functions within restructured entity.
- 5. Develop internal and external communication plans.

Step # 1: Done – Thus far Thus far, RioCan has completed the first step of the Plan. At present, the REIT continues to carry out activities not permitted under the REIT exemption. For 2008, Management estimates that non-compliant activities accounted for \$34.8 million of FFO, or approximately \$0.16 per unit. We understand that this is a "net" amount, which includes all sources of non-qualifying income, net of an allocated overhead amount and other directly related expenses such as interest.

Split Into Two Entities To Isolate Non-Qualifying ("Tainted") Income – Under the Plan, Management appears to be leaning towards a structure whereby it will see the REIT continue to own all permitted assets and carry out all permitted activity, while a second entity (presumably a taxable corporation) would be established for disallowed assets and activities. The Plan would see RioCan unitholders hold securities in both the REIT and the new entity, which would trade together as a single stapled unit. In the event that RioCan is not able to restructure, either via stapled units or otherwise, to meet the REIT exemption, the REIT would discontinue all disallowed activities and dispose of non-compliant assets.

Timeline And Process: On Track (And Probably More Advanced Than Many) – Management and its advisors are confident that a staple-structure is "technically" possible. The currently anticipated timeline involves further internal legal and structuring work through 2009. It is then likely that the proposal, which would be in the form of a Plan of Arrangement, would be put to unitholders for a vote at the annual meeting in Q2/10. Final execution and implementation of the Plan would then occur during the fourth quarter of 2010. Management feels that it is sufficiently "ahead of the curve" on planning and structuring issues and that there is ample time to fine tune, improve and adapt prior to 2011.

Financial Impact: A Cash Tax Drag of \$0.04-\$0.05/Unit By 2011; Possibly Less With Structuring – Based on the 2008 non-qualifying FFO of \$34.8 million, we estimate the pro-forma cash-tax impact (based upon a 28% tax rate) would be almost \$10 million, or \$0.04 to \$0.05 per unit. Management indicated that the REIT is reviewing tax planning opportunities to make the separate entity as tax efficient as possible, hence possibly reducing the impact.



The Game Plan: "Growth Through" The Potential Cash Tax Drag – RioCan Will Probably Not Let-Up In Its Goal To Create Value and Grow Its Asset Management Operations – RioCan has a lot of highly talented human capital. And, as previously discussed, the REIT also has lots of financial capital. This is a powerful combination for value creation and we have already seen the evidence of substantial fee growth during the last five years. We believe the current environment will allow the REIT to deploy capital over the next several years at higher rates of capital than has been possible in recent past. Some of these opportunities may also involve partners, hence generating increased non-compliant income (Management commented that it is working toward potentially launching several new funds through 2009). Thus, to the extent that RioCan is already advanced in its understanding of what its future structure will look like, we view this as a positive event, as the REIT can now simultaneously focus upon growing its fee-based and value-add businesses in order attempt to "grow through" any cash-tax drag which materializes in 2011. The bottom line is that this so-called "bad income", should be viewed as "good income" by investors, particularly to the extent that RioCan can employ its platform and strategic relationships with major institutions and pension funds in order to grow income.

No Activity On Its Normal Course Issuer Bid – On October 28th, RioCan announced its intention to file with the TSX for a normal course issuer bid. This NCIB allows the REIT to repurchase up to 11 million of its units (approximately 5% of its outstanding units) during a twelve-month period beginning November 7, 2008. RioCan has not yet repurchased any units under the NCIB.

Estimates Trimmed – We have trimmed our 2009 and 2010 FFO/unit estimates -\$0.02 each, to \$1.50 and \$1.54, respectively. We have also fine-tuned our AFFO calculations. Our 2009 and 2010 AFFO/unit estimates have each been reduced by -\$0.05 to \$1.31 and \$1.33, respectively.

Price Target Trimmed; "Sector Perform" Rating Reiterated – Our new \$16 price target (formerly \$18) is derived via the application of a 12x multiple (formerly 13x) to our 2010 AFFO/unit estimate. The modest contraction in our target multiple is reflective of declining multiples in retail-oriented REITs specifically, REITs more broadly, and equity markets in general. Our target multiple represents a modest premium to the average that is applied to RioCan's Canadian peers. We believe this premium is warranted in light of RioCan's above average market cap, its strategic focus on Canada's six largest cities and its overall franchise value. We continue to view RioCan's units as a core holding for income and long-term value appreciation. Based upon expected relative total return prospects, we reiterate our Sector Perform, Average Risk Rating.



		Change In Forward 12-Months' Net Operating Income											
				1%	0%	-1%	-2%	-3%	-4%	-5%	-6%	-7%	-8%
FTM NOI ("Cash Basis")	462		7.25%	\$17.73	\$17.45	\$17.16	\$16.88	\$16.59	\$16.31	\$16.03	\$15.74	\$15.46	\$15.17
Cap Rate Applied By RBC CM	7.75%		7.50%	\$16.77	\$16.50	\$16.22	\$15.95	\$15.67	\$15.40	\$15.12	\$14.85	\$14.57	\$14.30
Gross Property Value	5,959		7.75%	\$15.88	\$15.50	\$15.35	\$15.08	\$14.81	\$14.55	\$14.28	\$14.02	\$13.75	\$13.48
+ PUD	415	au	8.00%	\$15.04	\$14.78	\$14.52	\$14.27	\$14.01	\$13. 7 5	\$13.49	\$13.23	\$12. 9 8	\$12.72
+ Fee Income	190	Rate	8.25%	\$14.25	\$14.00	\$13.75	\$13.50	\$13.25	\$13.00	\$12.75	\$12.50	\$12.25	\$12.00
+ Value Of Other Assets	182	Cap	8.50%	\$13.51	\$13.26	\$13.02	\$12.78	\$12 .5 4	\$12.29	\$12.05	\$11.81	\$11.57	\$11.32
= Total Assets	6,746	ű	8.75%	\$12.81	\$12.57	\$12.34	\$12.10	\$11.86	\$11.63	\$11.39	\$11.16	\$10.92	\$10.69
- Debt	(3,249)		9.00%	\$12.15	\$11.92	\$11.69	\$11.46	\$11.23	\$11.00	\$10.77	\$10.54	\$10.31	\$10.08
= NAV	3,497		9.25%	\$11.52	\$11.30	\$11.07	\$10.85	\$10.63	\$10.41	\$10.18	\$9.96	\$9.74	\$9.51
			9.50%	\$10.93	\$10.71	\$10.49	\$10.28	\$10.06	\$9.84	\$9.63	\$9.41	\$9.19	\$8.97
Di.uted Units	224		•										
NAV/unit	\$15.50					Change	in Forwa	rd 12-Mor	nths' Net (Operating	Income		
Unit Price	\$12.47			1%	0%	-1%	-2%	-3%	-4%	-5%	-6%	-7%	-8%
Premium (Discount) To NAV	-20%		7.25%	-30%	-29%	-27%	-26%	-25%	-24%	-22%	-21%	-19%	-18%
			7.50%	-26%	-24%	-23%	-22%	-20%	-19%	-18%	-16%	-14%	-13%
LTV	48%		7.75%	-21%	-20%	-19%	-17%	-16%	-14%	-13%	-11%	-9%	-8%
		Φ	8.00%	-17%	-16%	-14%	-13%	-11%	-9%	-8%	-6%	-4%	-2%
		Rate	8.25%	-12%	-11%	-9%	-8%	-6%	-4%	-2%	0%	2%	4%
		Cap	8.50%	-8%	-6%	-4%	-2%	-1%	1%	3%	6%	8%	10%
		ပၱ	8.75%	-3%	-1%	1%	3%	5%	7%	9%	12%	14%	17%
			9.00%	3%	5%	7%	9%	11%	13%	16%	18%	21%	24%
			9.25%	8%	10%	13%	15%	17%	20%	22%	25%	28%	31%
			9.50%	14%	16%	19%	21%	24%	27%	30%	33%	36%	39%
Source: RBC Capital Markets				•									

		Market	Div	P/ FFO Multiple			P/ AFFO Multiple			09E Payout Ratios		NAV
Company	Price	Cap (\$MM)	Yield	2008E	2009E	2010E	2008E	2009E	2010E	FFO	AFFO	Prem/(Disc)
RioCan REIT	\$12.47	\$2,769	11.1%	8.4x	8.3x	8.2x	9.6x	9.5x	9.4x	91%	105%	-20%
Acadia Realty Trust	\$9.68	\$319	8.7%	8.1x	8.1x	8.0x	8.6x	9.4x	9.8x	71%	82%	-44%
Cedar Shopping Centers, Inc.	\$5.73	\$266	7.9%	4.7x	4.7x	4.6x	6.8x	6.9x	6.0x	37%	54%	-40%
Calloway REIT	\$10.30	\$977	15.0%	5.8x	5.8x	6.1x	6.1x	6.2x	6.5x	88%	93%	-31%
Developers Diversified Realty Corp.	\$2.85	\$368	0.0%	0.9x	1.0x	1.0x	1.0x	1.1x	1.0x	0%	0%	-75%
Ecuity One, Inc.	\$12.21	\$948	9.8%	13.4x	10.3x	9.7x	14.0x	12.2x	11.4x	102%	120%	-34%
Federal Realty Investment Trust	\$43.48	\$2,581	6.0%	11.2x	11.0x	10.7x	13.3x	12.8x	12.4x	66%	77%	-26%
Inland Real Estate Corporation	\$8.05	\$535	12.2%	5.6x	6.1x	6.0x	6.1x	6.5x	6.3x	74%	80%	-37%
Kimco Realty Corporation	\$9.49	\$2,585	18.5%	4.3x	5.2x	5.3x	5.2x	6.0x	6.1x	97%	112%	-55%
Kite Realty Group Trust	\$3.50	\$148	23.4%	2.9x	3.6x	3.5x	3.6x	5.0x	4.6x	85%	117%	-59%
Primaris Retail REIT	\$9.33	\$581	13.1%	6.7x	7.2x	7.2x	8.2x	8.8x	8.9x	94%	115%	-35%
Ramco-Gershenson Properties Trust	\$4.72	\$101	19.6%	1.9x	2.0x	1.9x	2.1x	2.2x	N/A	39%	44%	-76%
Regency Centers Corporation	\$27.46	\$1,936	10.6%	6.9x	8.0x	8.1x	8.1x	9.2x	9.6x	85%	97%	-34%
Saul Centers, Inc.	\$28.70	\$668	5.4%	10.7x	10.8x	10.5x	13.2x	12.6x	N/A	59%	69%	-37%
Urstadt Biddle Properties Inc.	\$12.83	\$234	7.5%	10.2x	10.3x	10.2x	12.8x	13.1x	12.7x	77%	98%	-24%
Weingarten Realty Investors	\$12.57	\$1,124	16.7%	4.2x	4.3x	4.2x	5.7x	5.6x	5.7x	71%	94%	-51%
Shopping Center Sector Average			11.6%	7x	7x	7x	8x	8x	8x	71%	85%	-42%



Valuation

Our \$16.00 price target is derived via the application of a 12x multiple to our 2010 AFFO/unit estimate. Our target multiple represents a modest premium to that which we apply to RioCan's Canadian peers, which we believe is warranted in light of RioCan's above average market cap, its strategic focus on Canada's six largest cities and its overall franchise value. We continue to view RioCan's units as a core holding and, based upon expected total return prospects, we reiterate our Sector Perform, Average Risk rating.

Price Target Impediment

Impediments to the achievement of our price objectives primarily relate to the risks associated with the ownership of real property, which include but are not limited to general economic conditions, local real estate markets, credit risk of tenants, supply and demand for leased premises, competition from other leased premises and factors that could impact consumer spending, including interest rates and job growth.

Company Description

RioCan REIT is Canada's largest REIT. RioCan owns interests in a portfolio of over 59 million sf in 241 income producing retail centres across Canada (RioCan's share ~36 million sf). Approximately 50% of the REITs portfolio (by area) is represented by "new format" retail centres. The REIT also has an active development pipeline including more than 20 projects encompassing almost 10 million sf of total GLA (RioCan's share ~3.5 million sf). RioCan's stated goal is "the long-term maximization of cash flow and capital appreciation in its portfolio," which it seeks to achieve by proactively managing its assets. RioCan derives over 85% of its annualized gross revenue from national and anchor tenants, with no single tenant accounting for more than 6% of gross revenue.



Required Disclosures

Explanation of RBC Capital Markets Rating System

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Top Pick (TP): Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Qualifiers (any of the following criteria may be present):

Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; fairly liquid.

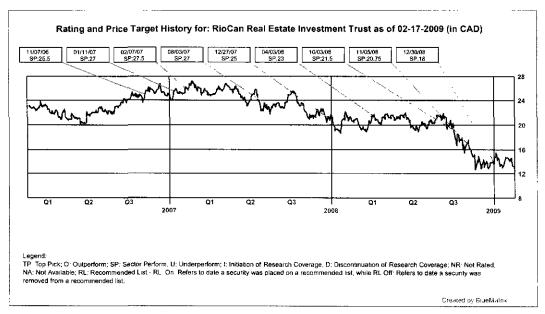
Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; low market cap or float.

Speculative (Spec): Risk consistent with venture capital; low public float; potential balance sheet concerns; risk of being delisted.

Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Top Pick/Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

	Distribu	ution of Ratings		
	RBC Capital Ma	arkets, Equity Researc	ch	
			Investment Serv./Past	
Rating	g Count Percent			Percent
BUY[TP/O]	492	44.40	110	22.3
HOLD[SP]	511	46.10	84	16.4
SELL[U]	105	9,50	12	11.43



References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by a business unit of the Wealth Management Division of RBC Capital Markets Corporation. These Recommended Lists include the Prime Opportunity List (RL 3), the Private Client Prime Portfolio (RL 4), the Prime Income List (RL



6), the Guided Portfolio: Large Cap (RL 7), and the Guided Portfolio: Dividend Growth (RL 8). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Dissemination of Research

RBC Capital Markets endeavours to make all reasonable efforts to provide research simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets' research is posted to our proprietary websites to ensure eligible clients receive coverage initiations and changes in rating, targets and opinions in a timely manner. Additional distribution may be done by the sales personnel via email, fax or regular mail. Clients may also receive our research via third party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets research.

RBC Capital Markets also provides eligible clients with access to a database which may contain Short-Term trading calls on certain of the subject companies for which it currently provides equity research coverage. The database may be accessed via the following hyperlink https://www2.rbccm.com/cmonline/index.html. The information regarding Short-Term trading calls accessible through the database does not constitute a research report. These Short-Term trading calls are not formal ratings and reflect the research analyst's views with respect to market and trading events in the coming days or weeks and, as such, may differ from the price targets and recommendations in our published research reports reflecting the research analyst's views of the longer-term (one year) prospects of the subject company. Thus, it is possible that a subject company's common equity that is considered a long-term 'sector perform' or even an 'underperform' might be a Short-Term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'outperform' could be considered susceptible to a Short-Term downward price correction.

Conflicts Disclosures

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

ht;p://www.rbccm.com/cm/file/0,,63022,00.pdf

or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Important Disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for RioCan Real Estate Investment Trust in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from RioCan Real Estate Investment Trust in the past 12 months.

RBC Dominion Securities Inc. makes a market in the securities of RioCan Real Estate Investment Trust and may act as principal with regard to sales or purchases of this security.

Royal Bank of Canada, together with its affiliates, beneficially owns 1 percent or more of a class of common equity securities of RioCan Real Estate Investment Trust.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from RioCan Real Estate Investment Trust during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to RioCan Real Estate Investment Trust.

RBC Capital Markets is currently providing RioCan Real Estate Investment Trust with non-securities services.

RBC Capital Markets has provided RioCan Real Estate Investment Trust with investment banking services in the past 12 months.

RBC Capital Markets has provided RioCan Real Estate Investment Trust with non-securities services in the past 12 months.



A member of the Board of Directors of the Royal Bank of Canada is a member of the Board of Directors or is an officer of RioCan Real Estate Investment Trust.

Additional Disclosures

RBC Capital Markets is the business name used by certain subsidiaries of Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets Corporation, Royal Bank of Canada Europe Limited and Royal Bank of Canada - Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC Capital Markets.

Additional information is available on request.

To U.S. Residents:

This publication has been approved by RBC Capital Markets Corporation, which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets Corporation.

To Canadian Residents:

This publication has been approved by RBC Dominion Securities Inc. Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by Royal Bank of Canada Europe Limited ('RBCEL') which is authorized and regulated by Financial ServicesAuthority ('FSA'), in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FSA. However, targeted distribution may be made to selected retail clients of RBC and its affiliates. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada - Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product.

To Hong Kong Residents:

This publication is distributed in Hong Kong by RBC Investment Services (Asia) Limited, a licensed corporation under the Securities and Futures Ordinance or, by Royal Bank of Canada, Hong Kong Branch, a registered institution under the Securities and Futures Ordinance. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact RBC Investment Services (Asia) Limited or Royal Bank of Canada, Hong Kong Branch at 17/Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong (telephone number is 2848-1388).

To Singapore Residents:

This publication is distributed in Singapore by RBC (Singapore Branch), a registered entity granted offshore bank status by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance.

®Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Copyright © RBC Capital Markets Corporation 2009 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2009 - Member CIPF

Copyright © Royal Bank of Canada Europe Limited 2009

Copyright © Royal Bank of Canada 2009

All rights reserved

