RioCan Real Estate Investment Trust (RIOCF)

Updated May 26th, 2026, by Kody Kester

Key Metrics

Current Price:	$15.89	**5 Year Annual Expected Total Return:**	5.7%	**Market Cap:**	$4.6B
Fair Value Price:	$14.63	**5 Year Growth Estimate:**	2.5%	**Ex-Dividend Date:**	05/29/26
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.6%	**Dividend Payment Date:**	06/05/26
Dividend Yield:	5.3%	**5 Year Price Target**	$16.50	**Years Of Dividend Growth:**	4[1]
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Founded in 1993, RioCan Real Estate Investment Trust owns, manages, and develops retail-focused, mixed-use properties located in prime, high-density transit-oriented areas where Canadians shop, live, and work. RIOCF was one of the first REITs in Canada. A year after its founding, RIOCF held its initial public offering on the Toronto Stock Exchange.

As of March 31, 2026, the company wholly owned or co-owned stakes in 167 properties spanning an aggregate net leasable area of approximately 32 million square feet. Additionally, the company has a pipeline of approximately 14.5 million square feet currently zoned for future development. As alluded to earlier, RIOCF's annualized contractual gross rent is mostly derived from retail properties (86.6%). Office properties chip in another 10.7%, and residential rental properties contribute the remaining 2.7% to RIOCF's annualized rent. The company's strategy is to focus primarily on necessity-based retail. These include grocery stores and pharmacies (16.5% of annualized rent) and are buoyed by exceptionally strong tenants like Walmart and Costco.

Essential goods and services made up 24.1% of annualized rent and included tenants like the Bank of Montreal, TD Bank, and Royal Bank of Canada. Value retailers contributed 13.0% of annualized rent and include Dollarama, as well as TJX Companies' HomeSense and Winners brands. RIOCF's 97.9% committed occupancy (98.6% for retail) is a testament to the effectiveness of its approach.

On May 4, 2026, RIOCF released its earnings report for the first quarter ended March 31, 2026. The company's revenue decreased by 5.5% over the year-ago period to 343.4 million CAD in the quarter. Adjusting for the average CAD to USD conversion rates in Q1 2025 and Q1 2026, revenue decreased by 1.1% year-over-year to $250.4 million during the quarter. In native currency, RIOCF's core FFO per unit dipped by 0.8% over the year-ago period to 0.387 CAD for the quarter. Accounting for foreign currency translation, the REIT's core FFO per unit grew by 3.8% to $0.282 in the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFOPS	$1.29	$1.34	$1.44	$1.36	$1.19	$1.28	$1.31	$1.31	$1.34	$1.12	***$1.17***	***$1.32***
DPS	$1.06	$1.09	$1.11	$1.09	$1.07	$0.77	$0.78	$0.80	$0.81	$0.83	***$0.84***	***$0.93***
Units[2]	326.6	323.7	305.1	317.7	317.8	309.8	300.4	300.5	300.5	295.0	***291.1***	***270.0***

In earlier reporting years (2016 through 2020), RIOCF primarily reported FFO per unit. This included noise from one-time JV income and other one-time items, so the period isn't a perfect apples-to-apples comparison. Still, looking forward, we think that RIOCF can grow its core FFO per unit by 2.5% annually in USD terms through 2031, off a 2026 base of $1.17. This assumes that RIOCF can deliver 3.5% to 4% annual core FFO per unit growth in native currency terms, but that there will be a modest devaluation of the CAD to USD in the years ahead. In Q1 2026, blended leasing spreads were a record 25.8%.

[1] In its original, Canadian Dollar declaration.

[2] Unit count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
P/FFO	15.4	14.6	12.0	15.2	11.1	14.2	11.9	10.7	9.5	12.2	***13.6***	***12.5***
Avg. Yld.	5.3%	5.6%	6.4%	5.3%	8.1%	4.2%	5.0%	5.7%	6.4%	6.1%	***5.3%***	***5.6%***

Over the past decade, RIOCF's P/FFO ratio has ranged from as low as the low double-digits to as high as the upper teens. This resulted in an average P/FFO ratio of nearly 13 over that time. We expect 10-year U.S. Treasury yields to remain higher than the 10-year average. That could be partially offset by RIOCF's fundamentals, which explains our fair value P/FFO ratio of 12.5. Relative to the current-year P/FFO ratio of 13.6, units could be somewhat overvalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	82%	81%	77%	80%	90%	60%	60%	61%	60%	74%	***72%***	***70%***

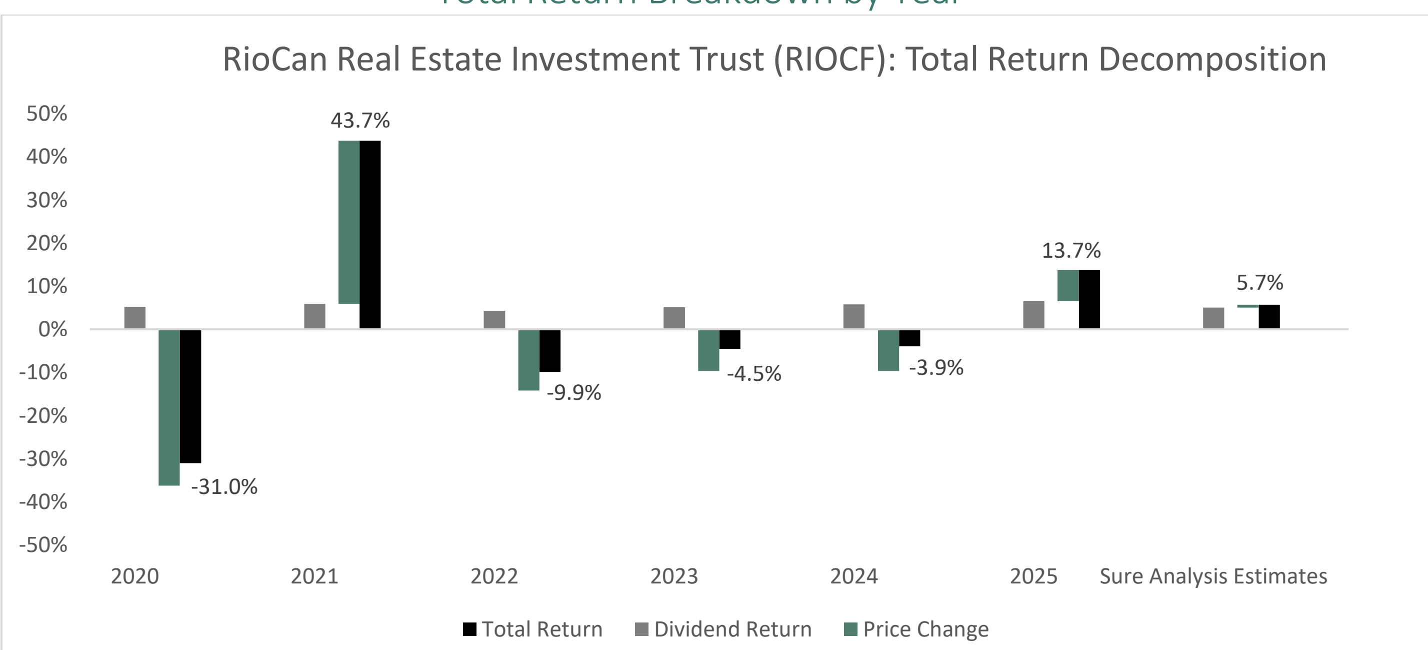
In real estate, it's all about location, location, location. RIOCF's concentration of 94% of its ABR being derived from major urban centers in Canada differentiates it from the peer group average of just 68%. This is because such locations come with strong and consistent consumer demand. That can help tenants to more easily thrive in just about any operating environment, which is what ultimately keeps the rent checks coming to RIOCF.

Financially, RIOCF is reasonably healthy. The company's adjusted debt to adjusted EBITDA ratio was 8.94x, which is within its targeted range of 8x to 9x. That's why it enjoys an investment-grade, BBB credit rating from the Canadian credit rating agency, DBRS. RIOCF's core FFO payout ratio is set to be in the low 70% range for 2026 (in USD), which is a very manageable payout ratio. This leaves it with excess free cash flow to reinvest in its business each year. That should give RIOCF room to gradually grow its distribution in native currency, although we think further deterioration in the CAD to USD exchange rate will likely offset some of this growth.

Final Thoughts & Recommendation

RIOCF's 5.3% yield, 2.5% annual core FFO per unit growth, and 1.6% annual valuation multiple contraction could lead to 5.7% annual total returns over the next five years. In closing, we're reiterating our Hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	885	940	943	1,028	876	950	950	858	944	1,061
Gross Profit	547	601	594	580	525	556	555	546	574	569
Gross Margin	61.8%	64.0%	63.0%	56.4%	59.9%	58.5%	58.4%	63.6%	60.8%	53.6%
D&A Exp.	3	8	4	3	3	3	4	2	1	1
Operating Profit	367	428	383	529	484	509	505	503	531	517
Operating Margin	41.5%	45.5%	40.6%	51.5%	55.3%	53.5%	53.1%	58.6%	56.2%	48.7%
Net Profit	516	546	407	585	(48)	477	182	29	346	50
Net Margin	58.3%	58.1%	43.2%	56.9%	-5.5%	50.2%	19.1%	3.4%	36.6%	4.7%
Free Cash Flow	352	307	319	441	420	379	322	203	209	247
Income Tax	(3)	(0)	(1)	1	8	(0)	1	(10)	(1)	-

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	10,569	11,474	10,253	11,713	11,984	12,016	11,146	11,256	10,758	10,866
Cash & Equivalents	41	56	60	79	189	131	86	101	135	115
Goodwill	16	11	8	-	-	-	-	-	-	-
Total Liabilities	4,596	5,054	4,640	5,308	5,913	5,752	5,442	5,615	5,474	5,644
Long-Term Debt	4,230	4,726	4,315	4,956	5,470	5,264	5,003	5,230	5,112	5,237
Shareholder's Equity	5,865	6,421	5,613	6,405	6,071	6,263	5,704	5,641	5,255	5,221
LTD/E Ratio	0.71	0.74	0.77	0.77	0.90	0.84	0.88	0.93	0.97	1.00

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.7%	5.0%	3.7%	5.3%	-0.4%	4.0%	1.6%	0.3%	3.1%	0.5%
Return on Equity	8.8%	8.8%	6.8%	9.7%	-0.8%	7.7%	3.0%	0.5%	6.3%	0.9%
ROIC	5.1%	5.1%	3.9%	5.5%	-0.4%	4.1%	1.6%	0.3%	3.3%	0.5%
Shares Out.	326.6	323.7	305.1	317.7	317.8	309.8	300.4	300.5	300.5	295.0
Revenue/Share	2.72	2.87	3.00	3.34	2.76	3.00	3.10	2.86	3.14	3.58
FCF/Share	1.08	0.94	1.02	1.43	1.32	1.19	1.05	0.68	0.70	0.83

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.