QUALITY AND GROWTH

FIRST QUARTER 2022

RIOCAN
REAL VISION, SOLID GROUND.

SCORECARD

	5-YEAR TARGET	2022 GUIDANCE	Q1 2022 RESULTS	Q1 2021 RESULTS	STATUS
SPNOI Growth (1) (2)	3%	3% to 4%	4.1%	(4.6)%	✓
FFO/Unit (1) (3) **Growth**	5% to 7%	$1.68 to $1.71(4)	$0.42	$0.33	✓
FFO Payout Ratio (1)	55% to 65%	55% to 65%	57.3%	92.2%	✓
Development Spending (1) (5)	$500M/yr on average	$475M to $525M	$92M	$88M	✓

Artist rendering: Verge™
Toronto, Ontario

TABLE OF CONTENTS

1 Represents a non-GAAP measure.
2 SPNOI: Same Property Net Operating Income
3 FFO: Funds From Operations
4 Based on 5%-7% increase from 2021 FFO
5 Includes RioCan's share of development spending from equity-accounted joint ventures

A LETTER FROM THE PRESIDENT & CEO

Fellow Unitholders,

RioCan reported another strong quarter. In the face of rapidly changing market conditions, RioCan has increased occupancy, improved rent collection and delivered positive same-property NOI through successive quarters. Pandemic-tested, our results demonstrate the quality of our portfolio, resilience of our tenants, and our capacity to advance the Trust's growth initiatives.

Over the last two plus years, the negative impacts of the pandemic across the country were widespread. While no industry was immune to the impact of the pandemic, the commercial real estate sector was particularly pressured during a series of mandated shutdowns and capacity restrictions. Fortunately, RioCan entered this operating environment from a position of strength and more than held its own. While COVID concerns are dissipating, global economic uncertainty has surged admidst unprecedented inflation, war tensions and trade disruptions. In this and any environment, RioCan is well-prepared to overcome challenges and works hard to ensure that we deliver performance for our Unitholders.

RioCan's focus is keenly on the long-term. We have a clear path outlined in our five-year plan to deliver Total Unitholder Returns of 10% - 12%, on an annualized and constant multiple basis. The equation is simple: the quality of our portfolio provides us with resilient income required to maintain sustainable and growing distributions; and growth in FFO drives increase in net asset value over time. Our building blocks to FFO growth are straight-forward: consistent same-property NOI growth plus development and investment activity. We approach achieving our objectives through RioCan's four strategic pillars: Reimagine Retail, Intelligently Diversify, Enhance Customer Centrism and Grow Responsibly. Working in concert, each of our strategic pillars are designed to enhance our quality, deliver growth and drive value creation.

The retail dynamic in Canada, and particularly within our portfolio, reinforces our confidence to deliver against our long-term objectives. There is enhanced demand for well-positioned space. Within this landscape, as we continue to re-imagine retail and enhance customer centrism, the strength of our portfolio retained existing tenants, as well as attracted new ones. With a current committed occupancy rate of 97.0%, we have returned to our pre-pandemic range. Further improving our same-property NOI growth prospects, is the upward trend for our rents on renewal and with new leases resulting in a blended leasing spread of 8.9% for the quarter. We will continue to invest in our income producing properties, utilizing our expertise and experience to allocate appropriate capital to deliver industry-leading tenant and customer experience.

We have always looked to enhance the quality and stability of our income. Our Intelligently Diversify pillar, including the diversification of our asset base, tenant mix and income sources, serves to do just that. Development is a key diversification driver for us. RioCan has one of the larger mixed-use residential development pipelines in the country. We also have one of the more advanced pipelines with zoning approval in place for 16.8 million square feet of density.

With our head-start, we have reached a point in our development cycle to deliver a consistent cadence of project completions that will diversify our asset base and accelerate our NOI growth through our residential portfolio. Going forward, we anticipate that we will create net asset value in excess of our development spend.

This year alone, we will complete four purpose-built residential rental buildings. Strada™ in Toronto, and Latitude™, Luma™ and Rhythm™ in Ottawa. Together, these projects represent 652 residential rental units in growing communities with easy access to transit. In addition to our residential rental portfolio, our condominium projects are advancing on track and will generate attractive profits from condominium sales to support funding of our development program. For certain condominium projects where we have established a limited partnership fund structure, we will generate alternative income streams as our partners pay for our expertise through management fees.

Our fourth pillar is Grow Responsibly, which also supports and underpins our other three pillars. As a result, we place the highest priority on ESG, culture and balance sheet management. We continue to lead the way in ESG and were recognized as one of Canada's Greenest Employers for the second year in a row. Supporting our culture, investments in our people ramped up during the pandemic. We have since introduced numerous initiatives to develop and advance talent, including RioCanMentors, RioCan Learning on Demand and a Leadership Development program.

As for the financial aspect of growing responsibly, our balance sheet strength is exemplified by a liquidity position of approximately $1.3 billion, a laddered debt profile and a large unencumbered asset pool of $9.2 billion, which will further increase as we reduce our proportion of secured debt. In terms of overall debt levels, our Adjusted Debt-to-Adjusted EBITDA ratio is moving towards our target of 8x – 9x.

RioCan's core strategies have been purposely designed to safeguard against crises. We have concentrated our portfolio in the fastest growing regions in Canada. We believe in the convenience of open-air shopping centres. We continuously curated our tenant base optimizing our merchandising mix to drive repeat visits to our centres and attract strong tenants. And, we are diversifying our income streams with a deep pipeline of attractive opportunities. From this solid foundation, RioCan is securely and strategically positioned to capitalize on the growth prospects that are inherent in our portfolio and create value for all our stakeholders.

I would like to thank the entire RioCan team for their commitment and admire their resolve to always raise the bar and drive for success. We are on a clear path forward and I am grateful to our Unitholders for their continue support and confidence in RioCan.

Jonathan Gitlin
President and Chief Executive Officer
RioCan Real Estate Investment Trust

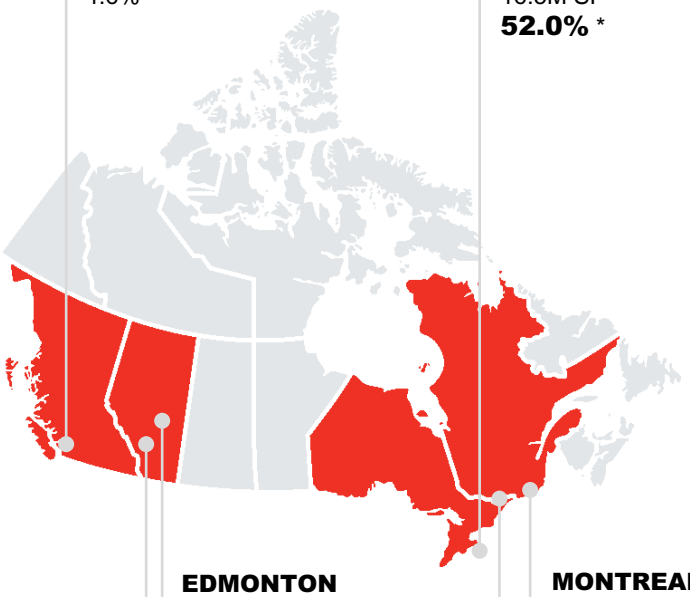
RIOCAN AT A GLANCE

204 Properties, 36.2 Million Square Feet of NLA
Located in Canada's most in-demand markets

97.0% **COMMITTED OCCUPANCY**

VANCOUVER
6 assets
1.7M SF[1]
4.6%*

GREATER TORONTO AREA
87 assets
16.5M SF [1]
52.0% *



EDMONTON
11 assets
2.2M SF[1]
6.5% *

MONTREAL
18 assets
2.2M SF[1]
4.0% *

CALGARY
16 assets
3.6M SF[1]
11.3% *

OTTAWA
35 assets
4.8M SF[1]
13.3% *

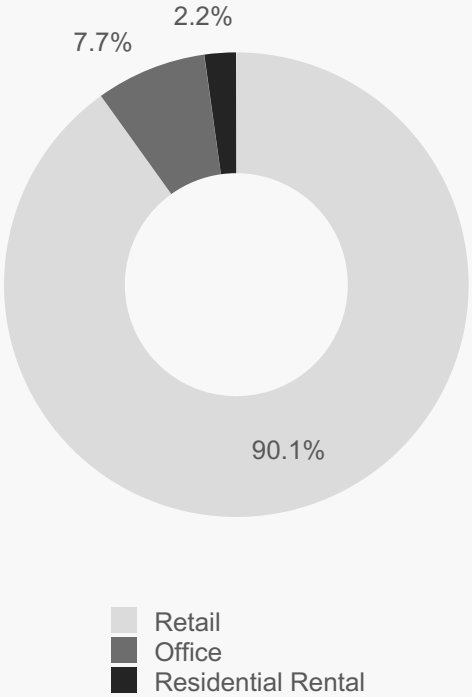
DEMOGRAPHIC PROFILE

Within 5 km of RioCan Centres:

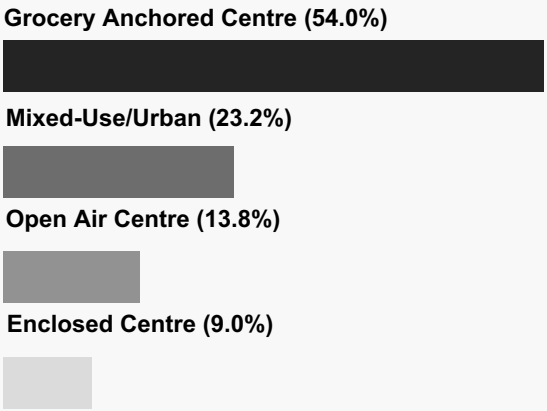
203,000
Average Population [2]

$124,000
Average Household Income [2]

PROPERTY TYPE*



PROPERTY MIX BY REVENUE*



* Percentage of annualized contractual gross rent
1 Income producing properties at RioCan's interest
2 Population and average household income within 5km of RioCan centres, respectively
Source: DemoStats - 2021 - Trends, 2021 Environics Analytics

TENANT MIX BY REVENUE*

20.0%
Grocery / Pharmacy / Liquor
Walmart, Shoppers Drug Mart, LCBO

14.7%
Specialty Retailers (1)
Canadian Tire, Sephora, PetSmart

14.2%
Essential Personal Services
Financial Services, Medical, Gas Bars

10.6%
Value Retailers
Winners, Marshalls, Dollarama

9.1%
Furniture & Home
Home Depot, Lowe's, HomeSense

7.9%
Other Personal Services
Fitness, Health and Beauty

7.1%
Quick Service Restaurants
Tim Hortons, Harvey's, McDonald's

6.4%
Apparel
Mark's, Old Navy, Carter's

5.9%
Sit-Down Restaurants
Swiss Chalet, Boston Pizza, Montana's

3.9%
Movie Theatres
Cineplex, Landmark Cinemas

0.2%
Department Stores
Hudson's Bay

* Percentage of annualized net rental revenue as at March 31, 2022

(1) Effective Q1 2022, Entertainment / Hobby / Electronics / Books category is grouped with Specialty Retailers.

Q1 2022 HIGHLIGHTS

$160.1M
Net Income

$173.9M
Operating Income

$0.42
FFO/Unit(1)

4.1%
SPNOI Growth(1)

$92M
Development Spending (1)

$20.23
Average Net Rent (2)

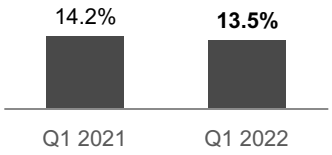
$1.3B
In Available Liquidity(1),(3)

$9.2B
Unencumbered Assets(1),(3)

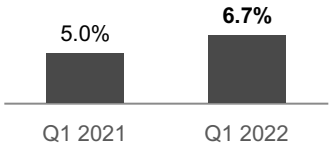
1 This is a non-GAAP measurement. For more information, refer to the *Non-GAAP Measures* section in the MD&A for the three months ended March 31, 2022.
2 Per occupied square foot
3 RioCan's proportionate share

1.1M SQ. FT. OF LEASES EXECUTED(1)

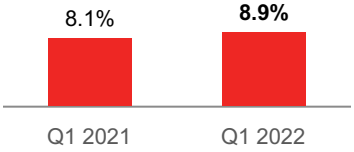
New Leasing Spread (%)(1)



Renewal Leasing Spread (%)(1)



Blended Leasing Spread (%)(1)



1 For the three months ended March 31.

ROBUST DEVELOPMENT PIPELINE

42.6M SQ FT
DEVELOPMENT PIPELINE*

Including:

16.8M SQ FT (1)
ZONING APPROVED

and
6.8M SQ FT
Zoning Application Submitted

* At RioCan's interest
1 Includes 0.7 million sq. ft. of completed phases

2.2M SQ FT
UNDERWAY
(under construction)

2.5M SQ FT
SHOVEL READY

3.2M SQ FT
ACTIVE PRE-DEVELOPMENT

DEVELOPMENT DELIVERIES FUELING OUR FIVE-YEAR PLAN

NLA to be delivered In the next 24 months
1.7M SQ FT (1)

	2022 DELIVERY	2023 DELIVERY
New NLA	~719,000 sq. ft.	~621,000 sq. ft.
Incremental cash NOI (stabilized)(2)	$27.4M	$26.0M

* At RioCan's interest
1 Includes ~315,000 sq. ft. of condominium and townhouse development
2 This is a forward-looking non-GAAP measure calculated based on proforma annual stabilized NOI.

DEVELOPMENT IN ACTION

Office: 1.2 million sq. ft. [1]
Retail: 320,000 sq. ft. [1]
Residential rental: 592 units [1]

To be delivered in 2022:
~323,000 sq. ft [2]

Residential rental: 168 units [1]

To be delivered in 2022:
~68,000 sq. ft [2]

Residential rental: 214 units[1][3]

To be delivered in 2022:
~82,000 sq. ft [2]

1 at 100%
2 at RioCan's interest
3 Includes one guest suite

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

RioCan is one of the Canadian real estate leaders in ESG.

RioCan embeds ESG in every aspect of the business, including developments, operations, investment activities and corporate function.

For a full overview of RioCan's ESG strategy and objectives, read our 2021 ESG Report at www.riocan.com.

RIOCAN ESG OBJECTIVES

Environmental

1. Reduce GHG emissions, energy and water consumption in our new and existing buildings.
2. Develop a plan to achieve carbon neutrality by 2050. Aim to design and construct net zero carbon sites.
3. Improve waste diversion at sites.
4. Continue to develop and acquire sites in transit-oriented neighbourhoods.
5. Expand assessment of physical and transitional climate risks, opportunities and impacts for all assets in line with the TCFD recommendations.

Social

1. Establish programs to actively develop new pools of talent, increase retention and integrate diversity into recruitment.
2. Provide employees with regular ESG training, organize mentorship programs and conduct gender pay gap assessments.
3. Continue to support our tenants and visitors by designing inclusive places that contribute to a pleasant experience at our centres.
4. Contribute to our communities by creating jobs, investing in education, and launching economic and social growth initiatives.
5. Continue to organize community events that promote the well-being of our tenants and communities in which we operate.

Governance

1. Enhance ESG and climate change-related disclosures in alignment with leading disclosure standards.
2. Maintain an open dialogue and feedback loop through our Board investor outreach program.
3. Strive for best management practices through certifications and awards.
4. Execute green bond initiatives and related green bond reports.
5. Embed ESG considerations within RioCan's purchasing, contracting and procurement processes.

Our Position on **Climate**

Integrate resilience and net-zero criteria into asset management, operations, developments, investments, procurement and leasing processes, tools, accountabilities and decision-making to enhance governance and disclosures, meet evolving stakeholder expectations and protect asset value.

STRENGTHEN RESILIENCE

Protect our operations, portfolio and developments against physical effects of climate change

- Apply climate risk data to existing portfolio to identify at risk assets
- Develop plan to improve portfolio climate resilience

REDUCE EMISSIONS

Decarbonize operations, portfolio and developments to support transition to low-carbon economy

- Expand GHG emissions measurement and model reductions to 2030 and 2050
- Set portfolio-wide targets and develop a science-based net-zero plan

ENHANCE GOVERNANCE & DISCLOSURE

Maintain accountability and oversight and ensure we communicate strong practices to our stakeholders

- Ensure Board oversight and competencies for climate risk management
- Enhance climate reporting with leading disclosure standards including TCFD recommendations
- Integrate climate into our culture and brand

Living Wall at Bathurst College Centre
Toronto, Ontario

RIOCAN
REAL VISION, SOLID GROUND.

TABLE OF CONTENTS

KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

FINANCIAL

Rental Revenue

Q1 2022

$272,131

Q1 2021 $273,624 **-0.5%**

Rental revenue decreased marginally. The current year impact of 2021 asset dispositions and lower lease cancellation fees were partially offset by higher occupancy and in-place rents, higher recoveries and improved percentage rent.

Operating Income

Q1 2022

$173,868

Q1 2021 $167,102 **+4.0%**

Operating income included improved NOI, higher fee revenue and higher residential inventory gains. Higher Same Property NOI ("SPNOI"), NOI from residential operations and NOI from completed properties under development[(i)] offset the impact from commercial properties sold.

Same Property NOI [(i)]

Q1 2022

$155,531

Q1 2021 $149,338 **+4.1%**

Same Property NOI was driven by occupancy gains, rent growth and a lower pandemic related provision partially offset by certain 2021 favourable items, which did not recur in 2022.

FFO Per Unit - Diluted [(i)]

Q1 2022

$0.42

Q1 2021 $0.33 **+27.3%**

FFO per unit of $0.42 was $0.09 or 27.3% higher for the quarter when compared to the same period last year. FFO in the prior comparative period included $7.0 million net debt prepayment costs and $5.8 million one-time compensation costs. Excluding these items, FFO Adjusted per unit [(i)] was higher by $0.05, mainly driven by improved property fundamentals, higher residential inventory gains and fee income despite the current year NOI impact of 2021 asset dispositions.

FFO Payout Ratio [(i)]

Q1 2022

57.3%

Q1 2021 92.2% **-34.9%**

The FFO Payout Ratio decreased due to a net overall reduction in distributions and higher FFO. The FFO Payout Ratio is based on a twelve-month trailing calculation. Therefore, the current year ratio reflects the benefit of the one-third reduction in the distribution effective January 1, 2021, net of the 6.25% distribution increase effective February 2022. The prior year ratio has only a one quarter benefit of the one-third reduction in distributions.

ACFO Payout Ratio [(i)]

Q1 2022

56.7%

Q1 2021 92.9% **-36.2%**

ACFO Payout Ratio, which is also calculated on a twelve-month trailing basis, decreased due to the net overall reduction in distributions as described above and higher ACFO.

KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

Liquidity [(i)(ii)]

Q1 2022

$1,335,228

Q4 2021 $1,010,475 **+32.1%**

Liquidity increased to $1.3 billion from Q4 2021 mainly due to the $250 million increased credit limit on our revolving unsecured operating line and new construction lines of credit. Subsequent to quarter end, the Trust increased liquidity by a further $250 million by issuing the Series AF senior unsecured debentures which were used to repay certain debt incurred in the ordinary course including replenishing its operating line of credit.

Unencumbered Assets [(i)(ii)(iii)]

Q1 2022

$9,248,233

Q4 2021 $9,392,266 **-1.5%**

The unencumbered asset pool decreased from Q4 2021 due to draws on construction lines relating to residential development projects.

Total Adjusted Debt to Total Adjusted Assets [(i)(ii)(iii)]

Q1 2022

44.2%

Q4 2021 43.9% **+0.3%**

Total Adjusted Debt to Total Adjusted Assets increased marginally from Q4 2021 mainly due to higher Total Adjusted Debt resulting from timing of development spend relative to development completions, partially offset by improvements in the Trust's operations and valuations.

Adjusted Debt to Adjusted EBITDA [(i)(ii)]

Q1 2022

9.48x

Q4 2021 9.59x **-1.1%**

Adjusted Debt to Adjusted EBITDA decreased from Q4 2021 due to higher Adjusted EBITDA partially offset by higher average Total Adjusted Debt balances. As the Adjusted EBITDA from completed development projects ramps up over the next 2 years, and as capital recycling efforts continue, this metric is expected to continue to improve.

DEVELOPMENT

Development Spending [(i) (v)]

Q1 2022

$91,884

Q1 2021 $87,704 **+4.8%**

On a quarterly basis, Development Spending marginally exceeded that of the prior year period. Estimated 2022 Development Spending is in the range of $475 million to $525 million, net of expected cost recoveries and air rights sales. Development spending includes development spend on equity-accounted joint ventures and excludes acquisitions for purposes of development.

Development NLA Completions (sq. ft.)

Q1 2022

145,000

Q1 2021 30,000 **+383.3%**

Development completions in the quarter include the delivery of two new RioCan Living™ buildings, Strada™ in Toronto and Latitude™ in Ottawa. Approximately 719,000 square feet of completions are expected in 2022, almost all of which are mixed-use.

Zoning Approved (sq. ft.)

Q1 2022

16,831,000

Q1 2021 14,158,000 **+18.9%**

The increase from Q1 2021 resulted primarily from additional zoning approved projects net of completed development projects which became income producing, and from the sale of zoned density which surfaced inherent value.

Total Development as % of Total Gross Book Value [(iii)]

Q1 2022

11.0%

Q1 2021 10.7% **+0.3%**

Total development was 11.0% of RioCan's total gross book value of assets, well under the 15% limit permitted under various credit facilities. The increase from Q1 2021 was driven mainly by higher residential inventory balances. The Trust's long-term goal for this ratio is 10% or lower.

KEY PERFORMANCE INDICATORS

(In thousands of dollars, except percentages, square feet and per unit values)

LEASING - COMMERCIAL

Committed Occupancy [iii]

Q1 2022

97.0%

Q1 2021 95.8% **+1.2%**

Committed occupancy continued to strengthen, driven by improved retail occupancy. During the quarter, retail committed occupancy increased by 20 basis points from Q4 2021 to 97.4% and 130 basis points from Q1 2021.

In-Place Occupancy [iii]

Q1 2022

96.3%

Q1 2021 95.1% **+1.2%**

In-place occupancy continued to strengthen, driven by improved retail occupancy. Retail in-place occupancy increased by 30 basis points from Q4 2021 to 96.8% and 140 basis points from Q1 2021.

New Leasing NLA at 100% (sq. ft.)

Q1 2022

372,000

Q1 2021 435,000 **-14.5%**

New leasing activity for the quarter totalled 372,000 square feet at an average rate of $31.40 per square foot. Leasing momentum at The Well™ continued into Q1 2022 and accounted for the majority of new property under development leases.

Renewal Leasing NLA at 100% (sq. ft.)

Q1 2022

743,000

Q1 2021 657,000 **+13.1%**

The retention ratio in Q1 2022 of 88.0% was in line with pre-pandemic levels. The prior year comparative retention ratio was relatively low, mainly the result of a vacating large tenant which was not operating in its space. This space has since been backfilled, resulting in increased customer traffic.

New Leasing Spread [iv]

Q1 2022

13.5%

Q1 2021 14.2% **-0.7%**

Average net rent per square foot for new leasing for the quarter is approximately $11.17 per square foot above our portfolio average net rent per occupied square foot. The Trust generated positive new leasing spreads for the quarter due to strong demand from tenants for the high quality locations that are found in RioCan's portfolio.

Renewal Leasing Spread [iv]

Q1 2022

6.7%

Q1 2021 5.0% **+1.7%**

For Q1 2022, the renewal leasing spread was strong despite having a large number of fixed rate renewals with larger tenants. The renewal leasing spread in a given period is partly determined by the characteristics (such as location, type, size) of the space available for renewal.

Blended Leasing Spread [iv]

Q1 2022

8.9%

Q1 2021 8.1% **+0.8%**

Strong double digit new leasing spreads together with strong renewal spreads resulted in a high single digit Q1 2022 blended leasing spread.

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.
(ii) At RioCan's proportionate share.
(iii) Information presented as at the respective period end.
(iv) Based on annualized contractual base rent.
(v) Effective Q1 2022, the definition of development spending was revised to include RioCan's share of development spending from equity-accounted joint ventures, accordingly, the comparative period has been restated.

FINANCIAL PERFORMANCE

Operating [i]

Q1 2022

- FFO per unit of $0.42 for the quarter was $0.09 per unit or 27% higher than the same period last year. Strong Same Property NOI[ii] growth of 4.1% accounted for $0.02 of the increase. Higher NOI from completed properties under development[ii] and higher fee income each contributed approximately $0.01 of incremental FFO per unit. The combination of other items including lower net debt prepayment and one-time compensation costs, lower interest expense and higher residential inventory gains contributed $0.06 to the variance in FFO per unit. Accretion of $0.01 of FFO per unit resulted from lower units outstanding from 2021 unit repurchases. These items were partially offset by the reduction of FFO from assets sold, an impact of $0.02 of FFO per unit.
- Net income for the First Quarter was $160.1 million and exceeded the comparable period last year by $53.3 million, mainly due to similar items described above and increased fair value gains of $26.6 million.
- Same Property NOI growth of 4.1% was driven by occupancy gains, rent growth and a $6.4 million lower pandemic related provision, net of certain 2021 favourable items which did not recur in 2022. Rent collection of 99.1% of billed gross rents has returned to pre-pandemic levels and as such, no pandemic-related provision was necessary in Q1 2022, compared to $6.4 million in Q1 2021.
- Committed and in-place occupancy for the total portfolio was 97.0% and 96.3%, respectively. Both increased by 120 basis points when compared to same period last year, and by 20 basis points from Q4 2021 driven by increases in retail occupancy.
- New and renewed leases totalled 1.1 million square feet at a blended leasing spread of 8.9%.
- On March 28, 2022, RioCan announced the transfer of property management responsibilities for 18 of its Quebec retail properties to a local third-party manager with a view of further supporting growth and extracting value from this portfolio.
- RioCan Living, the Trust's residential portfolio, includes 1,698 completed residential rental units across seven buildings, 1,300 units currently under development and 139 units from acquiring a 90% interest in the first phase of a three-phase development in Montreal as of May 9, 2022. RioCan will also acquire a 90% interest in 297 units in the two additional phases of the Montreal development currently under construction upon stabilization.
- Leasing velocity was strong at our two most recently completed multi-unit residential properties, Latitude, the 209-unit project in Ottawa and Strada, the 61-unit project in Toronto. Occupancy at these two buildings commenced in Q1 2022. Latitude is now 62.5% leased and Strada is now 62.3% leased, up 35.1% and 34.4%, respectively, since last reported. Leasing at Luma™ the 168-unit project in Ottawa launched during the quarter and is progressing well.
- In Q1 2022, an additional 66 townhouse units at U.C. Uptowns™ were delivered to buyers, generating a $2.0 million inventory gain. Including townhouses delivered to buyers in 2021, a total of 75% of all townhouses at U.C. Uptowns were in interim occupancy at the end of Q1 2022. Final closings at U.C. Uptowns commenced upon obtaining the condominium registration subsequent to quarter end.

Capital Recycling and Investing [i]

- RioCan continued to enhance its development pipeline through opportunistic asset acquisitions including land assembly adjacent to properties it already owns. In Q1 2022, RioCan entered into a 50/50 joint venture partnership with Parallax Properties Inc. (“Parallax”). Each partner vended in a 50% interest of their respective properties and created additional inherent value by assembling four adjacent properties for the purpose of a mixed-use residential development on the six assembled properties. As co-development managers, the partnership is seeking approval for a high-rise residential condominium building with a luxury street-front retail component in Yorkville, an exclusive Toronto neighbourhood. RioCan’s acquisition price for a 50% interest in the four acquired properties totalled $52.5 million, or $225 per buildable square foot based on density pursuant to the current zoning application.
- Acquisitions of properties including land assemblies and properties acquired within equity-accounted joint ventures were $187.8 million in Q1 2022.
- As of May 9, 2022, closed, firm or conditional dispositions totaled $191.8 million at a weighted average capitalization rate of 6.6%, including $86.1 million of completed dispositions in the quarter.
- The Trust currently has approximately 12,700 residential rental and condominium / townhouse units either completed, under construction, or expected to be in different phases of development by 2024. These consist of approximately 4,600 rental units and 8,100 condominium / townhouse units.
- The 8,100 condominium and townhouse units include 3,231 units that are either under construction, currently being pre-sold or in the process of interim or final closing. These 3,231 units are expected to generate between $213.0 million to $227.0 million of residential inventory gains between 2022 and 2026, including the cumulative $3.1 million in inventory gains at U.C. Uptowns already recognized.

FINANCIAL PERFORMANCE

- Solid progress continued on The Well. Construction of the commercial components is approximately 88% complete, excluding fixturing. The office component is 90% leased and with approximately 721,000 square feet of office undergoing tenant fixturing, cash rents remain on track to start in the second half of 2022. Leasing for the retail space is advancing toward the grand opening planned for early 2023. Including retail leases nearing finalization and those in advanced stages of negotiation, the retail space is approximately 79% leased. Solid progress continues at FourFifty The Well™, the residential tower RioCan and Woodbourne are developing. Initial move-in for this purpose-built residential rental building continues to be on track for the spring of 2023.

Financing

- As at March 31, 2022, the Trust had $1.3 billion of liquidity in the form of cash and cash equivalents and undrawn lines of credit on a proportionate share basis, or $1.6 billion after factoring in the $250.0 million increase from the issuance of the Series AF senior unsecured debentures subsequent to quarter end. RioCan had a large unencumbered asset pool of $9.2 billion as of the quarter end on a proportionate share basis, which generated 62.4% of RioCan's Annual Normalized NOI[(ii)] and provided 2.29x coverage over its Unsecured Debt[(ii)].
- Monthly distributions to Unitholders increased by 6.25% to $0.085 cents per unit commencing with the February 2022 distribution bringing RioCan's annualized distribution to $1.02 per unit. The FFO Payout Ratio[(ii)] of 57.3% was within the Trust's long-term range of 55% to 65%.
- On February 1, 2022, the Trust entered into bond forward contracts to sell on April 28, 2022 $200.0 million Government of Canada Bonds due June 1, 2029 with an effective bond yield of 1.71%, to hedge its exposure to movements in underlying risk-free interest rates on debenture issuance.
- Subsequent to quarter end, in conjunction with the offering of the Series AF debenture, the Trust settled $200.0 million of bond forward contracts entered into on February 1, 2022 and a $50.0 million portion of bond forward contracts entered into on December 14, 2021.
- The Trust has $250.0 million of bond-forward contracts remaining as of May 9, 2022 with an effective bond yield of 1.46% to hedge its exposure to changes in the underlying risk-free interest rates on anticipated refinancings.
- The Trust's Total Adjusted Debt to Total Adjusted Assets at RioCan's proportionate share increased marginally to 44.2% as at March 31, 2022 from 43.9% last year end mainly due to higher Total Adjusted Debt resulting from timing of development spend relative to development completions partially offset by improvements in the Trust's operations and valuations.
- Adjusted Debt to Adjusted EBITDA as at March 31, 2022 was 9.48x at RioCan's proportionate share. The decrease from 9.59x from Q4 2021 was primarily due to higher Adjusted EBITDA partially offset by higher average Total Adjusted Debt balances.

(i) Units and square feet are at 100% ownership interest.
(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

MANAGEMENT’S DISCUSSION AND ANALYSIS

INTRODUCTION

About this Management's Discussion and Analysis

This Management’s Discussion and Analysis (MD&A) is provided to enable a reader to assess our results of operations and financial condition for the three months ended March 31, 2022 ("Q1 2022"). This MD&A is dated May 9, 2022 and should be read in conjunction with our unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2022 (Condensed Consolidated Financial Statements) and our 2021 Annual Report. Unless the context indicates otherwise, references to "RioCan", "the Trust", "we", "us" and "our" in this MD&A refer to RioCan Real Estate Investment Trust and its consolidated operations. Unless otherwise specified, all amounts are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These documents, as well as additional information relating to RioCan, including our most recently filed Annual Information Form (AIF), have been filed electronically with Canadian securities regulators through the System for Electronic Document Analysis and Retrieval (SEDAR) and may be accessed through the SEDAR website at www.sedar.com or RioCan's website at www.riocan.com.

In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS performance measures, such as Funds From Operations ("FFO"), FFO Adjusted, Net Operating Income, Same Property Net Operating Income Growth, and Adjusted EBITDA. Management believes that these measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, we also use these measures internally to measure the operating performance of our investment property portfolio. These measures are not in accordance with IFRS generally accepted accounting principles (GAAP) and have no standardized definition prescribed by IFRS and, as such, our computation of these non-GAAP performance measures might not be comparable to similar measures reported by other issuers. Non-GAAP measures and related per unit amounts should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of RioCan’s performance, liquidity, cash flows and profitability. We supplement our IFRS measures with these non-GAAP measures to provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust. Refer to the *Non-GAAP Measures* section of this MD&A for reasons and definitions of various non-GAAP measures presented or referred to in this MD&A.

Unless otherwise specified, amounts are in thousands of Canadian dollars, and percentage changes are calculated using whole numbers.

Forward-Looking Information

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in the *Key Performance Indicators, Financial Performance, Business Overview and Strategy, Business Environment and Outlook*, *Property Portfolio Overview, Results of Operations, Property Valuations, Acquisitions and Dispositions, Development Program, Capital Resources and Liquidity* and the *Equity* sections in this MD&A and other statements concerning RioCan’s objectives, its strategies to achieve those objectives, as well as statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward-looking information is not a guarantee of future events or performance and, by its nature, is based on RioCan’s current estimates and assumptions, which are subject to numerous risks and uncertainties, including those described under the *Risks and Uncertainties* section in this MD&A, which could cause actual events or results to differ materially from the forward-looking information contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to: financial and liquidity risks; tenant concentrations and related risk of bankruptcy or restructuring (and the terms of any bankruptcy or restructuring proceeding); occupancy levels and defaults, including the failure to fulfill contractual obligations by the tenant or a related party thereof; lease renewals and rental increases; the ability to re-lease and find new tenants for vacant space; retailer competition; the relative illiquidity of real property; the timing and ability of RioCan to sell certain properties; the valuations to be realized on property sales relative to current IFRS values; regulatory risk including changes to rent control legislation; development risk associated with construction commitments, project costs and timing, related zoning and other permit approvals and pace of lease-up or pre-sale; risks related to the residential rental business; access to debt and equity capital; credit ratings; interest rate and financing risk; joint ventures and partnerships; the Trust's ability to utilize the capital gain refund mechanism; changes in income tax legislation; unexpected costs or liabilities related to acquisitions and dispositions; environmental matters; climate change; litigation; uninsured losses; reliance on key personnel; Unitholder liability; income, sales and land transfer taxes; and cyber security.

Given the current level of uncertainty arising from the COVID-19 pandemic, there can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of RioCan and its tenants, as well as on consumer behaviors and the economy in general. General risks and uncertainties related to the COVID-19 pandemic also include, but are not limited

to, the length, spread and severity of the pandemic; efficacy of the vaccines and any applicable boosters, the nature and length of the restrictive measures implemented or to be implemented, including any loosening or tightening of the restrictive measures, by the various levels of government in Canada; RioCan's tenants' ability to pay rents as required under their leases; the availability of various support programs that are or may be offered by the various levels of government in Canada; the introduction or extension of temporary or permanent rent control or other forms of regulation or legislation that may limit the Trust's ability or the extent to which it can raise rents based on market conditions upon lease renewals or restrict existing landlord rights or a landlord's ability to reinforce such rights; domestic and global supply chains; timelines and costs related to the Trust's development projects; the pace of property lease-up and rents and yields achieved upon development completion; potential changes in leasing activities, market rents and property valuations; the capitalization rates that arm's length buyers and sellers are willing to transact on properties; the availability and extent of rent deferrals offered or to be offered by the Trust; domestic and global credit and capital markets, and the Trust's ability to access capital on favourable terms or at all and its ability to maintain its credit ratings; the total return and dividend yield of RioCan's Units; and the health and safety of our employees, tenants and people in the communities that our properties serve. For further details on the risks related to COVID-19 and its potential impact on the Trust,refer to the *Risks and Uncertainties - COVID-19 Health Crisis* section of this MD&A.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a gradual recovery and growth of the retail environment and the general economy over 2022; relatively historically low interest costs; a continuing trend toward land use intensification at reasonable costs and development yields, including residential development in urban markets; the Trust's ability to redevelop, sell or enter into partnerships with respect to the future incremental density it has identified in its portfolio, access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable our refinancing of debts as they mature; the availability of investment opportunities for growth in Canada; the timing and ability of RioCan to sell certain properties; the valuations to be realized on property sales relative to current IFRS values; and the Trust's ability to utilize the capital gain refund mechanism.

For a description of additional risks that could cause actual results to materially differ from management's current expectations, refer to the *Risks and Uncertainties* section in this MD&A and the *Risks and Uncertainties* section in RioCan's AIF. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered "financial outlook" for the purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing RioCan's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW AND STRATEGY

Business Overview

RioCan is an unincorporated "closed-end" trust governed by the laws of the Province of Ontario constituted pursuant to the Declaration of Trust. RioCan's trust units (Units) are listed on the Toronto Stock Exchange (TSX) under the symbol REI.UN. RioCan is one of Canada's largest real estate investment trusts, with a total enterprise value of approximately $14.8 billion as at March 31, 2022. The increase in the Trust's enterprise value since the beginning of the year was primarily due to higher unit price of the Trust and RioCan's operations.

RioCan owns, manages and develops retail-focused, increasingly mixed-use properties located in prime, high-density transit-oriented areas where Canadians want to shop, live and work. RioCan's portfolio is comprised of 204 retail and mixed-use properties with an aggregate net leasable area (NLA) of 36,193,000 square feet, including office, residential rental and 13 properties under development as at March 31, 2022 (at RioCan's interest). As at March 31, 2022, retail accounts for 90.1% of the Trust's annualized contractual gross rent, followed by office at 7.7% and residential at 2.2%. As more RioCan Living residential rental buildings currently under development are completed and stabilized, the residential proportion of the Trust's portfolio will grow over time, resulting in an increasingly mixed-use portfolio.

RioCan's property portfolio includes Mixed-Use / Urban, Grocery Anchored centres, Open Air centres and Enclosed centres, which are defined in the *Property Portfolio Overview* section of this MD&A. As at March 31, 2022, the portfolio was comprised of 159 properties which are 100% owned (156 income properties and 3 properties under development) and 45 properties which are co-owned and governed by co-ownership agreements (including 10 properties under development). In addition, the Trust owns partial interests in 15 properties through 6 joint ventures. RioCan enters into co-ownerships and joint ventures to leverage its robust pipeline of prime locations and established development platform to efficiently raise capital, mitigate development risk and earn management fees for its expertise in managing the entire development process.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Strategy

The Trust remains committed to serving prime, high-density, transit-oriented areas where Canadians want to shop, live and work. Its long-term strategy builds on RioCan's competitive advantages including the caliber of its portfolio, the fundamental strength of its tenants and its embedded development pipeline. The Trust's well-positioned portfolio and resilient base of tenants are the cornerstones of its track record of delivering stable and high-quality income while its robust development pipeline offers near-, mid- and long-term growth opportunities. Committed to expand net asset value and increase total Unitholder return, RioCan's strategy is anchored on four pillars designed to enhance the quality, growth profile and resilience of the Trust's portfolio. RioCan executes its strategy with a goal to lead the industry with ESG best practices. The Trust approaches every aspect of its business with a sustainability mindset in support of building and growing for future market expectations, regulatory requirements and technology opportunities and, importantly, for the benefit of the communities it serves.

Reimagine Retail

The pandemic reinforced that physical retail spaces will continue to be critical and relevant by offering in-person experiences that augment and support the merging of physical and online E-commerce. RioCan has a well-positioned retail portfolio, which provides secure income to Unitholders. To drive exponential growth, the Trust is committed to investing in its properties to enhance the retail offering, to provide a consistent customer experience at each one of our shopping environments and to support the merging of physical and online retail as its tenants continue to expand their customer channels. RioCan will continue to build on its well-established portfolio by investing in select properties to enhance Same Property NOI potential and divesting slower growth assets, including shopping centres. RioCan is continuously curating and evolving its retail tenant base to be more diversified and necessity, value and service-oriented.

Intelligently Diversify

RioCan is focused on diversifying its asset base by primarily growing its residential portfolio. The Trust's dedicated RioCan Living team is executing on a robust pipeline of active development projects and establishing a regular cadence of construction starts and delivery of income-generating properties that are concentrated in Canada's fastest growing markets. The RioCan Living residential program combines great retail experiences with residential and creates a premium residential tenant experience that will in turn drive traffic for retail tenants. In support of expanding RioCan Living's portfolio, the Trust will evaluate and pursue opportunities to acquire selective sites that are suitable for development, to assemble adjacent properties surrounding existing development projects or multi-unit residential operating rental properties. In addition, the Trust's residential inventory serves specific market demand for housing ownership as opposed to rental and enables the Trust to accelerate capital recycling to further fuel its development program.

RioCan is also diversifying through its tenant mix to ensure a solid base of healthy, necessity-based and value-oriented tenants. The Trust will continue to drive growth in its retail core by introducing non-traditional complementary "intra-RioCan" uses, such as medical, educational and fulfillment.

In addition, RioCan is also focused on diversifying its sources of capital and is continuously exploring options to recycle capital including air rights sales and capital partnerships with recognized investors. The Trust established a new condominium fund structure that enables RioCan to generate management fees from non-managing partners for its expertise, as well as a promote and participate in sales profits. This strategic approach provides multiple benefits to RioCan, including diversified risk, efficient capital to fuel its development program, and crystallizing the value of its zoned excess density. RioCan expects to continue to attract and establish long-term relationships with capital partners.

Enhance Customer Centrism

RioCan is committed to deepening its emphasis on customer centricity and enhancing the distinctiveness of RioCan's value proposition to its tenants across retail, residential and office. To better serve tenants and changing consumer habits, RioCan invests in the quality of its assets by placing a focus on technology and driving traffic to its shopping centres, through supporting retailers' E-commerce logistics and offering RioCan Curbside Collect™. The Trust leverages tenant feedback and data to improve the attributes that tenants care most about and to support its commercial leasing, retention and attraction efforts, as well as enhance its leasing spreads and occupancy rates. RioCan also offers a dedicated asset manager to each partnership who regularly engages with each partner and provides relevant support and requisite reporting.

Grow Responsibly

RioCan believes responsible growth requires a culture of excellence that differentiates RioCan, drives results and retains, develops and attracts top talent. The Trust is executing on its cultural roadmap and evaluating and refining its existing processes, policies and initiatives to create a more diverse, united and productive workforce. RioCan is also one of the leaders within the Canadian real estate industry on ESG best practices. It is taking action to continuously improve and monitor its progress and embed ESG into all facets of its business to enhance the organization and assets and to deliver long-term Unitholder value.

RioCan maintains ample liquidity and prudently manages its balance sheet and capital structure. The Trust sets goals to maintain leverage within target ranges and an optimal mix of Unsecured and Secured Debt to provide continued financial flexibility and liquidity, staggers its debt maturities and limits its variable rate debt to reduce interest rate and refinancing risk, builds on established lender relationships and continues to utilize multiple sources of capital. This disciplined approach allows RioCan to maintain the strong liquidity and financial strength needed to drive growth and thrive in the ever-changing marketplace.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT AND OUTLOOK

Market Trends

Canadian Retail Environment and E-Commerce

The retail industry has undergone an accelerated pace of change over the past two years. Retailers are building on their learnings such as the importance of human interaction and of bricks and mortar in the retail landscape as meeting and market places. Despite the increase in on-line shopping, the critical nature of the retail outlet in the consumer ecosystem was reinforced as retailers, necessity-based or otherwise, evolved their infrastructure to accommodate a variety of delivery models including curbside pick-up and buy-online-pickup-in-store. The increased in-person visits to necessity-based retailers such as grocery stores and pharmacies also demonstrate that in any circumstances, these outlets prove critical to the communities they serve. Even when mobility is restricted, E-commerce does not fully accommodate providing goods and services to Canadian consumers, validating the importance of an integrated and robust omni-channel model.

RioCan believes that many retailers recognize the vital necessity of offering customers the ability to shop via multiple channels and are adapting store sizes, layout and product mixes to better meet consumer demands in various settings. As a responsible and forward-thinking commercial landlord, RioCan will continue to seek ways to help retailers adapt their stores to provide their customers with this type of flexibility and, through this process, will continue to provide relevant and resilient shopping environments. RioCan supports the view that in the medium and long-term, shopping centres will continue to provide retailers with a cost-effective way of distributing goods and services given Canada's geographic dispersion, the high cost of "last mile" deliveries and high barriers to establishing distribution centres in urban settings. Physical store networks are increasingly serving as a form of last mile distribution or as a facilitation centre for many retailers. It has become evident to retailers and consumers alike that a store that has deeply penetrated a well-populated neighbourhood serves as the most efficient and convenient mechanism to put goods into the hands of consumers. To assist its tenants in this regard, RioCan created RioCan Curbside Collect, a permanent initiative that offers designated areas for customers to access their pre-ordered items, makes it easier for RioCan tenants to coordinate transactions with their customers, mitigate the cost of delivery, and drive consumer traffic and repeat visits.

The attributes attached to the Canadian retail environment will, in RioCan's view, allow retailers to perform well in the future. Relative to other countries, Canada benefits from low retail space per capita, a limited number of retailers within each retail category and tight building zoning controls that keep supply in check. Very little new retail space is being built, making our well-positioned portfolio that much more desirable. In addition, Canada's population in the long-term is expected to continue to increase particularly in its urban markets. In the pre-pandemic world, Canada had one of the highest population growth rates among the Organization for Economic Co-operation and Development (OECD) countries, fueled by immigration. Canada continues to prioritize immigration to help support economic recovery and growth and has increased its immigration targets to approximately 430,000 permanent residents in 2022, and over 450,000 in each of 2023 and 2024. Based on past immigration history, most immigrants land in or migrate to urban markets, especially the Greater Toronto Area (GTA).

All of the above factors contribute to a resilient base of strong retail centres as evidenced during the past two years. As vaccination targets were achieved and restrictive measures were progressively lifted, consumer activity fueled a rebound for the retail sector and continued demand for well-positioned retail space. Strong, well-positioned retail assets, such as those owned by RioCan, have proven and will continue to prove resilient. The attributes that RioCan's portfolio possesses, such as proximity to transit, high demographic profile, with an average population of 203,000 and household income of $124,000 within five kilometres of RioCan centres, and high visibility did not and will not lose their prominence.

Over its 28-year history, RioCan's experienced management team, recognized for its visionary leadership and adaptability within an ever-changing real estate environment, has successfully managed through various economic cycles and challenging circumstances. RioCan's management team continually assesses and adapts its strategies to address market dynamics. The Trust maintains its strategy to expand and enhance the mixed-use characteristics of its portfolio to address trends. It will continue to adapt and re-purpose its existing retail portfolio and grow its residential portfolio, which is designed with forward-looking amenities.

Development Environment and Residential Real Estate Market

The Trust's 23.7 million square feet of zoning entitlements (zoned density and zoning applications submitted), which are primarily located in the GTA, remain a significant competitive advantage for RioCan. The Trust will remain vigilant in monitoring the market trends and will continue to prudently manage development risks and adapt its development program to the changing market conditions. To a large extent, RioCan's development endeavours have built in mitigations to risk. Condominium and townhouse projects are pre-sold and development risk is shared with reputable, outside investors for as much as an 80% interest for condominium and townhouse projects and a 50% interest for purpose-built rentals. RioCan is not compelled to start a development until costs are locked down as the land is typically income producing. In addition, a tremendous amount of due diligence and market research is performed to ensure the end product suits and appeals to the target markets. Refer to the *Development Program* section of this MD&A for a further discussion on how the Trust prudently manages its development risks.

With population growth and a limited supply of land available for development, Canada's six major markets have been experiencing a sustained amount of activity and growth in housing development and construction. The increasing and persistently

high level of development and construction activities over the last few years, as well as the projected sustained bullish tone on future development by many industry players, have led to rising construction costs, increasing development charges by municipalities, and a shortage of experienced labor, which tend to increase development risks.

RioCan is confident in its mixed-use residential development strategy and long-term NAV growth potential which will create value for its Unitholders. RioCan has a diverse range of residential offerings, consisting of both rental and home ownership offerings, some of which are urban such as eCentral™ and Pivot™ in Toronto and some of which are suburban such as Windfields Farm in Oshawa, a suburb of Toronto. Over the long-term, RioCan is confident that its high quality residential offering will be in high demand given its locational attributes, and over the course of the pandemic the geographical diversity of its residential offerings has served RioCan well.

Strong pre-sale levels and up-to-date pre-sale deposits at its condominium and townhouse projects currently under construction and the robust pre-sales at the condominium component of its new Queen & Ashbridge™ master plan community, all in the GTA illustrate the high demand for our residential inventory product. High demand for our residential inventory products continued with the sales launch of RioCan's most recent condominium / townhouse projects, U.C. Tower 2, U.C. Tower 3 and U.C. Towns 2, all in Oshawa, Ontario. Refer to the *Residential Inventory* section of this MD&A for further details regarding the aforementioned projects.

The Trust believes increasing immigration in accordance with the Canadian government's targets mentioned above will drive the growth of the Canadian economy, residential real estate and the real estate market in general over the medium and long-term. The return of international students, who numbered an estimated 600,000 to 700,000 pre-pandemic and who require housing on the resumption of in-class sessions, will also contribute to the growth. Population growth, together with the relatively low prevailing interest rate environment, will fuel demand for residential real estate in major markets in terms of both ownership and rental over the medium to long-term, which will in turn drive up residential real estate occupancy, rent, and valuation or sale price.

The Federal and provincial governments have introduced several initiatives to address the housing supply / demand imbalance. The Federal budget highlights include a new $4 billion Housing Accelerator Fund to speed up the planning and delivery of housing over 5 years, funding for affordable housing and rent-to-own projects, a two-year ban on foreign homebuyers and the introduction of several personal tax measures for first-time home buyers. The Ontario provincial government also tabled the More Homes for Everyone Act, 2022 (Bill 109) which proposed a number of changes aimed at increasing the supply and choice of housing. The proposed changes are designed to encourage the timely processing of certain applications to bring housing to market and increase transparency regarding government fees. The Trust is monitoring developments both at the federal and provincial level as details of these initiatives emerge.

Economic Environment

The Canadian economy is strong and has returned to pre-pandemic levels. Robust growth in the gross domestic product is expected this year led by consumer spending, exports and business investment. Rising geopolitical tensions, lingering supply chain disruptions and labour shortages together with an economy that is running at excess capacity are pushing up inflation well above the Bank of Canada's 2% target. While inflation was initially viewed as transitory, it is proving to be more persistent and as a result, the Bank of Canada raised the benchmark overnight interest rate to 1% at its April meeting. It is largely expected that additional interest rate hikes in 2022 will be necessary to counter-balance inflation. Longer term Government of Canada benchmark rates have also increased significantly since the beginning of 2022.

While inflation generally drives interest rates higher, inflation is also associated with strong economic growth so in the long-run real estate can benefit from inflation through improved occupancy and higher net rents. With well-located real estate that is in the fabric of communities, RioCan is able to attract top tenants who are able to absorb higher net rents as their revenues increase. Therefore, RioCan expects to benefit from the impact of inflation because as these tenants see rising profits, the impact of inflationary growth in net rents over time is expected to mitigate the impact of rising interest rates on our business.

Higher interest rates however do increase the overall cost of capital and could lower return expectations on projects which could slow investment volumes and put upward pressure on capitalization rates. To date, buyers' expectations for robust NOI growth on a post-pandemic recovery and a high volume of private market capital seeking investments has served as an offset to these rising interest rate pressures. In addition, our current projects are insulated from inflation as the majority of costs are already secured with fixed price contracts. For our next wave of projects, we will be developing on lands that we already own with in-place income, which affords us with the ability to maintain discipline.

To protect against rising interest rates, RioCan has employed a variety of tactics, namely maintaining a low proportion of floating rate debt, locking in long-term fixed rate debt and maintaining a well-distributed debt maturity profile. Ample liquidity of $1.3 billion and unencumbered assets of $9.2 billion, provide additional flexibility to the Trust in the current interest rate environment.

COVID-19

The majority of public health and workplace safety measures have been lifted. Tenants are open and operating under minimal restrictions and employees are beginning their return-to-office transition. While successive waves of the variant are possible, governments are taking a more balanced, longer-term approach to managing the impact of the virus and relying more heavily on vaccines and antivirals. Therefore, the expectation is that any future waves of the virus will result in less economic disruptions, if

any. The Trust continues to monitor and follow public health guidelines to ensure the safety of its tenants, customers and employees.

Outlook

RioCan manages its portfolio and capital structure to focus on long-term growth and deliver on its commitment to optimize Total Unitholder Return. By focusing on the quality of our portfolio and the build out of our development pipeline, we will continue to generate resilient income and grow FFO to support sustainable and growing distributions and increase net asset value.

For 2022, RioCan maintains an FFO per unit growth target of 5% to 7% and an FFO Payout Ratio within the long-term target range of 55% to 65% with retained cash flow used to support future growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRIORITIES AND PROGRESS

RioCan embeds ESG into every aspect of its business including development, operations, investment activities and corporate functions. For performance tracking and reporting, GRESB, Global ESG Benchmark for Real Assets, provides the Trust with a framework to benchmark organization-wide performance and ensure transparency and continuous improvement.

Specific to climate-related metrics, on an annual basis, RioCan measures and discloses greenhouse gas emissions and gross leasable area of properties located in 100-year floodplain zones. For RioCan's sustainability policy and fulsome disclosures about its ESG strategy and programs, refer to the Trust's *2021 Annual Report* and RioCan's website at www.riocan.com under Corporate Responsibility.

Key initiatives and achievements during the quarter included, but were not limited to, the following:

- Recognized as one of Canada's Greenest Employers in 2022, a designation awarded to employers that lead the nation in creating a culture of environmental awareness as part of the annual Canada's Top 100 Employers project.
- We accelerated our investment in employees during the pandemic, and introduced a director level role dedicated to talent development across RioCan. We have outlined our talent strategy and roadmap, and introduced numerous programs in 2021 that we continue to embed within our business in order to develop and advance our talent. Some of these programs are as follows:
  - RioCanMentors, a mentoring program that offers networking and growth opportunities in alignment with our employees' career goals;
  - RioCan Learning on-demand courses that support our new leadership attributes and behavioral expectations;
  - Leadership Development Program to advance people leaders' skills on developing people, and delegating and goal setting; and
  - Introduction of the Impact Scorecard that includes a mandatory ESG category for all eligible RioCan employees. The Impact Scorecard enables objective goal setting and measurement of performance through regular performance discussions. The Impact Scorecard process feeds into our performance based incentive pay structure for those employees who are eligible.
- We aim to promote diversity in everything we do – designing our buildings, attracting tenants and hiring employees. We believe that a diverse and inclusive organization fosters innovation and makes a positive impact. Key diversity statistics[(1)] include:
  - We have 306 female employees in our workforce, including seven women at the Vice-President level and two in executive management roles;
  - Of the 95 employees hired in 2021, 61% are women; and
  - Average years employed at RioCan for female employees was 7.51 years compared to 8.26 years for male employees.

  (1) As at December 31, 2021

- Our success depends on strong relationships with current and prospective tenants. For this reason, we engage with our tenants by conducting surveys on a regular basis. Select tenants across 150+ sites were surveyed in 2021 by a third party provider to objectively collect and understand the drivers of tenant engagement. We received a 36% response rate and an overall property management satisfaction score of 3.99 out of 5. We are now working on an action plan focused on improving the attributes that are most important to our tenants as well as to support our leasing and retention efforts.

PROPERTY PORTFOLIO OVERVIEW

Property Operations - Total Portfolio

Net Leasable Area (NLA) and Property Count

RioCan's portfolio of net leasable area and properties consisted of the following as at March 31, 2022:

	NLA at RioCan's Interest				Total Portfolio	
(thousands of sq. ft., except where otherwise noted)	Retail	Office	Total Commercial	Residential Rental (iii)	NLA	Property Count
Income properties (i)	**31,560**	**2,260**	**33,820**	**803**	**34,623**	**191**
Properties under development (ii)	**544**	**520**	**1,064**	**506**	**1,570**	**13**
Total NLA	**32,104**	**2,780**	**34,884**	**1,309**	**36,193**	**204**

(i) Includes NLA that was occupied or available for occupancy on or before March 31, 2022. Excludes 11 income producing properties that are owned through joint ventures and reported under equity-accounted investments.

(ii) Includes NLA for Active Projects with Detailed Cost Estimates under the *Development Program* section of this MD&A. Excludes condominium or townhouse units which are reported separately under Residential Inventory and excludes 4 development properties that are owned through joint ventures and reported under equity-accounted investments. Includes completed Properties Under Development NLA that have a rent commencement date after March 31, 2022.

(iii) See the *Property Operations - Residential Rental* section of this MD&A for further details.

The increase in residential rental NLA compared to December 31, 2021 was primarily due to the Q1 2022 acquisition of Market, a new apartment complex in the heart of Laval, Montreal's largest suburban area, and the addition of two active projects under development, Queen and Ashbridge and Next™, our development at Strawberry Hill. Queen and Ashbridge is located in an established Toronto neighbourhood and is a multi-use development that includes purpose-built residential rental units and Next, at Strawberry Hill, is a purpose-built rental project located in Surrey, British Columbia**.**

Property Mix

The Trust operates a variety of income producing property formats or classes to best serve the communities in which it operates. The Trust has identified the following four major categories of property classes:

Category	Description
Grocery Anchored Centre	Assets with a grocery anchor tenant or shadow grocery anchors [(i)]. Examples of these properties include: Clarkson Crossing and RioCentre Thornhill.
Mixed-Use / Urban	Assets with more than one type of use (retail, office, residential mixed-use assets) located in major markets and non mixed-use assets located in high-density urban areas. Examples of these properties include: King Portland Centre and Yonge Sheppard Centre.
Open Air Centre	Assets with little or no enclosed component and no grocery store anchor. They often include other high-quality anchor tenants such as pharmacy, liquor, home improvement and / or a bank branch. Examples of these properties include: RioCan Warden and RioCan Thickson Ridge.
Enclosed	Assets with large enclosed shopping and common areas. Examples of these properties include: Burlington Centre™ and Oakville Place™.

(i) A shadow anchor is a retail store that is adjacent or in close proximity to an owned property that generates a great deal of traffic and attracts business to a property of the Trust but the underlying property / land for this retail store is not owned by the Trust.

Effective Q4 2021, properties anchored or shadow anchored by Walmart or Costco were moved from Open Air Centre to Grocery Anchored Centre, as these retailers have significant grocery offerings. Prior year comparatives were adjusted to reflect this change. As at March 31, 2022, RioCan's portfolio of properties consisted of the following:

As at March 31	**2022**					2021
At RioCan's Interest *(thousands of sq. ft., except where otherwise noted)*	Number of income producing properties	Income producing properties NLA	% of NLA	% of income producing properties fair value	% of total annualized contractual gross rent	% of total annualized contractual gross rent
Grocery Anchored Centre	**101**	**20,572**	**59.4 %**	**53.5 %**	**54.0 %**	55.1 %
Mixed-Use / Urban (i)	**36**	**5,791**	**16.8 %**	**27.3 %**	**23.2 %**	21.1 %
Open Air Centre (ii)	**44**	**5,168**	**14.9 %**	**13.3 %**	**13.8 %**	14.6 %
Enclosed	**10**	**3,092**	**8.9 %**	**5.9 %**	**9.0 %**	9.2 %
Total Portfolio	**191**	**34,623**	**100.0 %**	**100.0 %**	**100.0 %**	100.0 %

(i) Mixed-Use / Urban includes approximately 0.8 million square feet of residential rental NLA and the corresponding annualized residential rental revenue.

(ii) Open Air Centres are predominantly anchored by high-quality tenants that have performed well throughout the pandemic. This includes top national retailers such as Home Depot, Lowe's and Canadian Tire as well as pharmacies, bank branches and value retailers.

As at March 31, 2022, 91.0% of RioCan's annualized contractual gross rent is from Grocery Anchored, Mixed-Use / Urban and Open Air Centres while Enclosed centres represent 9.0% of the Trust's total portfolio. The Trust's exposure to Enclosed centres decreased by 0.2% from Q1 2021 to Q1 2022, strengthening the quality of the portfolio. A number of our Enclosed centres are convenience or community-type centres with anchors that are common in unenclosed spaces. On a fair value basis, Enclosed centres are 5.9% of the fair value of the Trust's total income producing property portfolio. Three of these Enclosed centres (Burlington Centre, Oakville Place, and Shoppers World Brampton) represent 51.4% of this fair value and have a redevelopment potential of 4.8 million square feet of density at RioCan's interest.

Overall, the majority of the Trust's portfolio is comprised of formats that are attractive from a tenanting perspective, more resilient to changes in economic cycles and evolving retail trends. The Trust's strategy to shift its portfolio to more urban, mixed-use, and necessity-based uses with fewer enclosed centres forms a solid foundation for organic growth.

Tenant Composition

In order to strategically manage its tenant mix, the Trust has aligned its tenant segmentation into the following three categories: strong and stable, compelling traffic drivers and transitional tenants. Managing our tenant mix using these three categories helps to better guide our future decision-making with respect to tenancies.

Based on annualized net rent as at March 31, 2022, approximately 85.5% of the Trust's tenants are classified as "strong and stable".

Tenant Composition	% of Annualized Net Rent
Strong and Stable (i)	85.5 %
Compelling Traffic Drivers (ii)	10.4 %
Transitional (iii)	4.1 %
Total	100.0 %

(i) Strong and Stable is represented by tenants with stable rent-paying ability, strong covenants, and reliable foot traffic. This category is largely comprised of national, necessity-based retail and office tenants, and RioCan Living residential tenants.

(ii) Compelling Traffic Drivers is represented by tenants that drive meaningful traffic and/or incremental visits to our properties, such as services, experiential tenants, and independent food service providers.

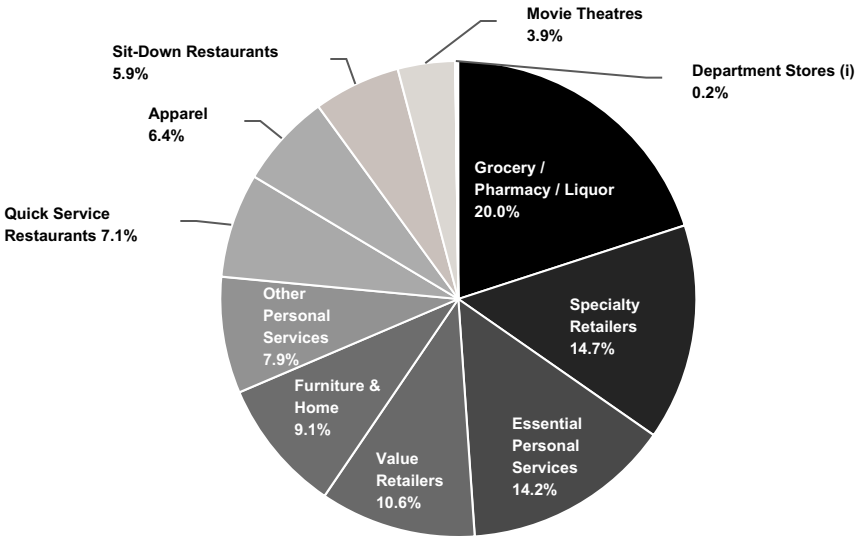
(iii) Transitional are tenants that are currently fulfilling their rent obligation but can be transitioned out for a strong covenant tenant that drives meaningful traffic.

Property Operations - Commercial

Retail Tenant Profile

The Trust has been adapting to the ever-changing landscape and incorporating future trends and growth patterns in its strategy and operations. The Trust has been evolving its tenant mix to better suit community needs, make its tenant mix more synergistic to the evolution of E-commerce, increase traffic to our centers and increase the growth profile of its portfolio. More specifically, the Trust is focused on reducing its tenant mix in department stores, apparel, entertainment and hobby retailers, and increasing its tenant mix in growing and resilient sectors such as grocery, pharmacy, personal services, specialty retailers and value retailers. RioCan will also continue to focus on uses that are experiential in nature and introduce new "intra-RioCan" uses such as medical centres as well as social community and educational services. RioCan believes that these experiential and "intra-RioCan" uses will be relevant and resilient in the long-term as they are less susceptible to disintermediation by E-commerce.

RioCan will continue to evaluate and adapt its tenant mix to the evolving consumer trends, while continuing to increase its necessity-based retail and diversify more into mixed-use residential real estate. As at March 31, 2022, the Trust's annualized net rental revenue was derived from the following categories:



Retailer Category	% of Rent	Key Brands (ii)
Grocery / Pharmacy / Liquor	20.0%	Costco Wholesale, Walmart, Loblaws, Shoppers Drug Mart, Rexall, LCBO, metro, Sobeys
Specialty Retailers (iii)	14.7%	Lululemon, Sephora, PetSmart, Sport Chek, Michaels, staples, Indigo
Essential Personal Services	14.2%	BMO, TD Canada Trust, Scotiabank, Alberta Health Services, Service Canada
Value Retailers	10.6%	Winners, Marshalls, Dollarama, DSW
Furniture & Home	9.1%	Structube, HomeSense, Bed Bath & Beyond, The Brick, Home Depot, Lowe's
Other Personal Services	7.9%	GoodLife Fitness, LA Fitness, First Choice Hair Cutters
Quick Service Restaurants	7.1%	Tim Hortons, Harvey's, McDonald's, A&W, Booster Juice, Five Guys, Subway
Apparel	6.4%	Mark's, carter's, OshKosh, Old Navy, la Vie en Rose
Sit-Down Restaurants	5.9%	Swiss Chalet, Boston Pizza, Montana's, Kelseys, Jack Astor's
Movie Theatres	3.9%	Cineplex, Landmark Cinemas
Department Stores (i)	0.2%	Hudson's Bay

(i) Excludes Home Outfitters (included in Home and Furniture), Saks Off 5th (included in Value Retailers) and Lawrence Allen Centre's HBC office.

(ii) All trademarks and registered trademarks in the chart above are the property of their respective owners.

(iii) Effective Q1 2022, Entertainment / Hobby / Electronics / Books category is grouped with Specialty Retailers.

Top 30 Commercial Tenants

We strive to reduce our exposure to rental revenue risk in our portfolio through geographical diversification, staggered lease maturities, growing our major market portfolio, diversifying revenue sources, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of our gross revenue and ensuring a considerable portion of rental revenue is earned from national and anchor tenants.

As at March 31, 2022, RioCan's 30 largest commercial tenants measured by annualized contractual gross rent are as follows:

Rank	Tenant name	Percentage of total annualized contractual gross rent	Number of locations	NLA (thousands of sq. ft.)	Percentage of total IPP NLA	Weighted average remaining lease term (years) (i)
1	Canadian Tire Corporation (ii)	**5.1 %**	**68**	**2,025**	**6.0 %**	**6.5**
2	The TJX Companies, Inc. (iii)	**4.7 %**	**67**	**1,906**	**5.6 %**	**5.4**
3	Loblaws/Shoppers Drug Mart (iv)	**4.4 %**	**58**	**1,572**	**4.6 %**	**8.2**
4	Cineplex (v)	**3.3 %**	**21**	**1,157**	**3.4 %**	**5.9**
5	Walmart	**2.6 %**	**15**	**1,955**	**5.8 %**	**7.1**
6	Metro/Jean Coutu (vi)	**2.5 %**	**32**	**1,255**	**3.7 %**	**8.1**
7	Sobeys/Safeway (vii)	**1.9 %**	**23**	**796**	**2.4 %**	**12.0**
8	Dollarama	**1.8 %**	**69**	**669**	**2.0 %**	**7.2**
9	Recipe Unlimited (viii)	**1.5 %**	**76**	**346**	**1.0 %**	**6.0**
10	Michaels	**1.4 %**	**23**	**507**	**1.5 %**	**4.9**
11	GoodLife Fitness	**1.4 %**	**24**	**529**	**1.6 %**	**9.7**
12	Staples/Business Depot	**1.3 %**	**27**	**554**	**1.6 %**	**6.0**
13	Lowe's	**1.3 %**	**8**	**1,030**	**3.0 %**	**7.6**
14	TD Bank	**1.2 %**	**45**	**233**	**0.7 %**	**6.8**
15	PetSmart	**1.1 %**	**24**	**373**	**1.1 %**	**5.4**
16	Bank Of Montreal	**1.0 %**	**31**	**223**	**0.7 %**	**4.4**
17	Chapters/Indigo	**0.9 %**	**15**	**273**	**0.8 %**	**7.4**
18	Value Village	**0.9 %**	**13**	**349**	**1.0 %**	**7.8**
19	Bed Bath & Beyond	**0.8 %**	**13**	**301**	**0.9 %**	**5.6**
20	Tim Hortons/Burger King/Popeyes	**0.7 %**	**62**	**146**	**0.4 %**	**7.4**
21	Liquor Control Board of Ontario (LCBO)	**0.7 %**	**20**	**180**	**0.5 %**	**9.0**
22	DSW/The Shoe Company	**0.7 %**	**30**	**225**	**0.7 %**	**5.3**
23	Leon's/The Brick	**0.7 %**	**9**	**228**	**0.7 %**	**6.2**
24	The Bank Of Nova Scotia	**0.6 %**	**24**	**119**	**0.4 %**	**5.1**
25	LA Fitness	**0.6 %**	**6**	**265**	**0.8 %**	**12.4**
26	Old Navy	**0.6 %**	**21**	**195**	**0.6 %**	**4.7**
27	Best Buy	**0.6 %**	**9**	**204**	**0.6 %**	**2.5**
28	Canadian Imperial Bank of Commerce	**0.5 %**	**18**	**104**	**0.3 %**	**4.1**
29	Rexall Pharma Plus	**0.5 %**	**10**	**109**	**0.3 %**	**7.0**
30	Rogers	**0.5 %**	**71**	**72**	**0.2 %**	**4.0**
		45.8 %	**932**	**17,900**	**52.9 %**	**6.8**

(i) Weighted average remaining lease term based on annualized contractual gross rent.

(ii) Canadian Tire Corporation includes Canadian Tire, PartSource, Mark's, Sport Chek, Sports Experts, National Sports, Atmosphere and Party City.

(iii) The TJX Companies, Inc. includes Winners, HomeSense and Marshalls.

(iv) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs Markets, Joe Fresh, Dominion and Maxi.

(v) Cineplex includes Galaxy Cinemas.

(vi) Metro/Jean Coutu includes Super C, Loeb, and Food Basics.

(vii) Sobeys/Safeway includes Farm Boy and Longos.

(viii) Recipe Unlimited (formerly Cara Operations Limited) includes Montana's, Harvey's, Swiss Chalet, Kelseys, The Keg and East Side Mario's among others.

Occupancy by Markets and Usages

The committed (tenants that have signed leases) and in-place (tenants that are in possession of their space) occupancy rates for our commercial property portfolio at RioCan's interest are as follows:

At RioCan's Interest	Committed Occupancy		In-Place Occupancy	
As at March 31	**2022**	2021	**2022**	2021
Greater Toronto Area (i)	**97.1 %**	96.3 %	**96.3 %**	95.7 %
Ottawa (ii)	**98.9 %**	97.4 %	**98.6 %**	97.4 %
Calgary	**97.4 %**	94.7 %	**95.6 %**	92.5 %
Montreal	**95.4 %**	93.4 %	**95.3 %**	92.6 %
Edmonton	**93.8 %**	94.8 %	**93.2 %**	94.4 %
Vancouver (iii)	**99.3 %**	98.9 %	**99.2 %**	98.9 %
Other	**95.4 %**	93.4 %	**95.0 %**	92.6 %
Total Commercial	**97.0 %**	95.8 %	**96.3 %**	95.1 %

(i) Area extends north to Barrie, Ontario; west to Hamilton, Ontario; and east to Oshawa, Ontario.

(ii) Area extends from Nepean and Vanier to Gatineau, Quebec.

(iii) Area extends east to Abbotsford, British Columbia.

The following table summarizes the Trusts' committed and in-place occupancy rates by retail and office as at March 31, 2022.

		Retail	Office	Total Commercial
Total Portfolio	Committed Occupancy	**97.4%**	**91.5%**	**97.0%**
	In-Place Occupancy	**96.8%**	**90.2%**	**96.3%**

Committed occupancy for the total portfolio of 97.0% showed solid improvement increasing by 20 basis points when compared to Q4 2021 fueled by a 20 basis point jump in retail committed occupancy.

In-place occupancy for the total portfolio of 96.3% increased by 20 basis points when compared to Q4 2021 driven by retail. Office in-place occupancy decreased by 30 basis points in Q1 2022 when compared to Q4 2021 primarily as a result of vacancies in an office component of an otherwise stable grocery-anchored property located on the outskirts of the GTA.

When compared to the same period last year, committed and in-place occupancy each increased by 120 basis points.

Average Net Rent

The portfolio weighted average net rent per occupied square foot for our income producing properties is as follows:

As at March 31		**2022**		2021
Average net rent per occupied square foot (i)	**$**	**20.23**	$	19.87
Retail	**$**	**20.27**	$	19.97
Office	**$**	**19.55**	$	18.46

(i) Net rent is primarily contractual base rent pursuant to tenant leases.

Average net rent per occupied square foot increased when compared to the prior year mainly due to contractual rents steps, rent increases upon renewal, properties sold during the year that had lower than average net rent per square foot, and higher than average rent per square foot on new deals.

New Leasing Activity

(in thousands, except per sqft amounts)

Three months ended March 31		**2022**		2021
New Leasing NLA at 100% - IPP & PUD		**372**		435
Average net rent per square foot - IPP & PUD (i)	**$**	**31.40**	$	23.19
IPP	**$**	**22.19**	$	21.03
PUD	**$**	**46.32**	$	29.10

(i) Net rent is primarily contractual base rent pursuant to tenant leases. Includes new square footage that has not previously been tenanted and existing square footage leased to a new tenant.

New leasing activity for the three months ended March 31, 2022 totalled 372,000 square feet at an average rate of $31.40 per square foot.

Average net rent per square foot for new leasing for the quarter is approximately $11.17 per square foot above our portfolio average net rent per occupied square foot.

Renewal Leasing Activity

Three months ended March 31		**2022**		2021
Square feet renewed at market rental rates (at 100%)		**402**		451
Square feet renewed at fixed rental rates (at 100%)		**341**		206
Total square feet renewed (at 100%)		**743**		657
Average net rent per square foot (i)	**$**	**19.69**	$	19.81
Renewal leasing spread in average net rent (ii)	**$**	**1.23**	$	0.95
Retention ratio		**88.0%**		72.6%

(i) Net rent is primarily contractual base rent pursuant to tenant leases.

(ii) Represents increase in average net rent per square foot for renewal leasing.

The renewal leasing spread was strong despite having a higher than average proportion of fixed rate renewals. The retention ratio in Q1 2022 was in-line with pre-pandemic levels. The prior year comparative retention ratio was relatively low, mainly the result of a vacating large tenant which was not operating in its space. The unit has since been backfilled at higher rents.

Leasing Spreads

Three months ended March 31	**2022**	2021
New leasing spread (i)	**13.5%**	14.2%
Renewal leasing spread	**6.7%**	5.0%
Blended leasing spread (ii)	**8.9%**	8.1%

(i) The new leasing spread excludes any units that have not previously been tenanted (such as a newly completed development) or that have been vacant for longer than two years. The quarterly new leasing spread is calculated for properties owned by the Trust as of each quarter end date. The year-to-date leasing spread is the weighted average of the quarterly new leasing spread as reported over the respective period. For further clarity, net rent on new leases signed on new square footage from new development projects is included in the average net rent per square foot for new leases but is excluded in calculating the new leasing spread given that there is no base to compare to for such new developments.

(ii) The blended leasing spread is the weighted average net rent leasing spread for both renewal leasing and new leasing.

Strong new leasing spreads together with strong renewal spreads resulted in a high single digit Q1 2022 blended leasing spread.

Lease Expires

Lease expires for the next five years are as follows:

(in thousands, except per sqft and percentage amounts)		For the years ending				
At RioCan's interest	Total IPP NLA	2022 (i)	2023	2024	2025	2026
Square feet	33,820	1,914	4,312	4,546	3,942	4,214
Square feet expiring/Portfolio NLA		5.7%	12.8%	13.4%	11.7%	12.5%
Average net rent per occupied square foot		$ 22.72	$ 20.17	$ 21.40	$ 20.85	$ 20.75

(i) Lease expires for the remaining nine months of 2022.

Contractual Rent Increases

Certain of our leases provide periodic increases in rates during the lease terms which contribute to growth in Same Property NOI. Contractual rent increases in each year for the next five years for our properties are as follows:

(thousands of dollars)	For the years ending				
At RioCan's interest	2022 (i)	2023	2024	2025	2026
Contractual rent increases	$ 5,866	$ 7,565	$ 6,016	$ 4,520	$ 3,915

(i) Increases for the remaining nine months of 2022.

The contractual rent increases noted above are based on existing leases as at March 31, 2022 and are on a year-over-year incremental increase basis. The contractual rent increases in 2022 and 2023 reflect more market rent changes as a result of new leasing and renewals completed in 2021 than in the outer years. The above schedule is on a cash rent basis and takes into account the timing of contractual rent increases year-over-year (in other words, not on an annualized basis but based on a year-over-year cash rent change basis).

Future Lease Commencements

Subsequent to Q1 2022, we expect to generate approximately $8.1 million of annualized net incremental rent, under IFRS basis, from tenants that have signed leases but have not taken possession of the space as at March 31, 2022. This includes base rent, operating cost recoveries and straight-line rent, but excludes operating costs capitalized while a property is under redevelopment. An IFRS rent commencement timeline for the NLA on our properties (at RioCan's interest) that have been leased but are not currently in possession as at March 31, 2022 is as follows:

(in thousands, except percentage amounts)

At RioCan's Interest	Annualized	Total	Q2 2022	Q3 2022	Q4 2022	Q1 2023+
Square feet:						
NLA commencing (i)		222	108	80	31	3
Cumulative NLA commencing (i)		222	108	188	219	222
% of NLA commencing			48.6%	36.0%	14.0%	1.4%
Cumulative % total			48.6%	84.6%	98.6%	100.0%
Average net incremental IFRS rent:						
Monthly net incremental IFRS rent commencing (ii)		$ 673	$ 334	$ 257	$ 75	$ 7
Cumulative monthly net incremental IFRS rent commencing	$ 8,076	$ 673	$ 334	$ 591	$ 666	$ 673
% of net incremental IFRS rent commencing			49.6%	38.2%	11.1%	1.1%
Cumulative % total net incremental IFRS rent commencing			49.6%	87.8%	98.9%	100.0%

(i) Includes NLA expected to be completed from expansion and redevelopment projects.

(ii) Based on monthly IFRS rental revenue.

Property Operations - Residential Rental

RioCan's residential brand, RioCan Living, includes purpose-built residential rental buildings developed or acquired by RioCan. It also encompasses townhouse and condominium developments as further discussed in the *Residential Inventory* and *Joint Arrangements* sections of this MD&A. Whether for rental or home ownership, RioCan Living's portfolio is located near or on Canada's prominent transit corridors and is overseen internally by a dedicated team of residential experts. The locations, design, amenities, community focus, professional management and access to strong retail offerings are all key strengths of RioCan Living. RioCan believes in the long-term value creation, income diversification and other risk mitigation benefits of its residential strategy.

The Trust currently has seven completed purpose-built rental RioCan Living buildings and one acquired rental building as of May 9, 2022 as summarized below, and 11 purpose-built rental projects either under construction or in different phases of development by 2024.

In Ottawa, the 209-unit Latitude project was substantially completed in Q1 2022 and is currently 62.5% leased as of May 9, 2022. Two other projects in Ottawa include the 168-unit Luma project, which has commenced pre-leasing and has an expected move-in commencement date in Q2 2022, and the 214-unit Rhythm™ project, which has an expected move-in commencement date in Q4 2022. In Toronto, the 61-unit Strada project was substantially completed in Q1 2022 and is currently 62.3% leased as of May 9, 2022.

An additional 139 income producing residential rental units were acquired by RioCan on February 8, 2022 through the acquisition of a 90% interest in the first phase of Market, a new apartment complex in the heart of Laval, Montreal's largest suburban area. RioCan will also acquire a 90% interest in 297 units in two additional phases under construction upon stabilization. Market is RioCan Living's first acquisition of an operational multi-unit residential building and contributes to the diversification of RioCan's income stream. While RioCan is focused on organically growing its multi-unit residential holdings through development, it will participate in acquisitions from time-to-time in order to achieve the desired scale.

With an anticipated return to working in the office and the resumption in the rate of immigration, well-located, amenity-rich accommodations with easy access to transit are in growing demand as evidenced in the notable leasing progress made in the quarter.

None of the Trust's residential rental units (other than the rental replacement units, which are rented at prescribed rents) are subject to rent controls.

		Occupancy as at March 31, 2022		Leasing as of May 9, 2022	
Residential Rental Buildings in Operation	Number of total units	Number of occupied units	% of occupied units	Number of leased units	% of leased units
Stabilized					
eCentral (Yonge Eglinton Northeast Corner, Toronto) (i)	**466**	**445**	**95.5 %**	451	96.8 %
Frontier (Ottawa) (ii)	**228**	**208**	**91.6 %**	211	93.0 %
Brio (Brentwood Village, Calgary) (ii)	**163**	**156**	**96.3 %**	158	97.5 %
Market (Montreal) (iv)	**139**	**129**	**92.8 %**	136	97.8 %
In lease-up					
Pivot (Yonge Sheppard Centre, Toronto) (iii)	**361**	**314**	**87.0 %**	330	91.4 %
Litho. (Toronto)	**210**	**133**	**63.3 %**	159	75.7 %
Latitude (Ottawa) (ii)	**209**	**54**	**26.0 %**	130	62.5 %
Strada (Toronto)	**61**	**19**	**31.1 %**	38	62.3 %
Luma (Ottawa) (v)	**168**	**—**	**— %**	20	11.9 %

(i) As at March 31, 2022, the 445 occupied units included 383 market rent units. As of May 9, 2022, the 451 leased units included 386 market rent units.

(ii) Total units include one guest suite, which is excluded in the occupied and leased percentage calculations for the respective properties.

(iii) As at March 31, 2022, the 314 occupied units included 308 market rent units. As of May 9, 2022, the 330 leased units included 324 market rent units.

(iv) Market Phase One was acquired on February 8, 2022.

(v) Luma is expected to commence move-ins in Q2 2022 and started pre-leasing in Q1 2022.

Average Market Rent

The weighted average monthly market rent per occupied square foot for the residential rental portfolio is as follows:

As at March 31		**2022**		2021
Average monthly market rent per occupied square foot (i)	**$**	**3.05**	$	3.13
Stabilized properties (ii)	**$**	**2.75**	$	3.10
Properties in lease-up	**$**	**3.57**	$	3.60

(i) Average rent per square foot is calculated as monthly gross rents (excluding utilities which are paid by tenants) from leased residential units divided by the total number of net leasable square feet for these leased residential units. It does not include revenue from parking or other sources. RioCan Living tenants generally pay their own utility bills.

(ii) A property is considered to have reached stabilization upon the earlier of (i) achieving 95% occupancy or (ii) 24 months after first occupancy.

Average net rent per occupied square foot decreased compared to December 31, 2021 mainly due to the addition of Market in Montreal and the increased occupancy at Latitude in Ottawa. The majority of the residential rental portfolio is located in the GTA and GTA market rents exceed those in Montreal and Ottawa. Therefore, adding Market and Latitude in Q1 2022 had the effect of lowering the average monthly market rent per occupied square foot for the residential rental portfolio.

In the GTA, average monthly market rent per occupied square foot was $3.57 as at March 31, 2022.

Capital Expenditures on Income Properties

Maintenance Capital Expenditures

Maintenance capital expenditures refer to investments that are necessary to maintain the existing earnings capacity of our property portfolio and are dependent upon many factors. These include, but are not limited to, lease expiry profile, tenant vacancies, the age and location of the income properties and general economic and market conditions, which impact the level of tenant bankruptcies. As at March 31, 2022, the estimated weighted average age of our income property portfolio is approximately 27 years. Maintenance capital expenditures consist primarily of tenant improvements, third-party leasing commissions and certain recoverable and non-recoverable capital expenditures. Actual maintenance capital expenditures can vary widely from period to period depending on a number of factors as noted above, as well as the level of acquisition and disposition activity.

As a result, management believes that for the purpose of determining ACFO which, as discussed in the *Non-GAAP Measures* section of this MD&A is used as an input in assessing a REIT's distribution payout ratio, Normalized Capital Expenditures are more relevant than using actual capital expenditures. Refer to the *Non-GAAP Measures* section of this MD&A for details on how management estimates its Normalized Capital Expenditures used in the determination of ACFO.

Tenant improvements and external leasing commissions

The Trust's portfolio requires ongoing investments of capital for costs related to tenant improvements, broker commissions on new and renewal tenant leases and other third-party leasing costs. The amount and timing of capital outlays to fund tenant improvements on the Trust's income property portfolio depend on several factors, which may include the lease maturity profile, unforeseen tenant bankruptcies and the location of the income property.

Recoverable and non-recoverable capital expenditures

The Trust also invests capital on a regular basis to physically maintain its income properties. Typical costs incurred are for expenditures such as roof replacement programs and the resurfacing of parking lots. Tenant leases generally provide for the ability to recover a significant portion of such costs from tenants over time as property operating costs. The Trust expenses or capitalizes these amounts to income properties, as appropriate. The majority of such activities occur when weather conditions are favourable. As a result, these expenditures are generally not consistent throughout the year.

Revenue Enhancing Capital Expenditures

Capital spending for new or existing income properties that is expected to create, improve and/or add to the overall earnings capacity of the property portfolio is considered revenue enhancing. RioCan considers such amounts to be investing activities. As a result, it does not expect such expenditures to be funded from cash flows from operating activities and does not consider such amounts as a key determinant in setting the amount that is distributed to our Unitholders. Revenue enhancing capital expenditures are not included in the determination of ACFO.

Summary of Capital Expenditures

Expenditures for third-party leasing commissions and tenant improvements, recoverable and non-recoverable, and revenue enhancing capital expenditures pertaining to our income properties are as follows:

	Three months ended March 31		Normalized Capital Expenditures (i)
(thousands of dollars)	**2022**	2021	**Q1 2022**
Maintenance capital expenditures:			
Tenant improvements and external leasing commissions	**$ 7,867**	$ 7,967	**$ 5,625**
Recoverable from tenants	**495**	965	**5,625**
Non-recoverable	**649**	895	**1,250**
	$ 9,011	$ 9,827	**$ 12,500**
Revenue enhancing capital expenditures	**5,212**	2,352	
	$ 14,223	$ 12,179	

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for details on how management estimates its Normalized Capital Expenditures.

For the three months ended March 31, 2022, the Trust's total capital expenditures on income properties increased by $2.0 million compared to the same period in 2021, primarily due to $2.9 million in higher revenue enhancing capital expenditures, partially offset by $0.7 million in lower recoverable and non-recoverable capital expenditures and $0.1 million in lower tenant improvements. Quarterly variations were primarily due to the timing of expenditures.

RioCan's total maintenance capital expenditures for the three months ended March 31, 2022 were $9.0 million, $3.5 million lower than the Normalized Capital Expenditures estimate of $12.5 million. This was primarily related to timing of expenditures. For 2022, normalized maintenance capital expenditure guidance is set at $50.0 million, allocated evenly to each quarter, although quarterly fluctuations between the estimated normalized maintenance capital expenditures and actual expenditures are expected. The Trust will reassess the estimated normalized maintenance capital expenditures as necessary on a go forward basis. Refer to the *Non-GAAP Measures* section of this MD&A for details on how estimates of Normalized Capital Expenditures were determined for 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Summary of Selected Financial Information

Below is a summary of key selected financial information that is based on or derived from, and should be read in conjunction with the Condensed Consolidated Financial Statements of the Trust for the respective years.

(thousands of dollars, except where otherwise noted)

Three months ended March 31		**2022**		2021
Revenue	**$**	**293,982**	$	276,799
Net income		**160,058**		106,729
Operating income		**173,868**		167,102
Net operating income (NOI) (i)		**167,299**		165,032
FFO (i)		**130,575**		106,036
FFO Adjusted (i)		**131,184**		118,900
Distributions declared		**77,467**		76,264
Weighted average Units outstanding (in thousands)				
Basic		**309,837**		317,758
Diluted		**310,114**		317,758
Per unit basis				
Net income (loss) - basic	**$**	**0.52**	$	0.34
Net income (loss) - diluted	**$**	**0.52**	$	0.34
FFO - diluted (i)	**$**	**0.42**	$	0.33
FFO Adjusted - diluted (i)	**$**	**0.42**	$	0.37
Unitholder distributions (iii)	**$**	**0.25**	$	0.24
FFO Payout Ratio (i) (ii)		**57.3%**		92.2%
FFO Payout Ratio Adjusted (i) (ii)		**56.8%**		89.7 %
ACFO Payout Ratio (i) (ii)		**56.7%**		92.9%
ACFO Payout Ratio Adjusted (i) (ii)		**56.2%**		91.1%

As at		**March 31, 2022**		December 31, 2021
Investment properties	**$**	**14,132,107**	$	14,021,338
Total assets		**15,346,426**		15,177,463
Total debt		**6,710,226**		6,610,618
Total equity		**8,045,847**		7,911,344
Total Adjusted Debt to Total Adjusted Assets (i)		**43.4%**		43.3%
Total Adjusted Debt to Total Adjusted Assets (RioCan's Proportionate Share) (i)		**44.2%**		43.9%
Interest coverage (RioCan's Proportionate Share) (i)		**3.33**		3.26
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (i)		**9.48**		9.59
Weighted average contractual interest rate		**2.98%**		2.92%
Net book value per unit (iv)	**$**	**25.96**	$	25.54

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

(ii) Calculated on a trailing twelve-month basis. For further discussion of the Trust's FFO and ACFO Payout Ratios, refer to the *FFO* and *ACFO* sections in this MD&A.

(iii) Effective February 2022, the distribution was increased to $1.02 from $0.96 on an annualized basis.

(iv) Calculated by RioCan as Unitholders' equity divided by the number of Units outstanding at the end of the reporting period. RioCan's method of calculating net book value per unit may differ from other issuers' methods and, accordingly, may not be comparable to net book value per unit reported by other issuers.

Rental Revenue

The rental revenue for the three months ended March 31, 2022 and 2021 is as follows:

(thousands of dollars)

Three months ended March 31		**2022**		2021
Base rent	**$**	**169,817**	$	171,911
Realty tax and insurance recoveries		**51,002**		53,612
Common area maintenance recoveries		**47,365**		43,505
Percentage rent		**1,527**		851
Straight-line rent		**915**		1,686
Lease cancellation fees		**883**		1,748
Parking revenue		**622**		311
Rental revenue	**$**	**272,131**	$	273,624

Q1 2022

The $1.5 million decrease in rental revenue for the three months ended March 31, 2022 compared to the same period in 2021 was primarily due to asset dispositions and lower lease cancellation fees, which were partially offset by higher occupancy, rental growth, higher recoverable costs and corresponding recoveries and higher percentage rent.

Net Operating Income (NOI)

NOI is a non-GAAP financial measure representing rental revenue from income properties less property operating costs, and is a subset of IFRS operating income. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

The NOI for the three months ended March 31, 2022 and 2021 is as follows:

(thousands of dollars, except where otherwise noted)

Three months ended March 31		**2022**		2021
Operating income	**$**	**173,868**	$	167,102
NOI (i)	**$**	**167,299**	$	165,032
NOI Margin (i)		**61.0%**		59.8%
NOI Margin (excluding pandemic-related provisions) (i)		**61.0%**		62.1%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

The NOI Margin was higher for the three months ended March 31, 2022 over the comparable period primarily due to a decrease of $6.4 million in pandemic-related provisions for rent abatements and bad debts.

The NOI Margin (excluding pandemic-related provisions) is 61.0% and 62.1% for the three months ended March 31, 2022 and 2021, respectively. The decrease from the comparable period is primarily due to higher recoverable operating costs and lower rental revenue as noted above.

The following table provides a breakdown of NOI by the commercial and residential portfolios.

(thousands of dollars)

Three months ended March 31		**2022**		2021
NOI				
Commercial	**$**	**164,952**	$	164,367
Residential		**2,347**		665
Total NOI	**$**	**167,299**	$	165,032

Q1 2022

NOI for the three months ended March 31, 2022 increased $2.3 million or 1.4% compared to the same period in 2021. The increase was the combined effect of a $0.6 million increase in commercial NOI and a $1.7 million increase in residential NOI primarily due to higher occupancy at Pivot which was in early lease-up during the prior year same quarter and the acquisition of Market in February 2022, partially offset by lease-up losses at Strada and Latitude as these buildings come on-line.

The increase in commercial NOI was largely due to:

- Same property NOI growth of 4.1% primarily due to occupancy gains, rent growth and a $6.4 million lower pandemic related provision, net of certain 2021 favourable items which did not recur in 2022; partially offset by,
- $5.0 million lower NOI mainly due to asset dispositions, net of $2.4 million higher NOI from completed developments; and
- $0.9 million in lower lease cancellation fees.

Same Property NOI

Same Property NOI for the three months ended March 31, 2022 and 2021 is as follows:

(thousands of dollars)

Three months ended March 31		**2022**		2021	% change
Same Property NOI (i)	**$**	**155,531**	$	149,338	4.1 %
Same Property NOI including completed PUD (i)	**$**	**159,719**	$	151,144	5.7 %
Same Property NOI excluding the pandemic-related provision (i)	**$**	**155,531**	$	155,605	— %

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

Q1 2022

Same Property NOI for the three months ended March 31, 2022 increased by 4.1% or $6.2 million compared to the same period in 2021 for the reasons explained above. Including completed properties under development, primarily The Well in Toronto and RioCan Windfields in Oshawa, Same Property NOI increased by 5.7% for the Trust's commercial portfolio.

Same Property NOI excluding the pandemic-related provision was relatively stable compared to the same period in 2021.

Operating Income

The IFRS operating income for the three months ended March 31, 2022 and 2021 is as follows:

(thousands of dollars)

Three months ended March 31		**2022**		2021
Revenue				
Rental revenue	**$**	**272,131**	$	273,624
Residential inventory sales		**15,969**		—
Property management and other service fees		**5,882**		3,175
	$	**293,982**	$	276,799
Operating costs				
Rental operating costs				
Recoverable under tenant leases	**$**	**100,122**	$	97,287
Non-recoverable costs		**6,056**		12,410
Residential inventory cost of sales		**13,936**		—
		120,114		109,697
Operating income	**$**	**173,868**	$	167,102
Breakdown of operating income:				
Commercial	**$**	**169,488**	$	166,437
Residential		**4,380**		665
Operating income	**$**	**173,868**	$	167,102

Q1 2022

The $6.8 million or 4.0% increase in operating income for the three months ended March 31, 2022 when compared to the same period in 2021 consisted of a $3.1 million increase in commercial operating income and a $3.7 million increase in residential operating income.

The increase of $3.1 million in commercial operating income was largely the net effect of the following:

- $0.6 million increase in NOI primarily from SPNOI growth of 4.1%, partially offset by lower NOI from asset dispositions, net of higher NOI from developments; and,
- $2.7 million higher property management and other service fee revenue.

The increase of $3.7 million in residential operating income was the net effect of the following:

- $2.0 million higher inventory gains primarily due to the timing of condominium sales; and
- $1.7 million increase in NOI primarily due to higher occupancy at Pivot which was in early lease-up during the prior year same quarter and the acquisition of Market in February 2022, partially offset by lease-up losses at Strada and Latitude as these buildings come on-line.

Other Income

(thousands of dollars)

Three months ended March 31		**2022**		2021
Interest income	**$**	**4,061**	$	2,929
Income from equity-accounted investments		**4,090**		3,629
Fair value gains on investment properties, net		**35,432**		8,866
Investment and other income (loss)		**(185)**		221
Other income	**$**	**43,398**	$	15,645

Q1 2022

Interest income increased by $1.1 million when compared to the same period in 2021 mainly due to $1.1 million higher interest income from higher average mortgages and loans receivable and higher effective interest rates.

RioCan's share of FFO from equity-accounted investments was $5.3 million, $0.8 million higher than the comparative period in 2021, primarily due to an increase in RioCan's ownership in the RioCan-HBC joint venture in February 2021 and higher gains from other equity-accounted investments. RioCan's share of FFO from equity-accounted investments is a non-GAAP financial measure, refer to the *Non-GAAP Measures* section of this MD&A for more information. For further details on the results of operations of the RioCan-HBC joint venture, refer to the *Joint Arrangements* section of this MD&A.

The Trust recognized fair value gains of $35.4 million on investment properties compared to fair value gains of $8.9 million in the same period last year. The fair value gains recognized in the quarter are largely from decreases in capitalization rates for high quality grocery anchored and open air centres in Toronto and Montreal. Refer to the *Property Valuations* section of this MD&A for further details.

Investment and other income (loss) decreased by $0.4 million over the same period in 2021 mainly due to $0.4 million in lower other income primarily from transaction adjustments.

Other Expenses

Interest Costs

(thousands of dollars, except where otherwise noted)

Three months ended March 31		**2022**		2021
Total interest	**$**	**51,709**	$	53,968
Interest costs capitalized (i)		**(9,943)**		(10,044)
Interest costs, net	**$**	**41,766**	$	43,924
Capitalized interest as percentage of total interest		**19.2%**		18.6%

(i) Includes amounts capitalized to properties under development and residential inventory.

Total interest costs decreased by $2.3 million for the three months ended March 31, 2022, when compared to the same period in 2021. Lower average costs of debt and lower average debt balances drove the decline in interest costs in Q1 2022. As at March 31, 2022, the weighted average effective interest rate of our total debt is 3.06% (March 31, 2021 - 3.08%).

Interest capitalized to development properties decreased by $0.1 million for the quarter, when compared to the same period in 2021. The decrease in the quarter was due to the net effect of lower interest rates, partially offset by continuing progress on existing and new active developments contributing to higher average debt allocated to development properties. Interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 3.00% for the three months ended March 31, 2022 (three months ended March 31, 2021 – 3.18%).

As a result of the changes in total interest costs and interest costs capitalized, net interest costs decreased by $2.2 million, for the three months ended March 31, 2022, when compared to the same period in 2021.

General and Administrative (G&A)

(thousands of dollars, except where otherwise noted)				
Three months ended March 31		**2022**		2021
Non-recoverable salaries and benefits	**$**	**11,778**	$	13,071
Capitalized to development and residential inventory (i)		**(2,840)**		(2,643)
Internal leasing salaries and benefits		**(2,707)**		(2,272)
Non-recoverable salaries and benefits, net		**6,231**		8,156
Unit-based compensation expense		**1,582**		5,982
Depreciation and amortization		**974**		1,010
Other general and administrative expense (ii)		**2,676**		2,683
Total general and administrative expense	**$**	**11,463**	$	17,831
Total general and administrative expense as a percentage of rental revenue		**4.2%**		6.5%

(i) Include salaries and benefits related to properties under development and residential inventory, as well as landlord work.

(ii) Primarily includes information technology costs, public company costs, travel, marketing, legal and professional fees, as well as trustee costs.

Q1 2022

For the three months ended March 31, 2022, G&A expenses decreased $6.4 million over the comparable period in 2021 primarily due to $6.3 million decrease in compensation costs including $5.8 million in 2021 in one-time compensation costs that are not expected to recur in future quarters, partially offset by a $0.6 million restructuring charge related to the outsourcing of the property management of the Trust's Quebec portfolio in the current quarter.

Internal Leasing Costs

Internal leasing costs are comprised of the payroll costs of our internal leasing department and related administration costs. For the three months ended March 31, 2022, internal leasing costs increased marginally by $0.1 million, compared to the same period in 2021.

Transaction and Other Costs

Transaction and other costs decreased by $3.4 million for the three months ended March 31, 2022, compared to the same period in 2021.

During the three months ended March 31, 2022, the Trust incurred $0.4 million of marketing costs (three months ended March 31, 2021 - $0.7 million). Marketing costs include costs related to condominium and townhouse projects which are expensed as incurred before condominium sales revenues are recognized into income.

Debt Prepayment Costs

Debt prepayment costs decreased by $7.0 million for the three months ended March 31, 2022, compared to the same period in 2021. The decrease is due to the early redemption of our Series R debenture in Q1 2021.

Net Income Attributable to Unitholders

(thousands of dollars, except per unit amounts)

Three months ended March 31		**2022**		2021
Net income attributable to Unitholders	**$**	**160,058**	$	106,729
Net income attributable to Unitholders (basic)	**$**	**0.52**	$	0.34
Net income attributable to Unitholders (diluted)	**$**	**0.52**	$	0.34

Q1 2022

Excluding $26.6 million in changes in fair value gain (loss) on investment properties as discussed in the *Other Income* section of this MD&A, net income attributable to Unitholders for the three months ended March 31, 2022 increased $26.8 million or 27.3%. This increase was largely the net effect of the following:

- $6.8 million increase in operating income primarily due to $2.3 million higher NOI, $2.0 million higher inventory gains, and $2.7 million higher property management and other service fee revenue;
- $1.2 million increase in other income (loss) primarily due to $1.1 million higher interest income, $0.5 million higher income from equity-accounted investments, net of $0.4 million lower investment and other income.
- $6.4 million decrease in general and administration costs mainly due to $5.8 million in one-time compensation costs in the same quarter prior year, net of a $0.6 million restructuring charge in the current quarter;
- $7.0 million lower debt prepayment costs on the early redemption of the Series R in Q1 2021; and
- $5.4 million lower other expenses, primarily from lower transaction and other costs and interest costs.

Funds From Operations (FFO)

RioCan's method of calculating FFO is in compliance with the REALPAC definition issued in January 2022 except that RioCan excludes unrealized fair value gains or losses on marketable securities in its calculation of FFO and continues to include realized gains or losses on marketable securities in FFO. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

(thousands of dollars, except where otherwise noted)

Three months ended March 31		**2022**		2021
FFO	**$**	**130,575**	$	106,036
FFO Adjusted	**$**	**131,184**	$	118,900
FFO per unit - basic	**$**	**0.42**	$	0.33
FFO per unit - diluted	**$**	**0.42**	$	0.33
FFO Adjusted per unit - diluted	**$**	**0.42**	$	0.37
Weighted average number of Units - basic (in thousands)		**309,837**		317,758
Weighted average number of Units - diluted (in thousands)		**310,114**		317,758
FFO Payout Ratio (i)		**57.3%**		92.2%
FFO Payout Ratio Adjusted (i)		**56.8%**		89.7%

(i) Calculated on a twelve-month trailing basis. For a definition of the Trust's Unitholder distributions as a percentage of FFO and FFO Adjusted, refer to the *Non-GAAP Measures* section of this MD&A.

FFO Highlights

Q1 2022

FFO for the three months ended March 31, 2022 increased by $24.5 million or 23.1% from the same period in 2021. FFO Adjusted, which excludes net debt prepayment costs, one-time compensation and restructuring costs, increased by $12.3 million or by $0.05 per unit or 13.5% on a diluted per unit basis over the comparable period.

The $12.3 million increase was primarily the net effect of the following:

- Same property NOI growth of 4.1% primarily due to occupancy gains, rent growth and a $6.4 million lower pandemic related provision, net of certain 2021 favourable items which did not recur in 2022;
- $2.7 million higher property management and other service fee revenue;
- $2.2 million lower net interest costs primarily due to lower average cost of debt and lower average debt balances;
- $2.0 million higher residential inventory gains primarily from the timing of condominium sales;

- $1.7 million increase in residential NOI primarily from higher occupancy at Pivot which was in early lease-up during the prior year same quarter and the acquisition of Market in February 2022, partially offset by lease-up losses at Strada and Latitude as these buildings come on-line;
- $1.1 million higher interest income primarily from higher average mortgages and loans receivable and higher effective interest rates;
- $1.1 million lower general and administration expenses primarily from lower compensation costs;
- $0.8 million higher FFO from equity-accounted investments primarily due to an increase in RioCan's ownership in the RioCan-HBC joint venture in February 2021 and higher gains from other equity-accounted investments; partially offset by,
- $5.0 million lower commercial NOI mainly due to asset dispositions, net of $2.4 million higher NOI from completed developments; and
- $0.9 million lower lease cancellation fees.

FFO Payout Ratio

The FFO Payout Ratio was 57.3% for the twelve-month period ended March 31, 2022 compared to 92.2% in 2021. The decline in the FFO Payout Ratio relative to last year is mainly due to the $0.48 per unit per annum reduction in distributions effective January 2021 and higher FFO, partially offset by a $0.06 per unit per annum increase in distributions effective February 2022.

Adjusted Cashflow From Operations (ACFO)

ACFO is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information. RioCan's method of calculating ACFO is in accordance with the REALPAC definition issued in February 2019.

The following table presents cash provided by operating activities and ACFO:

(thousands of dollars, except where otherwise noted)

Three months ended March 31		**2022**		2021
Cash provided by operating activities	**$**	**101,054**	$	80,648
ACFO	**$**	**116,620**	$	110,911
ACFO Adjusted	**$**	**117,229**	$	119,861
ACFO Payout Ratio (i)		**56.7%**		92.9%
ACFO Payout Ratio Adjusted (i)		**56.2%**		91.1%

(i) Calculated on a twelve-month trailing basis. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

The following table represents a breakdown of adjustments for working capital changes used in the calculation of ACFO. These are working capital changes that, in management's view and based on the REALPAC definition issued in February 2019, are not indicative of sustainable cash flow available for distribution:

(thousands of dollars)

Three months ended March 31		**2022**		2021
Working capital changes related to:				
Residential inventory	**$**	**15,811**	$	5,825
Interest costs, net of interest income		**3,042**		2,220
Realty taxes and insurance		**15,217**		8,080
Transaction related costs (i)		**(8,503)**		(5,517)
Other (ii)		**(5,098)**		(7,345)
Adjustments to working capital changes for ACFO	**$**	**20,469**	$	3,263

(i) Represents costs associated with dispositions and acquisitions.

(ii) Includes working capital changes related to sales and other indirect taxes payable to or receivable from applicable governments, other investments, and income tax payments (accruals) relating to the sale of our U.S portfolio in May 2016.

As ACFO starts with cash provided by operating activities, the adjustments outlined neutralize the above working capital changes to ACFO. The net impact to ACFO of working capital changes is determined as follows:

(thousands of dollars)

Three months ended March 31		**2022**		2021
Adjustments for other changes in working capital items as reported on the consolidated statements of cash flows	**$**	**(21,449)**	$	(19,843)
Add: Adjustments to working capital changes for ACFO		**20,469**		3,263
Net working capital decrease included in ACFO	**$**	**(980)**	$	(16,580)

ACFO Highlights

Q1 2022

ACFO for the three months ended March 31, 2022 increased by $5.7 million or 5.1% compared to the same period in 2021. ACFO Adjusted, which excludes net debt prepayment costs, one-time compensation and restructuring costs, decreased by $2.6 million or 2.2% over the comparable period. The $2.6 million decrease was primarily the net effect of the following:

- $27.8 million decrease in cash distributions received from equity-accounted investments, primarily from higher distributions received in 2021 from the RioCan-HBC JV;
- $5.0 million lower commercial NOI mainly due to asset dispositions, net of $2.4 million higher NOI from completed developments;
- $1.3 million higher Normalized Capital Expenditures;
- $0.9 million lower lease cancellation fees; partially offset by,
- $15.6 million in lower net working capital decrease relating to property operations;
- Same property NOI growth of 4.1% primarily due to occupancy gains, rent growth and a $6.4 million lower pandemic related provision, net of certain 2021 favourable items which did not recur in 2022;
- $2.7 million higher property management and other service fee revenue;
- $2.2 million lower net interest costs primarily due to lower average cost of debt and lower average debt balances;
- $2.0 million higher residential inventory gains primarily from the timing of condominium sales;
- $1.7 million higher residential NOI primarily from higher occupancy at Pivot which was in early lease-up during the prior year same quarter and the acquisition of Market in February 2022, partially offset by lease-up losses at Strada and Latitude as these buildings come on-line; and
- $0.6 million lower general and administration expenses primarily from lower compensation costs.

ACFO Payout Ratio

The ACFO Payout Ratio for the twelve-month period ended March 31, 2022 was 56.7% compared to 92.9% in 2021. The decline in the ACFO Payout Ratio relative to last year is mainly due to the change in distributions as explained in the FFO Payout Ratio section above and higher ACFO.

As previously discussed, the REALPAC ACFO definition includes net working capital fluctuations relating to recurring operating activities. In RioCan management's view, this tends to introduce greater volatility in the ACFO Payout Ratio. Management, therefore, also uses the FFO Payout Ratio, in addition to the ACFO Payout Ratio, in assessing its distribution paying capacity because FFO is not subject to such working capital fluctuations.

PROPERTY VALUATIONS

Refer to Note 3 of the Condensed Consolidated Financial Statements for the change in consolidated fair value IFRS carrying values of our investment properties.

Valuation Processes

Internal Valuations

RioCan measures the vast majority of its investment properties, including co-owned properties, using valuations prepared by its internal valuation team. The internal valuation team utilizes appraisal methodologies largely consistent with the practices employed by third-party appraisers. This team consists of individuals who are knowledgeable and have specialized industry experience in real estate valuations and report directly to a senior member of the Trust's management. The internal valuation team's processes and results are reviewed and approved by the Valuations Committee on a quarterly basis.

The Trust's Valuations Committee is responsible for approving any fair value changes to the investment properties and consists of senior management of the Trust including the Chief Financial Officer, Chief Operating Officer, Chief Investment Officer and other executive members.

External Valuations

Depending on the property asset type and location, management may opt to obtain independent third-party valuations from firms that employ experienced valuation professionals having the required qualifications in property appraisals for purposes of adopting such appraised values in the case of land parcels or assessing the reasonableness of its internal investment property valuations.

During the three months ended March 31, 2022, the Trust obtained a total of 8 external property appraisals which supported an IFRS fair value of approximately $1.1 billion or 7.9% of the Trust's investment property portfolio as at March 31, 2022. Our mandate is to conduct an average of six external appraisals on investment properties on a quarterly basis or 24 investment properties a year, plus a selection of external land valuations, which is done every fourth quarter on our excess land and greenfield sites.

Capitalization Rates

The capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date.

The table below provides details of the average capitalization rate (weighted by Stabilized NOI):

	Weighted average capitalization rate	
As at	**March 31, 2022**	December 31, 2021
Total average portfolio capitalization rate	**5.25 %**	5.29 %

At March 31, 2022, the weighted average capitalization rate of the Trust's investment portfolio was 5.25%, which decreased by 4 basis points when compared to December 31, 2021. The decrease is mainly due to the impact of dispositions with higher capitalization rates as well as inclusion of residential projects as development continued to advance.

Investment Property Valuation

For the three months ended March 31, 2022, the Trust recorded a net fair value gain of $35.4 million, representing 0.3% of the IFRS carrying value of investment properties as of December 31, 2021, including assets held for sale.

The carrying value of investment properties reflects the Trust's best estimate for the highest and best use as at March 31, 2022. The resiliency shown by shopping centres anchored by grocery stores and other necessity-based retailers during the pandemic has re-affirmed that this is a valuable asset class and pricing for such properties is very strong particularly in major markets. The Trust's capital recycling program has also evidenced values across the portfolio. The valuation of investment properties is subject to a number of factors underlying the estimated cash flows and capitalization rates used in the valuation process and include but are not limited to: geographic location, property type, the strength of the underlying tenant covenants, the proportion of tenants within the property subject to discretionary consumer spending, future intensification opportunities, estimated vacancy allowances and the resulting re-tenanting costs. Refer to Note 3 of the Condensed Consolidated Financial Statements for a sensitivity analysis of investment property valuations to changes in the three key inputs to the property valuation - stabilized net operating income (SNOI), capitalization rates and costs to complete.

Given the difficulty in anticipating the course of the pandemic, including the number and frequency of new variants, the impact of the pandemic on the Trust's investment property valuation remains difficult to assess and predict. Refer to the *Risks and Uncertainties - COVID-19 Health Crisis* section of this MD&A for discussions on the risks and uncertainties associated with the COVID-19 pandemic.

ACQUISITIONS AND DISPOSITIONS

Acquisitions

The acquisitions during the three months ended March 31, 2022 are as follows:

(in thousands of dollars or sq. ft., except where otherwise noted)				Purchase price (i) (At RioCan's interest)					
Property name and location	Date acquired	Interest acquired	Capitalization rate (ii)	IPP	PUD	Residential Inventory	Total	Vendor take-back mortgage, purchase price payable and/or debt assumed	NLA acquired (thousands of sq. ft.)
Q1 2022									
Queen & Ashbridge (QA), Toronto, ON (iii)	February 17, 2022	50.0 %	n.a	$ —	$ 11,946	$ 19,440	$ 31,386	$ 30,372	—
3302 Dufferin Street, Toronto, ON	February 11, 2022	100.0 %	1.68 %	22,218	—	—	22,218	—	13
Market, Laval, QC	February 8, 2022	90.0 %	4.06 %	48,349	—	—	48,349	—	114
Bloor Street West & Lansdowne Ave Portfolio, Toronto, ON (iv)	January 28, 2022	100.0 %	1.87 %	19,381	—	—	19,381	—	22
Total Q1 2022 Acquisitions				**$ 89,948**	**$ 11,946**	**$ 19,440**	**$121,334**	**$ 30,372**	**149**

(i) Purchase price includes transaction costs of $4.3 million in aggregate.

(ii) Lower capitalization rate is due to the fact that these assets were acquired for their buildable density given their prime urban locations and their proximity to existing RioCan development sites.

(iii) The Queen & Ashbridge (QA) acquisition included both property under development and residential inventory components and was allocated as $11.9 million and $19.4 million, respectively. The vendor take-back mortgage and purchase price payable of $30.4 million includes a $24.2 million vendor-take-back mortgage payable to the vendor at a weighted average interest rate of 2.61%

(iv) Bloor Street West & Lansdowne Ave Portfolio acquisition is comprised of four properties.

Dispositions

The Trust closed a number of dispositions during the three months ended March 31, 2022 as summarized below:

(in thousands of dollars or sq. ft., except where otherwise noted)				Gross sales proceeds (at RioCan's interest)					
Property name and location	Date disposed	Ownership interest disposed	Capitalization rate (i)	IPP	PUD (ii)	Residential Inventory	Total	Debt associated with property	NLA disposed at RioCan's Interest
Q1 2022									
Mega Centre Notre-Dame, Sainte-Dorothée, QC (iii) (v)	March 30, 2022	50.0 %	8.67 %	$ 32,728	$ —	$ —	$ 32,728	$ —	126
Highbury Shopping Plaza, London, ON	March 29, 2022	100.0 %	9.79 %	10,750	—	—	10,750	—	71
97th Street Northwest, Edmonton, AB	March 17, 2022	100.0 %	7.87 %	2,000	—	—	2,000	—	12
Eastcourt Mall, Cornwall, ON	March 14, 2022	50.0 %	16.98 %	6,945	—	—	6,945	—	71
Timiskaming Square, New Liskeard, ON	March 14, 2022	50.0 %	11.84 %	1,650	—	—	1,650	—	49
85 Bloor Street West, Toronto, ON (iii) (iv)	March 14, 2022	50.0 %	4.31 %	17,500	—	—	17,500	—	7
The Well (Building C), Toronto, ON	January 24, 2022	40.0 %	n/a	—	14,507	—	14,507	—	—
Total Q1 2022 Dispositions				**$ 71,573**	**$ 14,507**	**$ —**	**$ 86,080**	**$ —**	**336**

(i) Capitalization rate is based on In-place NOI calculated on a trailing 12 month basis when the related sale agreement becomes firm, excluding the impact of pandemic-related provisions.

(ii) Includes cost recoveries of $1.1 million related to The Well (Building C) disposition.

(iii) The following represent partial interest dispositions. RioCan retained the remaining ownership interest in these properties.

(iv) RioCan disposed of a 100% ownership interest in 85 Bloor Street West to PR Bloor Street LP as part of the consideration to obtain a 50.0% interest in the joint venture. See the *Joint Arrangements* section of this MD&A for more information.

(v) Includes Desserte Ouest located in Sainte-Dorothée, QC.

As of May 9, 2022, closed, firm or conditional dispositions totaled $191.8 million at a weighted average capitalization rate of 6.6%, including $86.1 million of completed dispositions in the quarter.

RioCan's disposition program permits, in some cases, the advantages of shedding low growth or vulnerable assets, but in all cases, is an effective means to raising capital that can be put to beneficial use to strengthen its balance sheet and fund development.

A number of these transactions involve the sale of partial interests in development properties as well as closing of prearranged air rights sales or future density which allows the Trust to not only realize inherent density value and recycle capital, but also to mitigate risk, share costs, earn additional fee income, and attract new partners or strengthen existing partner relationships. The quality of RioCan's assets are evident in the pricing achieved and in the well respected and established partners attracted despite uncertainty during challenging pandemic circumstances.

JOINT ARRANGEMENTS

Joint arrangement activities represent real estate investments in which RioCan has joint control and either owns an undivided interest in the assets and liabilities with its co-owners (co-ownership or joint operations) or ownership rights to the residual equity of a separate entity holding the property interests (joint ventures) that are accounted for as equity-accounted investments. RioCan has 45 properties with joint operations and 15 properties in 6 joint ventures. RioCan's primary co-ownership arrangements are with Allied Properties REIT (Allied); Boardwalk REIT (Boardwalk); Broccolini Real Estate Group (Broccolini); Canada Pension Plan Investment Board (CPPIB); Killam Apartment REIT (Killam); KingSett Capital (KingSett); Tanger Factory Outlet Centres, Inc. (Tanger); Woodbourne Canada Partners (Woodbourne); and Sun Life Financial. The Trust also has partial interests in 15 properties held through joint ventures with Hudson's Bay Company (HBC), Marketvest Corporation/Dale-Vest Corporation, Fieldgate Urban (Fieldgate), Parallax Properties Inc. (Parallax), Metropia and with a number of investors in RC (Queensway) LP, which are included in our equity-accounted investments in the Condensed Consolidated Financial Statements.

The Trust's co-ownership arrangements are governed by co-ownership agreements with its various co-owners. The Trust's joint venture arrangements are typically governed by limited partnership agreements and/or shareholders' agreements. RioCan's standard joint arrangements provides exit and transfer provisions, including, but not limited to, buy/sell and/or right of first offers or refusals that allow for the unwinding of these joint arrangements should the circumstances necessitate.

Generally, the Trust is only liable for its proportionate share of the obligations of the joint arrangements in which it participates, except in limited circumstances. Credit risk arises in the event that co-owners default on the payment of their proportionate share of such obligations. The joint arrangement agreements will typically provide RioCan with an option to remedy any non-performance by a defaulting co-owner/partner. These credit risks are mitigated as the Trust has recourse against the assets under its joint arrangement agreements in the event of default by its co-owners/partners, in which case the Trust's claim would be against both the underlying real estate investments and the co-owners/partners that are in default. In addition to the matter noted above, RioCan has provided guarantees on debt totalling $245.8 million as at March 31, 2022 on behalf of co-owners/partners (December 31, 2021 - $225.4 million).

In addition to the 6 joint ventures, the Trust has significant influence over 5 limited partnerships, and, as a result, these are also equity-accounted investments.

Selected Financial Information of Joint Ventures and Other Equity-Accounted Investments

Total Assets

(thousands of dollars) As at March 31, 2022	Income properties	PUD (i)	Residential inventory (ii)	Other (iii)	Total assets	Total assets as at December 31, 2021
Joint operations:						
Total assets of proportionately consolidated joint operations	**$ 1,532,110**	**$1,040,533**	**$ 234,238**	**$ 142,069**	**$ 2,948,950**	$ 2,818,537
Equity-accounted joint ventures:						
HBC (RioCan-HBC JV)	**$ 398,067**	**$ —**	**$ —**	**$ 32,842**	**$ 430,909**	$ 431,639
Marketvest Corporation/Dale-Vest Corporation (Dawson-Yonge LP)	**8,973**	**—**	**—**	**218**	**9,191**	9,135
Bloor Street West (RioCan-Fieldgate LP)	**—**	**1,838**	**14,485**	**147**	**16,470**	16,429
RC (Queensway) LP	**—**	**241**	**8,369**	**3,223**	**11,833**	11,069
RC (Leaside) LP - Class B	**—**	**—**	**10,272**	**—**	**10,272**	10,235
PR Bloor Street LP	**—**	**1,940**	**82,475**	**1,674**	**86,089**	—
Total assets of equity-accounted joint ventures (iv)	**$ 407,040**	**$ 4,019**	**$ 115,601**	**$ 38,104**	**$ 564,764**	$ 478,507
Other equity-accounted investments (iv)	**—**	**—**	**77,846**	**7,397**	**85,243**	97,058
Total assets of equity-accounted investments (iv)	**$ 407,040**	**$ 4,019**	**$ 193,447**	**$ 45,501**	**$ 650,007**	$ 575,565
Total joint operations and equity-accounted investments (iv)	**$ 1,939,150**	**$1,044,552**	**$ 427,685**	**$ 187,570**	**$ 3,598,957**	$ 3,394,102

(i) The value of properties under development includes active development projects as well as the value of development lands where development is currently non-active.

(ii) Residential inventory is comprised of the Bloor Street West development with Fieldgate, the Queensway Residential Lands with RC (Queensway) LP, the condominium component of the RioCan Leaside Centre mixed-use project with RC (Leaside) LP - Class B and the development with PR Bloor Street LP.

(iii) Primarily includes finance lease receivable, cash and cash equivalents, rents receivable and other operating expenditures recoverable from tenants.

(iv) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

The above includes nine premier partners that are large real estate investors in our major markets. Working with these partners enables the Trust to uncover opportunities, finance our pipeline and earn fees.

Total NOI

NOI of proportionately consolidated joint operations and NOI of joint operations and equity-accounted investments are non-GAAP financial measures. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

(thousands of dollars) Three months ended March 31	**2022**	2021
Joint Operations:		
Total NOI from proportionately consolidated joint operations	**$ 15,678**	$ 13,859
Equity-accounted investments:		
Joint ventures (i):		
HBC (RioCan-HBC JV)	**$ 5,285**	$ 4,554
Marketvest Corporation/Dale-Vest Corporation (Dawson-Yonge LP)	**95**	105
Bloor Street West (RioCan-Fieldgate LP)	**7**	15
RC (Queensway) LP	**29**	—
PR Bloor Street LP	**34**	—
Total NOI of equity-accounted joint ventures	**$ 5,450**	$ 4,674
Other equity-accounted investments	**76**	44
Total NOI of equity-accounted investments	**$ 5,526**	$ 4,718
Total NOI of joint operations and equity-accounted investments	**$ 21,204**	$ 18,577

(i) Includes the Trust's equity-accounted joint arrangements only and excludes our equity-accounted investment in the WhiteCastle Funds.

RioCan-HBC JV

As at March 31, 2022, the Trust's ownership interest in the RioCan-HBC JV was 20.2% (December 31, 2021 - 20.2%). The following tables present the financial results of the RioCan-HBC JV on a 100% basis:

Condensed Statements of Financial Position

(thousands of dollars)

As at		**March 31, 2022**		December 31, 2021
Current assets	**$**	**5,258**	$	7,840
Non-current assets		**1,992,641**		1,993,503
Current liabilities (i)		**376,852**		486,103
Non-current liabilities (ii)		**428,595**		325,911
Net assets	**$**	**1,192,452**	$	1,189,329
RioCan's share of net assets in RioCan-HBC JV (iii)	**$**	**267,899**	$	267,266

(i) Includes accounts payable and other liabilities, and mortgages payable and lines of credit maturing within twelve months.

(ii) Includes mortgages payable and lines of credit with maturities beyond twelve months.

(iii) Represents RioCan's proportionate share of net assets and other acquisition-related costs.

Condensed Statements of Income

(thousands of dollars)

Three months ended March 31		**2022**		2021
Rental revenue	**$**	**35,294**	$	35,999
Operating expenses		**5,440**		5,534
Fair value losses		**(4,115)**		(2,550)
Interest expense		**8,904**		8,858
Net income	**$**	**16,835**	$	19,057
RioCan's share of net income in RioCan-HBC JV	**$**	**3,403**	$	3,162
Add back/(Deduct):				
Fair value losses – RioCan-HBC JV		**833**		516
Operational lease expenses from ROU assets in RioCan-HBC JV		**(11)**		(9)
RioCan's share of FFO in RioCan-HBC JV (i)	**$**	**4,225**	$	3,669

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP measure.

DEVELOPMENT PROGRAM

Properties Under Development

RioCan's development program is an important component of its long-term growth strategy and is focused on well-located properties in the six major markets in Canada. Often these are properties that RioCan already owns and are located directly on, or in proximity to, major transit lines such as the existing Toronto Transit Commission's subway lines or the Eglinton LRT line, which is currently under construction. Development opportunities also arise from the fact that retail centres are generally built with lot coverages of approximately 25% of the underlying lands and municipalities are supporting additional density particularly near major infrastructure investments. Considering that RioCan already owns the land for its portfolio of mixed-use redevelopment opportunities, these projects are expected to generate strong incremental returns and increase the Trust's net asset value.

The overall development environment in Canada is undergoing changes. Refer to the *Business Overview and Strategy, Business Environment and Outlook,* and *Risks and Uncertainties* sections of this MD&A for discussions about the development environment in general and under the pandemic specifically, as well as associated risks. Development risk management is essential to the Trust's success. The Trust strategically and prudently manages its development risks as follows:

- RioCan undertakes developments selectively based on opportunities in its portfolio and within the major markets it focuses on.
- Development projects must be expected to generate appropriate risk-adjusted returns. The Trust will not commence construction until it has third-party market studies of the rental or for sale residential markets in the development areas and, where a large portion of the development has commercial space, the requisite leasing commitments pertaining to the commercial portion of the mixed-use developments are required.
- RioCan's well established and robust internal control framework ensures proper oversight over development approvals and construction management.
- RioCan uses a staggered approach in its development program to avoid unnecessary concentration of development projects in a single period of time in order to allocate risks and manage the Trust's capital. The staggered development approach also enables proper allocation of personnel resources and ensures that the Trust's experienced development team is at the appropriate scale, resulting in no overhead pressure for RioCan to take on suboptimal development activities.
- RioCan utilizes strategic partnerships to reduce capital requirements and mitigate risks.
- RioCan often already owns the assets with development potential which are income producing. This allows the Trust to manage the timing of development starts, and if required, these assets can continue to generate income until the appropriate time to commence development is reached.
- RioCan's development team utilizes a variety of cost mitigation strategies, such as working with experienced construction managers early in the project design stage to validate that a project's constructability and efficiency is maximized, ensuring that soil and geotechnical conditions are known before breaking ground, finalizing construction drawings to the furthest extent possible prior to commencing construction, and structuring construction management contracts such that the contracts are converted to fixed price contracts as soon as all of the scope is defined thus limiting cost escalations.
- The Trust's mixed-use residential rental development allows the Trust to access Canadian Mortgage and Housing Corporation (CMHC) insured mortgages which diversifies the Trust's funding sources and provides a lower cost of debt.
- RioCan's developments are across numerous geographic markets, thus permitting diversification of market dynamics.

The Trust categorizes the projects within its development program as follows:

Category	Description
Greenfield Development	Projects on vacant land typically located in suburban markets that are being constructed or developed from the ground-up for future use as income producing properties (IPP or IPPs).
Urban Intensification	Projects at existing IPPs located in urban markets, which typically involve increasing the density or square footage of the properties and are often mixed-use projects.
Expansion and Redevelopment	Existing IPPs, or components thereof, that are being repositioned through redevelopment, which typically increases NOI by adding to the rentable area of the properties.

In addition to the above development categories, the Trust also owns vacant lands and other properties that could be used for future developments. Such vacant land and other properties are reported as "Development Lands and Other" under properties under development (PUD) in the *Estimated PUD Project Costs* section of this MD&A.

Management's current estimates and assumptions, as discussed throughout this *Development Program* section, are subject to change. Such changes may be material to the Trust. Although the estimated development expenditures are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these projections and development expenditures may, therefore, materially differ from management's current estimates. In addition, there is no assurance that all of these developments will be undertaken, and if they are, there is no assurance as to the mix of commercial and residential developments, the costs, the phasing of the projects, or the development yields to be achieved.

Declaration of Trust and Financial Covenants

The provisions of the Trust's Declaration have the effect of limiting direct and indirect investments in greenfield developments and development properties held for resale (each net of related mortgage debt and including mezzanine financing which funds the co-owners' share of such developments) to no more than 15% of total consolidated Unitholders' equity of the Trust, as determined under IFRS (herein referred to as the "Basket Ratio" with Adjusted Unitholders' Equity as defined in the Declaration). As at March 31, 2022, RioCan's investments in greenfield development and residential inventory as a percentage of consolidated Unitholders' equity is 5.1% and, therefore, the Trust is in compliance with this restriction.

In addition, RioCan's revolving unsecured operating line of credit and non-revolving unsecured credit facilities agreements require the Trust to maintain certain financial covenants, one of which includes a more restrictive covenant as it pertains to the Trust's development activities. As at March 31, 2022, the Trust is in compliance with all financial covenants pursuant to the operating line of credit and credit facilities agreements including the one relating to the Trust's development activities. Refer to Note 22 of the Condensed Consolidated Financial Statements for further details.

Development Pipeline

RioCan's development pipeline as at March 31, 2022 is estimated as follows:

		Estimated Density (NLA) at RioCan's interest (i)				
					Components of PUD	
(thousands of sq. ft.)	Number of Projects (ii)	Total	PUD (iii)	Residential Inventory (iv)	Commercial	Residential Rental
A. Active projects with detailed cost estimates						
Greenfield Development (v)	2	438	438	—	438	—
Urban Intensification (vi)	11	2,034	1,693	341	1,004	689
	13	**2,472**	**2,131**	**341**	**1,442**	**689**
Expansion & Redevelopment (vii)	11	128	128	—	128	—
Subtotal	**24**	**2,600**	**2,259**	**341**	**1,570**	**689**
B. Active projects with cost estimates in progress(viii)	**20**	**18,844**	**16,926**	**1,918**	**3,612**	**13,314**
Total Active Projects	**44**	**21,444**	**19,185**	**2,259**	**5,182**	**14,003**
C. Future projects (ix)	**17**	**20,533**	**20,533**	**—**	**2,204**	**18,329**
D. Total equity-accounted investments (x)	**4**	**667**	**21**	**646**	**20**	**1**
Total development pipeline	**65**	**42,644**	**39,739**	**2,905**	**7,406**	**32,333**

(i) Estimated density across the various components of the development pipeline is expressed as NLA, which represents approximately 90% of Gross Floor Area (GFA) for residential rental and inventory developments. This conversion factor is an estimate, which is based on a number of assumptions including but not limited to, site plan approval, final building design and floor plans as well as the mix of commercial and residential space in a multi-use development project.

(ii) Given the range of development activities and the multi-phase nature of the development projects included in the total development pipeline, a single investment property could have more than one project. Therefore, the number of projects should not be viewed as equivalent to the number of properties under development.

(iii) PUD NLA includes commercial and residential rental NLA, but excludes NLA for condominiums and townhouse projects which are reported separately as Residential Inventory.

(iv) Represents the density associated with the development of our residential condominiums and townhouse projects that are to be sold in the normal course of business upon project completion, not to be held for long-term capital appreciation or rental income. As such, the costs associated with this NLA are treated as residential inventory under IFRS and are thus not reported as PUD, even though this NLA forms part of RioCan's development program and is included in the above estimated development pipeline. Condominium and townhouse developments are discussed under the *Residential Inventory and Equity-accounted Investments* sections of this MD&A.

(v) Greenfield Development projects include approximately 0.3 million square feet that are currently IPP.

(vi) Urban Intensification projects include approximately 0.3 million square feet that are currently IPP.

(vii) Expansion and Redevelopment projects include approximately 0.1 million square feet of vacant NLA being redeveloped for future tenants.

(viii) Active projects with cost estimates in progress include approximately 3.5 million square feet that are currently IPP.

(ix) Future projects density includes approximately 1.9 million square feet that are currently IPP.

(x) Includes development properties within the following equity-accounted joint ventures: Verge (Phase One and Two), the condominium component of RioCan Leaside Centre, Bloor Street West and PR Bloor Street LP.

It should be noted that the explanations or definitions in the footnotes for terms in the above table have the same meanings for the same terms across this *Properties Under Development* section of this MD&A and therefore will not be repeated after each relevant table.

Approximately 6.1 million square feet of NLA out of the total estimated 42.6 million square feet development pipeline is existing NLA which is currently income producing, resulting in net incremental density estimated at 36.6 million square feet as at March 31, 2022. When compared to December 31, 2021, the development pipeline has decreased by 0.4 million square feet primarily due to the elimination of air rights NLA which have been sold mostly offset by the addition of development projects held within equity-accounted joint ventures.

The creation of development density is key to unlocking the inherent value in our development pipeline. Every step toward shovel ready as zoning, de-tenanting and environmental matters are addressed, incrementally increases the value of our properties. The following table details the Trust's development pipeline (at RioCan's interest) by zoning status.

			Estimated Density (NLA) at RioCan's interest				
						Components of PUD	
(thousands of sq. ft., unless otherwise noted)	Number of Projects	% of square footage zoned	Total	PUD	Residential Inventory	Commercial	Residential Rental
Zoning approved	41	39.5 %	16,831	14,561	2,270	4,902	9,659
Zoning applications submitted	7	16.0 %	6,838	6,663	175	716	5,947
Zoning pending application	17	44.5 %	18,975	18,515	460	1,788	16,727
Total development pipeline	**65**	**100.0 %**	**42,644**	**39,739**	**2,905**	**7,406**	**32,333**

Zoned NLA increased by 3.1 million square feet when compared to the year ended December 31, 2021 as Shoppers World Brampton, located in Brampton Ontario, was added to zoning approved during the period offset by changes noted earlier in the total development pipeline. Virtually all of the projects are located in major urban centres and are typically located in the vicinity of existing or planned substantive transit infrastructure with 77.7% of the development pipeline located in the GTA.

	Estimated Density (NLA) at RioCan's Interest		
(thousands of sq. ft., unless otherwise noted)	Number of projects	NLA	% of total NLA
Greater Toronto Area	44	33,132	77.7 %
Ottawa	8	2,436	5.7 %
Calgary	5	2,267	5.3 %
Montreal	1	1,179	2.8 %
Edmonton	2	2,712	6.4 %
Vancouver	3	904	2.1 %
Other (i)	2	14	— %
Total development pipeline	**65**	**42,644**	**100.0 %**

(i) Relates to smaller redevelopment projects.

Estimated PUD Project Costs

Estimated project costs include land costs measured at fair value of the land or existing IPP upon transfer to PUD, soft and hard construction costs, external leasing costs, tenant inducements, construction and development management fees, and capitalized interest and other carrying costs, as well as capitalized development staff compensation and other expenses, but are net of estimated costs recoveries and proceeds from air rights sales.

RioCan's share of estimated PUD project costs as at March 31, 2022 for the 24 active PUD projects with detailed cost estimates (Category A as shown in the Development Pipeline table earlier), plus the current carrying costs of the development lands and other and net of projected proceeds from development dispositions, are summarized in the table below. For greater clarity, costs relating to condominium and townhouse developments included in the *Residential Inventory* section in the Condensed Consolidated Financial Statements and costs related to projects within equity-accounted joint ventures in the Condensed Consolidated Financial Statements are excluded from the following table.

		At RioCan's Interest					
				Costs Incurred to Date			
(thousands of dollars or thousands of sq. ft.)	Number of Projects	Total PUD NLA	Total Estimated Costs	Completed (IPP)	PUD	Total	Estimated PUD Costs to Complete
Greenfield Development	2	438	$ 206,183	$ 125,264	$ 45,722	$ 170,986	$ 35,197
Urban Intensification	11	1,693	1,573,077	238,857	868,818	1,107,675	465,402
	13	2,131	1,779,260	364,121	914,540	1,278,661	500,599
Expansion & Redevelopment (iii)	11	128	72,308	—	45,545	45,545	26,763
Active projects with detailed cost estimates	**24**	**2,259**	**$ 1,851,568**	**$ 364,121**	**$ 960,085**	**$ 1,324,206**	**$ 527,362**
Development Lands and Other (i)		—	357,573	—	357,573	357,573	—
Projected proceeds from dispositions (ii)		—	(10,160)	—	—	—	(10,160)
Total			**$ 2,198,981**	**$ 364,121**	**$ 1,317,658**	**$ 1,681,779**	**$ 517,202**
Fair Value to Date				**$ 349,894**	**$ 1,437,298**	**$ 1,787,192**	

(i) Development lands and other includes excess land and other properties that could be used for future developments.

(ii) Represents firm or conditional land sales that the Trust intends to sell instead of holding for long-term income, which management considers to be reductions to its overall development costs.

(iii) Expansion and Redevelopment projects tend to be shorter in duration and smaller in size compared to Greenfield and Urban Intensification projects, and generally pertain to the redevelopment of individual unit(s) at a property. Once the redevelopment of the individual unit(s) has/have been completed, the NLA and associated costs are transferred to IPP and are no longer included in the development pipeline or development costs, resulting in nil completed IPP in this table.

Total estimated costs for the 24 active projects with detailed cost estimates as at March 31, 2022 increased by $96.9 million when compared to December 31, 2021. This increase was primarily due to the addition of Next, our residential development at Strawberry Hill Residential in Surrey, British Columbia and Queen & Ashbridge in Toronto, Ontario to the Urban Intensification category.

The above total estimated development costs as at March 31, 2022 are further broken down by committed and non-committed spending as follows:

	At RioCan's Interest				
		Costs Incurred to Date			
(thousands of dollars)	Total Estimated Costs	Completed (IPP)	PUD	Total	Estimated PUD Costs to Complete
Committed (i)	$ 1,841,408	$ 364,121	$ 960,085	$ 1,324,206	$ 517,202
Non-committed	357,573	—	357,573	357,573	—
Total	**$ 2,198,981**	**$ 364,121**	**$ 1,317,658**	**$ 1,681,779**	**$ 517,202**

(i) A project is considered to be committed when all major planning issues have been resolved, anchor tenant(s) for the commercial components has/have been secured, and/or construction is about to commence or has commenced. Although a non-committed project may have a completed portion, the Trust is not committed to completing the remaining phase(s) of the project if it so decides in due course. Development Lands and Other are included in non-committed projects.

Incremental Value Creation

For the 24 active properties under development with detailed cost estimates, as well as development lands and other, as summarized under the *Estimated PUD Project Costs* section of this MD&A, the Trust has recognized $105.4 million of cumulative fair value gains as at March 31, 2022. Most of the recognized cumulative fair value gains are related to the benefit from air rights sales at The Well, increased valuations of excess land held for future development and fair value gains recognized upon sales of interests to partners.

As transactions continue to validate the inherent value of air rights, the Trust anticipates realizing substantial net value creation from its additional 21.1 million square feet of excess density that is either zoned or have zoning applications submitted as well as the 19.0 million square feet of future projects. As at March 31, 2022, nominal fair value gains or inventory gains have been recognized relating to these 40.1 million square feet of density.

Properties under Development Continuity

(thousands of dollars) Three months ended March 31		**2022**		2021
Balance, beginning of period	**$**	**1,457,302**	$	1,353,982
Acquisitions (i)		**11,946**		—
Dispositions (i)		**(14,507)**		(20,974)
Development expenditures		**61,165**		74,245
Transfers PUD to IPP - cost		**(85,817)**		(40,869)
Transfers PUD to IPP - fair value losses		**2,220**		1,786
Transfers IPP to PUD		**—**		22,900
Transfers to residential inventory		**(4,840)**		—
Fair value gains, net		**9,829**		3,461
Earn-out consideration		**—**		1,409
Balance, end of period	**$**	**1,437,298**	$	1,395,940

(i) Refer to the *Acquisitions and Dispositions* section of this MD&A for information regarding development property acquisitions and dispositions.

Completed Developments in 2022

During the three months ended March 31, 2022, RioCan transferred 145,000 square feet of completed development projects to income producing properties. A summary of RioCan's NLA development completions during the year is as follows:

		NLA at RioCan's Interest		
(thousands of sq. ft.)		2022		Tenants
Property location	RioCan's % ownership	Total NLA	Q1	
Urban Intensification				
Gloucester - Phase Two (Latitude)	50%	83	83	Residential
College & Manning (Strada)	50%	27	27	Residential, Healthy Planet
Total Urban Intensification		**110**	**110**	
Expansion and Redevelopment				
RioCan Shawnessy	100%	33	33	Value Village
Place St Jean	100%	2	2	A&W
Total Expansion and Redevelopment		**35**	**35**	
Total Development Completion		**145**	**145**	

Annual Development Spending and Completion Outlook

Annual development spending for 2022 is estimated in the $475 million to $525 million range, which is net of projected cost recovery and proceeds from air rights sales, excludes acquisitions for purposes of development and includes development spending within equity-accounted joint ventures. The Trust also has between $30 million to $35 million of revenue enhancing capital expenditures planned for 2022 in support of its strategic objectives.

The following table provides a summary of the components for annual development spend including residential inventory projects and revenue enhancing capital expenditures. Inventory projects satisfy market demand for home ownership and enable the Trust to accelerate capital recycling to further fund its development program.

(millions of dollars)	2022 Estimated Development Spending and Revenue Enhancing Capital Expenditures
Properties under development	$315 - $355
Residential Inventory	$160 - $170
Subtotal 2022 estimated development spending (i)	**$475 - $525**
2022 estimated revenue enhancing capital expenditures	$30 - $35
Total spend across all categories	**$505 - $560**

(i) Includes estimated Development Spending for properties under development and residential inventory within equity-accounted joint ventures in the range of $30 million - $40 million.

The Trust's long-term goal is to keep the total IFRS value of PUD and residential inventory on the consolidated balance sheet as a percentage of consolidated gross book value of assets at approximately 10% or lower (except for short-term fluctuations as large projects are completed), despite the maximum of 15% permitted under the Trust's revolving unsecured operating line of credit and other credit facilities agreements. As at March 31, 2022, this metric was 11.0%, which is stable when compared to year end 2021. Refer to Note 22 of the Condensed Consolidated Financial Statements for additional details.

The Trust has been funding and will continue to fund its developments primarily through proceeds from dispositions, sales proceeds from residential inventory or air rights sales, strategic development partnerships with existing or new partners, as well as retained earnings or excess cash flows after maintenance capital expenditures and distributions have been paid.

The Trust's estimated development completions for 2022 and 2023 are summarized as follows:

(thousands of dollars, unless otherwise noted)	Projected Development Completions (at RioCan's Interest)				
Year of completion	NLA Completion (SF)	IFRS Cost Transfers from PUD to IPP (i)	Adjustments to Cash Basis (ii)	Total Net Costs transfers from PUD to IPP (iii)	Incremental Stabilized Cash NOI (iv)
2022 (v)	719,269	$ 666,293	$ (66,014)	$ 600,279	$ 27,420
2023	621,112	590,544	(42,910)	547,634	25,963

(i) Cost transfers include multiple projects, including The Well transfers to IPP during 2022 and 2023.

(ii) Adjustments to cash basis include applicable interim or fee income earned during the development period, proceeds from land sales recognized during the life of the project, cost of vacant land, capitalized interest on invested equity and fair value components that were included in initial amounts transferred into PUD.

(iii) This is a forward-looking non-GAAP financial measure calculated based on expected IFRS cost transfers from PUD to IPP adjusted for items noted in (ii), and is a measure of the net cash cost of completed developments.

(iv) This is a forward-looking non-GAAP financial measure calculated based on proforma annualized Stabilized NOI. Refer to the *Non-GAAP Measures* section of this MD&A for more information on NOI.

(v) 2022 completions are for the entire year. Approximately 145,000 square feet of NLA were completed in Q1 2022.

In addition to the PUD completions shown in the table above, RioCan expects to complete a total approximately 315,000 square feet of condominium / townhouse deliveries during 2022 and 2023.

NLA Completions for 2022 and 2023, when compared to Q4 2021, decreased by 30,990 square feet and 93,138 square feet respectively. These changes were due to the shifting of completion timelines from 2022 to 2023 for three pads at various sites as well as a shift from the fourth quarter 2023 to the following year for the additional phases of the retail development at East Hills in Calgary, Alberta.

The above project completion estimates are subject to changes due to risks and uncertainties as discussed in this MD&A. The IFRS cost transfers from PUD to IPP represent estimated IFRS project costs net of proceeds from sales of air rights including costs recoveries. Adjustments to cash basis which are deducted from the IFRS costs transfers so as to arrive at total net costs transfers from PUD to IPP include applicable interim or fee income earned during the development period, proceeds from land sales recognized during the life of the project, cost of vacant land, capitalized interest on invested equity and any fair value components that were included in initial amounts transferred into PUD.

The table above reflects expected development completions for The Well occurring in the year in which each tenant's fixturing period ends. These development completions are expected to largely coincide with the tenants' rent commencement dates.

This assumption underlying the expected dates of transfers of development completions for The Well takes into account the terms of the lease contracts, the overall scale and state of readiness of the project and the nature and extent of the leasehold improvements and has no impact on project cash flows. Assigning the expected end of the fixturing as the expected date of development completions has the effect of increasing the capitalization of development carrying costs up to the end of the fixturing period and delaying the recognition of straight-line rent. The Well's construction and deliveries are proceeding on schedule.

Mixed-Use Residential Development

RioCan remains committed to its residential development program. RioCan targets to develop approximately 10,000 residential rental units over the next decade. The following table is as of May 9, 2022 and summarizes the number of residential units that have been completed, are under construction or are expected to be in different phases of development by 2024:

	Units (at 100%)			Number of projects
	Residential Rental	Condominium/ Townhouse (i)	Total Units	Total Projects (ii)
Completed (iii)	1,698	1,066	**2,764**	**10**
Under construction	1,300	2,639	**3,939**	**12**
Subtotal	**2,998**	**3,705**	**6,703**	**22**
Different phases under development by 2024 (iv)	1,552	4,379	**5,931**	**15**
Total by 2024	**4,550**	**8,084**	**12,634**	**37**

(i) Includes 2,535 units from the equity-accounted investment projects. Refer to the *Equity-Accounted Investments* section in this MD&A for detailed breakdown of the projects included. All four projects are included in the equity-accounted investments under IFRS given the respective partnership structures. Subsequent to quarter end, 606 units at U.C Tower 2 started construction and an additional 27 units at U.C. Uptowns were completed.

(ii) One property could have more than one project. The number of projects should not be viewed as equivalent to the number of properties.

(iii) Completed Residential Rental units does not include the 139 acquired units at the first phase of Market. Completed Condominium/Townhouse units include 925 condominium units at eCondos™, Kingly™ and U.C. Towns for which all final closings have occurred prior to 2021 and 141 units from U.C. Uptowns, including the 27 units closed subsequent to quarter end.

(iv) Residential Rental units included in different phases under development are only units that will be under construction by 2024.

The following table summarizes the Trust's mixed-use residential projects that have been currently identified, some of which are actively being developed and others that are considered to be strong possible intensification opportunities. This summary does not include Greenfield Development and Urban Intensification projects that have commercial components only.

					Estimated Density (NLA) at RioCan's interest				
								PUD Components	
	(thousands of sq. ft.)	Locations	RioCan Ownership % (Partner)	Total NLA at 100%	Total	PUD	Residential Inventory	Commercial	Residential Rental
A	**Active mixed-use residential projects with detailed cost estimates (ii)**								
	Urban Intensification								
	Dupont Street (Litho) (i)	Toronto, ON	50% (Woodbourne)	178	89	89	—	16	73
	Fifth and Third East Village (5th & THIRD) (i)	Calgary, AB	100%	153	153	153	—	153	—
	Gloucester - Phase Two (Latitude) (i)	Gloucester, ON	50% (Killam)	167	83	83	—	—	83
	College & Manning (Strada) (i)	Toronto, ON	50% (Allied)	107	53	53	—	29	24
	Elmvale Acres - Phase One (Luma) (i)	Ottawa, ON	50% (Killam)	135	68	68	—	5	63
	Westgate - Phase One (Rhythm) (i)	Ottawa, ON	50% (Woodbourne)	165	82	82	—	9	73
	The Well (i)	Toronto, ON	50% (Allied)	1,531	766	766	—	766	—
	The Well - (FourFifty The Well) (i)	Toronto, ON	50% (Woodbourne)	393	196	196	—	—	196
	Strawberry Hill (Next) (i)	Surrey, BC	100 %	79	79	79	—	—	79
	Yorkville (11 YV) (i)	Toronto, ON	50% (CD Capital/Metropia)	502	251	40	211	17	23
	Queen & Ashbridge (i)	Toronto, ON	50% (Context)	427	214	84	130	9	75
	Total active mixed-use residential projects with detailed cost estimates - 11 projects (ii)			**3,837**	**2,034**	**1,693**	**341**	**1,004**	**689**
B	**Active mixed-use residential projects with cost estimates in progress (iii)**								
	Approved Zoning								
	Clarkson Village (i)	Mississauga, ON	100%	454	454	35	419	35	—
	Gloucester Future Phases (i)	Gloucester, ON	50% (Killam)	482	241	241	—	10	231
	Brentwood Village - Phase Two (i)	Calgary, AB	100%	810	810	810	—	405	405
	Millwoods Town Centre (i)	Edmonton, AB	100%	1,649	1,649	1,649	—	749	900
	Elmvale Acres Future Phases (i)	Ottawa, ON	100%	423	423	423	—	113	310
	Westgate Future Phases (i)	Ottawa, ON	100%	538	538	538	—	67	471
	Strawberry Hill Future Sites (i)	Surrey, BC	100%	821	821	821	—	—	821
	RioCan Windfields / U.C. Tower / Towns (i) (v)	Oshawa, ON	100% of commercial, 50% of residential (Tribute)	2,290	1,490	693	797	693	—
	Markington Square (i)	Toronto, ON	100%	893	893	893	—	79	814
	RioCan Durham Centre (i)	Ajax, ON	100%	580	580	580	—	28	552
	Shoppers World Brampton (i)	Brampton, ON	100%	3,787	3,787	3,476	311	700	2,776
	Dufferin Plaza (i)	Toronto, ON	50% (Maplelands)	447	224	8	216	8	—
	2955 Bloor Street (i)	Toronto, ON	100%	96	96	96	—	9	87
				13,270	**12,006**	**10,263**	**1,743**	**2,896**	**7,367**
	Zoning applications submitted								
	RioCan Grand Park	Mississauga, ON	100%	216	216	216	—	17	199
	RioCan Scarborough Centre	Toronto, ON	100%	3,851	3,851	3,851	—	71	3,780
	RioCan Leaside Centre	Toronto, ON	100%	812	812	812	—	199	613
	RioCan Hall	Toronto, ON	100%	805	805	805	—	328	477
	Sandalwood Square	Mississauga, ON	100 %	815	815	815	—	50	765
	Residential Lands at Sandalwood Square (vi)	Mississauga, ON	50% (Marlin Spring)	381	190	15	175	15	—
	2323 Yonge Street	Toronto, ON	50% (Streamliner)	299	149	149	—	36	113
				7,179	**6,838**	**6,663**	**175**	**716**	**5,947**
	Total active mixed-use residential projects with cost estimates in progress - 20 projects (iii)			**20,449**	**18,844**	**16,926**	**1,918**	**3,612**	**13,314**
	Total active mixed-use residential projects - 31 projects			**24,286**	**20,878**	**18,619**	**2,259**	**4,616**	**14,003**
C	**Future projects (iv)**								
	Approved Zoning - 2 projects			2,032	2,032	2,032	—	430	1,602
	Future mixed-use residential sites - 15 projects			23,149	18,501	18,501	—	1,774	16,727
	Total future projects - 17 projects			**25,181**	**20,533**	**20,533**	**—**	**2,204**	**18,329**
D	**Equity- accounted investments**								
	Approved Zoning			855	193	7	186	6	1
	Zoning other			948	474	14	460	14	—
	Total equity-accounted investments (vii) - 4 projects			**1,803**	**667**	**21**	**646**	**20**	**1**
	Total mixed-use residential developments - 52 projects			**51,270**	**42,078**	**39,174**	**2,905**	**6,840**	**32,333**
	Mixed-use residential developments as a percentage of total development pipeline				**98.7 %**	**98.6 %**	**100.0 %**	**92.4 %**	**100.0 %**

(i) As at the date of this MD&A, RioCan has obtained final zoning approvals for the development of these properties. The above table includes only mixed-use residential development projects and thus does not include Greenfield Development and Expansion and Redevelopment projects that do not have residential components. As a result, the Trust has more projects with zoning approvals than what is included in this table.

(ii) Active mixed-use residential projects with detailed cost estimates include approximately 0.3 million square feet that are currently IPP.

(iii) Active mixed-use projects with cost estimates in progress include approximately 3.5 million square feet that are currently IPP.

(iv) Future projects density includes approximately 1.9 million square feet that is currently IPP.

(v) Excludes Phase One of RioCan Windfields which includes 0.1 million square feet of commercial space. Refer to the *Greenfield Development* section of this MD&A for further details.

(vi) Represents RioCan's 50% share of a redevelopment on a discrete parcel on the northwest corner of RioCan's Sandalwood Square.

(vii) Includes development properties within the following equity-accounted joint ventures: Verge (Phase One and Two), the condominium component of RioCan Leaside Centre, Bloor Street West and PR Bloor Street LP.

Mixed-use residential projects account for approximately 98.7% or 42.1 million square feet of NLA of the Trust's total estimated development pipeline, of which 16.3 million square feet currently have zoning approvals, 6.8 million square feet currently have zoning applications submitted and 19.0 million square feet represent sites with future density. When compared to Q4 2021 mixed-use residential projects decreased by 0.4 million square feet due to similar factors as explained earlier for the decrease in the entire development pipeline.

Residential developments including rental and residential inventory account for 82.6% or 35.2 million square feet of the Trust's current development pipeline.

Greenfield Development

As at March 31, 2022, RioCan's two active commercial greenfield development projects with detailed costs estimates are summarized as follows:

		At RioCan's Interest									
		Total NLA Upon Project Completion				Costs incurred to date					
(thousands of dollars or thousands of sq. ft.)	RioCan's % Ownership	Completed	PUD	Total	Total Estimated Costs	Completed	PUD	Total	Estimated PUD Costs to Complete	% Commercial Leased (i)	Anticipated Date of Development Completion
East Hills, Calgary, AB	40%	177	115	292	$ 122,668	$ 62,781	$ 30,233	$ 93,014	$ 29,654	61%	2025
RioCan Windfields Phase One, Oshawa, ON (ii)	100%	123	23	146	83,515	62,483	15,489	77,972	5,543	95 %	2023
Total Estimated PUD Costs		**300**	**138**	**438**	**$ 206,183**	**$ 125,264**	**$ 45,722**	**$ 170,986**	**$ 35,197**		
Fair Value to date						**$ 122,487**	**$ 21,021**	**$ 143,508**			

(i) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines. The percentage of commercial leasing activity is as of May 9, 2022.

(ii) Excludes approximately 7 thousand square feet of planned but still undeveloped pads, 100% of the space currently under construction has been leased.

Windfields Farm is a multi-phase, mixed-use project that includes commercial and residential uses. Phase One of the commercial component of the project has detailed cost estimates approved and is therefore included in the above table. Further details of the remaining components of the Windfields Farm project are included in the *Mixed-Use Residential Development* and *Residential Inventory* sections of this MD&A.

As of May 9, 2022, approximately 315,000 square feet of the above greenfield development NLA has committed leases, which includes tenants that have taken possession of the space, at a weighted average net rental rate of approximately $22.86 per square foot.

Urban Intensification

A focus within our development growth strategy is urban intensification, which is the category for our mixed-use residential development program. As at March 31, 2022, the Trust has 11 active urban intensification projects with detailed cost estimates, which are summarized in the following table. The majority of the 11 projects are located in Toronto and Ottawa, Ontario with an additional project located in each of Calgary, Alberta and Surrey, British Columbia.

		At RioCan's Interest									
		Total PUD NLA Upon Project Completion				Costs incurred to date					
(thousands of dollars or thousands of sq. ft.)	RioCan's % Ownership	Completed (viii)	PUD	Total	Total Estimated Costs	Completed	PUD	Total	Estimated PUD Costs to Complete	% Commercial Leased (i)	Anticipated Date of Development Completion
Dupont Street (Litho), Toronto, ON (iv)	50 %	89	—	89	$ 78,792	$ 72,935	$ —	$ 72,935	$ 5,857	100 %	2021-2022
Fifth and Third East Village (5th & THIRD), Calgary, AB (iv) (vii)	100 %	132	21	153	95,699	84,669	8,585	93,254	2,445	89 %	2022
Gloucester - Phase Two (Latitude), Ottawa, ON (iv)	50 %	83	—	83	45,267	40,429	—	40,429	4,838	n/a	2022
College & Manning (Strada),Toronto, ON (iv)	50 %	53	—	53	42,941	40,824	—	40,824	2,117	100 %	2022
Elmvale Acres - Phase One (Luma), Ottawa, ON (iv)	50 %	—	68	68	46,922	—	40,333	40,333	6,589	n/a	2022
Westgate - Phase One (Rhythm), Ottawa, ON (iv)	50 %	—	82	82	52,262	—	38,397	38,397	13,865	n/a	2022
The Well, Toronto, ON (iii) (iv) (v)	50%	—	766	766	896,169	—	658,113	658,113	238,056	90 %	2022-2024
The Well - (FourFifty The Well), Toronto, ON (iv)	50 %	—	196	196	147,408	—	79,600	79,600	67,808	n/a	2023
Strawberry Hill (Next), Surrey, BC (iv)	100 %	—	79	79	47,916	—	5,094	5,094	42,822	n/a	2024
Yorkville (11 YV), Toronto, ON (iv) (vi)	50 %	—	40	40	47,932	—	23,843	23,843	24,089	n/a	2025
Queen & Ashbridge, Toronto, ON (iv) (ix)	50 %	—	84	84	$ 71,769	$ —	$ 14,853	$ 14,853	$ 56,916	n/a	2025
Total Estimated Costs (ii)		**357**	**1,336**	**1,693**	**$1,573,077**	**$ 238,857**	**$868,818**	**$1,107,675**	**$ 465,402**		
Fair Value to date						**$ 227,407**	**$940,094**	**$1,167,501**			

(i) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines. Leasing shown in this table is calculated as a percentage of commercial square footage only as there is typically no pre-leasing for residential rental square footage. The percentage of commercial leasing activity is as of May 9, 2022.

(ii) Total costs incurred to date exclude fair value gains of $71.3 million for properties under development.

(iii) The total estimated PUD costs for The Well are net of approximately $54.0 million of recoverable costs at RioCan's interest relating to matters such as parking, parkland dedication, and an Enwave thermal energy tank and approximately $75.6 million of air rights sales proceeds. All air rights sales have been completed. Over 99% of the hard costs have been tendered and awarded.

(iv) These projects are committed, representing projects where all planning issues have been resolved, anchor tenant(s) has or have been secured, and/or construction is about to commence or has commenced.

(v) The 522,089 square feet at RioCan's share or 90% of total commercial square footage leased at The Well is based on committed leases, including extension rights, for office space only. Retail leasing has commenced at The Well, with approximately 79% of the retail space leased, including retail leases nearing finalization and those in advanced stages of negotiation. Expected development completions for The Well are assumed to occur when each tenants' fixturing period ends and are expected to largely coincide with the tenants' rent commencement dates. This assumption underlying the anticipated dates of development completions for The Well takes into account the terms of the lease contracts, the overall scale and state of readiness of the project and the nature and extent of the leasehold improvements and has no impact on project cash flows. Assigning the expected fixturing end date as the anticipated date of development completion, has the effect of increasing the capitalization of development carrying costs up to the end of the fixturing period and delaying the recognition of straight-line rent. The Well's construction and deliveries are proceeding on schedule. See the *Annual Development Spending and Completion Outlook* section of this MD&A for further details.

(vi) The Yorkville project (11 YV) consists of three components; the condominium tower, rental replacement units and retail. The NLA noted above represents only the rental replacement units and retail components of the project, representing approximately 16% of the total area. For information on the condominium component refer to the *Residential Inventory* section in the MD&A. Over 96% of the hard costs have been tendered and 93% awarded.

(vii) Approximately $32.1 million of air rights sale proceeds were received upon closing during 2020, which have been netted in total estimated and completed costs.

(viii) Completed NLA includes units transferred to IPP.

(ix) The Queen & Ashbridge (QA) consists of three components; the condominium tower, residential rental units and retail. The NLA noted above represents only the residential rental units and retail components of the project, representing approximately 39.3% of the total area. For information on the condominium component, refer to the *Residential Inventory* section in the MD&A. Over 15% of the hard costs have been tendered and awarded.

As of May 9, 2022, approximately 778,000 square feet of the above urban intensification NLA under development has committed or in-place leases at a weighted average net rent rate of approximately $41.87 per square foot.

Expansion & Redevelopment

A summary of RioCan's expansion and redevelopment projects as at March 31, 2022 is as follows:

		At RioCan's Interest					
				Costs Incurred to Date			
(thousands of dollars or thousands of sq. ft.)	RioCan's % Ownership	Total PUD NLA Upon Project Completion	Total Estimated Costs	Costs Incurred to Date	Historical IPP Costs (iii)	Total	Estimated PUD Cost to Complete
Five Points Shopping Centre, Oshawa, ON	100 %	9	$ 7,589	$ 159	$ 2,680	$ 2,839	$ 4,750
Tanger Outlets - Kanata, Kanata, ON	50 %	18	7,991	2,584	1,314	3,898	4,093
Yonge Sheppard Centre Commercial, Toronto, ON	100 %	21	25,117	18,199	—	18,199	6,918
Heart Lake Town Centre, Toronto, ON	100 %	6	4,577	73	—	73	4,504
RioCan Shawnessy, Calgary, AB	100 %	44	13,514	2,745	8,992	11,737	1,777
Strawberry Hill Shopping Centre, Surrey, BC	100 %	4	1,645	312	—	312	1,333
Georgian Mall, Barrie, ON	50 %	2	704	36	—	36	668
University Plaza, Hamilton, ON	100 %	2	888	95	—	95	793
Properties with former Sears units (ii) - 3 projects		22	10,283	5,290	3,066	8,356	1,927
Total Estimated PUD Costs (i)		**128**	**$ 72,308**	**$ 29,493**	**$ 16,052**	**$ 45,545**	**$ 26,763**
PUD Fair Value to date						**$ 34,364**	

(i) Total estimated costs include carrying amounts transferred from IPP for redevelopment and exclude historical fair value losses of $11.2 million.

(ii) RioCan transferred carrying value associated with the spaces formerly occupied by Sears from IPP to PUD. The estimated PUD costs to complete are based upon various scenarios with the objective of developing these assets, such that RioCan can attract new tenants, achieve higher rents and improve the overall shopping centres.

(iii) Historical costs were costs of IPP prior to the transfer to PUD.

Residential Inventory

Residential inventory is comprised of properties acquired or developed which RioCan intends to dispose all or part of in the ordinary course of business, rather than hold on a long-term basis for capital appreciation or for rental income purposes. It is expected that the Trust will earn a return on these assets through a combination of (i) property operating income earned during the relatively short interim occupancy period, which will be included in net income, and (ii) sales proceeds.

A summary of RioCan's residential inventory projects as at March 31, 2022 is as follows:

						At RioCan's Interest								
			Condominium/Townhouse Units Upon Project Completion (at 100%)				Costs incurred to date							
(thousands of dollars or thousands of sq. ft., except where otherwise noted)		RioCan's Ownership % (Partner)	Completed (i)	Inventory	Total	Total Estimated Costs (ii)	Completed	Inventory	Commissions (ii)	Total	Estimated Costs to Complete (ii)	% Pre - sold (iii)	Inventory gain ($ millions) (iv)	Anticipated Date of Completion (v)
A.	**Active mixed-use residential inventory projects with detailed cost estimates completed and under construction**													
	U.C. Uptowns, Oshawa, ON	50% (Tribute)	114	39	153	$ 32,409	$ 24,087	$ 1,730	$ 256	$ 26,073	$ 6,336	100.0%	$4.0	2021-2022
	U.C. Tower, Oshawa, ON	50% (Tribute)	—	503	503	71,917	—	46,264	2,029	48,293	23,624	100.0%	$18.0 - $19.0	2022
	Yorkville (11 YV), Toronto, ON	50% (CD Capital / Metropia)	—	587	587	254,952	—	118,953	5,695	124,648	130,304	99.1%	$72.0 - $75.0	2024-2025
	Queen & Ashbridge, Toronto, ON	50% (Context)	—	399	399	121,616	—	24,173	2,714	26,887	94,729	95.6%	$29.0 - $31.0	2025
	Subtotal		**114**	**1,528**	**1,642**	**$ 480,894**	**$ 24,087**	**$191,120**	**$ 10,694**	**$225,901**	**$ 254,993**		**$123.0 - $129.0**	
B.	**Active mixed-use residential inventory projects with detailed cost estimates completed pending construction start**													
	U.C. Towns 2, Oshawa, ON	50% (Tribute)	—	65	65	$ 16,823	$ —	$ 794	$ 35	$ 829	$ 15,994	100.0%	$10.0 - $11.0	2023
	U.C. Tower 2, Oshawa, ON	50% (Tribute)	—	606	606	125,960	—	2,044	306	2,350	123,610	100.0%	$30.0 - $32.0	2025
	U.C. Tower 3, Oshawa, ON	50% (Tribute)	—	386	386	81,911	—	263	—	263	81,648	44.1%	$42.0 - $45.0	2026
	Subtotal		**—**	**1,057**	**1,057**	**$ 224,694**	**$ —**	**$ 3,101**	**$ 341**	**$ 3,442**	**$ 221,252**		**$82.0 - $88.0**	
C.	**Active mixed-use residential inventory projects with detailed cost estimates in progress**													
	U.C. Towns Future Phases, Oshawa, ON	50% (Tribute)	—	39	39	TBD	$ —	$ —	$ —	$ —	TBD	n.a	TBD	2025-2027
	Dufferin Plaza, Toronto, ON	50% (Maplelands)	—	606	606	TBD	—	17,772	—	17,772	TBD	n.a	TBD	2027
	Shoppers World Brampton Phase One, Brampton, ON	100 %	—	300	300	TBD	—	2,864	—	2,864	TBD	n.a	TBD	2025
	Clarkson Village, Mississauga, ON	100 %	—	470	470	TBD	—	19,048	—	19,048	TBD	n.a	TBD	2024+
	Les Galeries Lachine, Lachine, QC	50% (Harden)	—	TBD	TBD	TBD	—	4,053	—	4,053	TBD	n.a	TBD	TBD
	Residential lands at Sandalwood Square, Mississauga, ON	50% (Marlin Spring)	—	510	510	TBD	—	18,189	—	18,189	TBD	n.a	TBD	2025+
	Subtotal		**—**	**1,925**	**1,925**	**TBD**	**$ —**	**$ 61,926**	**$ —**	**$ 61,926**	**TBD**	**n.a**	**TBD**	
	Total		**114**	**4,510**	**4,624**	**TBD**	**$ 24,087**	**$256,147**	**$ 11,035**	**$291,269**	**TBD**	**n.a**	**TBD**	

(i) Excludes a total of 925 condominium units at eCondos™, Kingly™ and U.C. Towns for which all final closings have occurred prior to 2021.

(ii) Selling commissions paid are included in prepaid and other assets and will be transferred to costs of sales upon buyer possession of the units. Such selling commissions are included in the total estimated costs and estimated costs to complete in the above table.

(iii) The pre-sold percentage is as of May 9, 2022. For U.C. Tower 2, Oshawa, ON, the project consists of 588 condominium units across two towers and 18 townhouses units totalling 606 units. The pre-sold percentage is based on 585 released units for sale. Units for U.C. Tower 3, Oshawa, ON, were released for sale in April 2022. The pre-sold percentage is based on 229 released units for sale.

(iv) U.C. Uptowns includes $3.1 million of inventory gain recognized in 2021 and Q1 2022.

(v) Anticipated completion dates are based on expected interim occupancy by the condominium / townhouse buyers.

The following table shows changes in the aggregate carrying value of RioCan's residential inventory:

(thousands of dollars) Three months ended March 31	**2022**	2021
Balance, beginning of period	**$ 217,043**	$ 214,181
Acquisitions (i)	**19,440**	—
Dispositions	**(13,521)**	—
Development expenditures	**28,345**	13,329
Transfers from investment properties (ii)	**4,840**	—
Balance, end of period	**$ 256,147**	$ 227,510

(i) On February 17, 2022, RioCan acquired a 50% interest in the Queen & Ashbridge (QA) property for a total purchase price of $31.4 million, including transaction costs, which included both property under development and residential inventory components and was allocated as $11.9 million and $19.4 million, respectively. Total vendor take-back mortgage and purchase price payable on the acquisition totalled $30.4 million, of which $11.6 million was allocated towards properties under development and $18.8 million towards residential inventory.

(ii) During the three months ended March 31, 2022, in conjunction with the closing of the land transaction, RioCan transferred pre-acquisition costs incurred at Queen & Ashbridge to residential inventory from investment property.

Equity-Accounted Investments

One strategy that RioCan can use in developing its RioCan Living mixed-use residential condominium projects is forming new partnership structures to enable RioCan to leverage its pipeline of prime locations and established development platform and expertise to efficiently raise capital, mitigate development risk and earn management fees along with a promote and participate in condominium sales profits.

Developments within equity-accounted joint investments are predominantly comprised of residential inventory projects but also include a property under development component which is ancillary retail space. The Trust has 2,535 condominium units in four projects in four equity-accounted joint ventures of which 532 units are related to Verge (Phase One and Two) that are currently under construction. Property under development is comprised of 21,392 square feet of NLA. Development spend for Q1 2022 was $2.0 million for residential inventory and $0.3 million for property under development.

A summary of RioCan's equity-accounted joint ventures as at March 31, 2022 is as follows:

					At RioCan's Interest								
		Condominium Units Upon Project Completion (at 100%)				Costs incurred to date							
(thousands of dollars or thousands of sq. ft., except where otherwise noted)	RioCan's Ownership % (Partner)	Completed	Inventory	Total	Total Estimated Costs (i)	Completed	Inventory	Commissions (i)	Total	Estimated Costs to Complete (i)	% Pre - sold (ii)	Inventory gain ($ millions) (iii)	Anticipated Date of Completion
Verge (Phase One and Two), Toronto, ON	20% (Various partners)	—	532	532	TBD	$ —	$ 8,369	$ 493	$ 8,862	TBD	97.8 %	$8.0 - $10.0	2026
Condominium component of RioCan Leaside Centre, Toronto, ON	25% (Metropia)	—	643	643	TBD	—	10,272	—	10,272	TBD	TBD	TBD	2027
Bloor Street West, Toronto, ON	50% (Fieldgate)	—	242	242	TBD	—	14,485	—	14,485	TBD	TBD	TBD	TBD
PR Bloor Street LP	50% (Parallax)	—	1,118	1,118	TBD	—	82,475	—	82,475	TBD	TBD	TBD	TBD
		—	**2,535**	**2,535**	**TBD**	**$ —**	**$115,601**	**$ 493**	**$116,094**	**TBD**	**TBD**	**$8.0 - $10.0**	

(i) Selling commissions paid are included in prepaid and other assets and will be transferred to costs of sales upon buyer possession of the units. Such selling commissions are included in the total estimated costs and estimated costs to complete in the above table.

(ii) The pre-sold percentage is as of May 9, 2022. Pre-sold units for Verge (Phase One and Two) are based on 460 released units for sale.

(iii) Verge (Phase One and Two) inventory gain is an estimate that is based on a very preliminary proforma, which is currently under review by the partners. Construction at Verge (Phase One and Two) commenced post quarter end.

Expected Proceeds

Expected proceeds for the next five years from in-construction sales of condominiums and townhouses at RioCan's share including those in equity-accounted joint ventures is as follows:

(in millions of dollars, unless otherwise noted)

Year	Square feet ('000s)	Number of units on final closing (i)	Expected proceeds from condominium and townhouse sales (ii)
2022	115	153	$30.9
2023	200	568	$100.4
2024	—	—	—
2025	572	1,789	$567.8
2026	171	721	$147.2

(i) Based on 100% ownership.

(ii) Expected proceeds exclude deposits received prior to construction and are based on the anticipated time of final closings.

MORTGAGES AND LOANS RECEIVABLE

Contractual mortgages and loans receivable as at March 31, 2022 and December 31, 2021 are comprised of the following:

(thousands of dollars)	Contractual interest rates			Effective interest rates		
As at	Low	High	Weighted average (i)	Weighted average (i)	**March 31, 2022**	December 31, 2021
Mezzanine financing to co-owners	5.00%	7.25%	6.24%	6.24%	**$ 163,096**	$ 178,230
Vendor take-back and other	1.62%	6.35%	3.90%	5.39%	**54,815**	59,560
Total	1.62%	7.25%	5.65%	6.02%	**$ 217,911**	$ 237,790

(i) Information presented as at March 31, 2022.

All of the $217.9 million of mortgages and loans receivable as at March 31, 2022 are carried at amortized cost. RioCan's Declaration of Trust contains provisions that have the effect of limiting the aggregate value of the investment by the Trust in mortgages, other than mortgages taken back on the sale of RioCan's properties, to a maximum of 30% of consolidated Unitholders' equity. Additionally, RioCan is limited in the amount of capital that can be invested in greenfield developments and development properties held for resale, including any mortgages receivable to fund the co-owners' share of such developments referred to as mezzanine financing, to no more than 15% of the book value of RioCan's total consolidated Unitholders' equity. At March 31, 2022, RioCan was in compliance with these restrictions.

CAPITAL RESOURCES AND LIQUIDITY

Capital Management Framework

RioCan defines capital as the aggregate of Unitholder and preferred Unitholders' equity and debt. The Trust's capital management framework is designed to maintain a level of capital that:

- complies with investment and debt restrictions pursuant to the Trust's Declaration;
- complies with debt covenants;
- enables RioCan to achieve target credit ratings; and
- funds the Trust's business strategies and builds long-term Unitholder value.

The key elements of RioCan's capital management framework are set out in the Declaration of Trust, and/or approved by the Trust's Board, through the Board's annual review of the strategic plan and budget, supplemented by periodic Board and related committee meetings. Management monitors capital adequacy of the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the Declaration of Trust and debt covenants (refer to Note 22 of RioCan's Condensed Consolidated Financial Statements). In selecting appropriate funding choices, RioCan's objective is to manage its capital structure such that it diversifies its funding sources while minimizing its funding costs and risks. RioCan expects to be able to satisfy all of its financing requirements through the use of some or all of the following: cash on hand, cash generated by operations, refinancing of maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, sale of non-core properties or sale of partial interests in developments or air rights, and through public offerings of unsecured debentures and common equity. In challenging market conditions, the Trust could finance certain assets currently unencumbered by debt or issue preferred units.

RioCan's refined objectives related to managing total debt are to change the weighting of unsecured to secured debt to 70%/30% and to extend the weighted average term to maturity of the total debt portfolio beyond the current 3.75 years as evidenced by the 7-year senior unsecured $250.0 million of Series AF senior unsecured debentures issued in April 2022.

Total Capital

RioCan uses both debt and equity in its capital structure, which is summarized as follows as at March 31, 2022:

(thousands of dollars)	IFRS basis		RioCan's proportionate share (i)	
As at	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Total debt	**$ 6,710,226**	$ 6,610,618	**$ 6,967,461**	$ 6,825,035
Total equity	**8,045,847**	7,911,344	**8,045,847**	7,911,344
Total capital	**$ 14,756,073**	$ 14,521,962	**$ 15,013,308**	$ 14,736,379

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.

Debt Metrics

The following table summarizes the Trust's key debt metrics presented on both an IFRS and RioCan's proportionate share basis:

		Rolling 12 months ended			
		IFRS basis		RioCan's proportionate share (i)	
	Targeted Ratios	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Average total assets		**$ 15,245,161**	$ 15,229,418	**$ 15,491,357**	$ 15,447,692
Average total debt		**$ 6,729,616**	$ 6,773,147	**$ 6,946,456**	$ 6,965,951
Total Adjusted Debt to Total Adjusted Assets (i) (iii)	38.0%- 42.0%	**43.4%**	43.3%	**44.2%**	43.9%
Adjusted EBITDA (i)		**713,837**	705,093	**722,541**	713,218
Adjusted Debt to Adjusted EBITDA (i)	8.0x - 9.0x	**9.30**	9.44	**9.48**	9.59
Interest Coverage (i)	>3.00x	**3.41**	3.33	**3.33**	3.26
Debt Service Coverage (i)	>2.25x	**2.77**	2.71	**2.70**	2.64
Ratio of floating rate debt to total debt (ii)	<15.0%	**9.2%**	8.9%	**10.6%**	9.6%
Weighted average term to maturity (in years) (iii)		**3.75**	3.92	**3.64**	3.69
Weighted average contractual interest rate (iii)		**2.98%**	2.92%	**2.98%**	2.95%
Weighted average effective interest rate (iii)		**3.06%**	3.00%	**3.08%**	3.03%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

(ii) $344.8 million of floating rate debt pertains to a revolving unsecured operating line of credit. Excluding this, the ratio of floating rate debt to total debt at RioCan's proportionate share would be 5.6%.

(iii) Information is as of respective period end.

The Trust's Adjusted Debt to Adjusted EBITDA at RioCan's proportionate share decreased to 9.48x for the rolling twelve months ended March 31, 2022 when compared to December 31, 2021. The decrease was primarily due to the higher Adjusted EBITDA as a result of higher fee income, residential inventory gains and higher NOI mainly from lower pandemic-related provision, net of dispositions, partially offset by higher average Total Adjusted Debt. The Trust's goal remains to lower this metric to its long-term target range of 8.0x-9.0x.

The Trust's Total Adjusted Debt to Total Adjusted Assets at RioCan's proportionate share increased marginally from December 31, 2021 mainly due to higher Total Adjusted Debt resulting from timing of development spend relative to development completions, partially offset by improvements in the Trust's operations and valuations. The Trust remains committed to maintaining a strong balance sheet and maintains its goal to lower this metric to its long-term target range of between 38.0% - 42.0%.

The Interest Coverage ratio at RioCan's proportionate share for the rolling twelve months ended March 31, 2022 is above the Trust's target of 3.0x and increased compared to December 31, 2021, mainly due to lower interest costs from the combined impact of lower average cost of debt and lower average total debt balances and higher Adjusted EBITDA, as noted above. Debt Service Coverage at RioCan's proportionate share for the rolling twelve months ended March 31, 2022 also increased from December 31, 2021 and remained above its target of 2.25x due to higher Adjusted EBITDA and lower interest costs as noted above and lower scheduled principal amortization.

The floating interest rate debt exposure increased slightly from December 31, 2021 mainly due to timing of development spend.

Credit Ratings

RioCan intends to maintain strong interest and debt service ratios as part of its commitment to maintaining its investment-grade debt ratings. RioCan is rated by two independent credit rating agencies: Standard and Poor's (S&P) and DBRS Morningstar (DBRS). A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner. A credit rating of BBB- or higher by S&P and BBB (low) or higher by DBRS is considered an investment-grade rating.

The following table summarizes RioCan's credit ratings as at March 31, 2022:

	S&P		DBRS	
	Credit Rating	**Outlook**	**Credit Rating**	**Trend**
Issuer Credit Rating	BBB	Negative	BBB	Stable
Senior Unsecured Debentures	BBB	N/A [(i)]	BBB	Stable

(i) S&P does not provide an outlook on the Debentures.

Total Debt Profile

RioCan's debt maturity profile and future repayments are as outlined below:

	Contractual principal maturities and interest rates							
(thousands of dollars)	Debentures payable	Weighted average contractual interest rate	Mortgages payable	Weighted average contractual interest rate	Lines of credit and other bank loans	Weighted average contractual interest rate	**Total debt**	**Weighted average contractual interest rate**
Year of debt maturity								
2022 (i)	$ 300,000	2.83%	$ 43,542	2.76%	$ 81,431	2.13%	**$ 424,973**	**2.69%**
2023	500,000	3.42%	308,620	3.44%	269,343	3.20%	**1,077,963**	**3.37%**
2024	300,000	3.29%	236,020	3.39%	522,195	3.56%	**1,058,215**	**3.44%**
2025	500,000	2.58%	522,955	3.31%	57,245	1.95%	**1,080,200**	**2.90%**
2026	600,000	2.64%	133,155	3.50%	392,585	2.35%	**1,125,740**	**2.64%**
Thereafter	800,000	2.62%	1,159,298	2.98%	—	—%	**1,959,298**	**2.83%**
Total Contractual Debt (ii)	$ 3,000,000	2.84%	$ 2,403,590	3.17%	$ 1,322,799	2.97%	**$ 6,726,389**	**2.98%**
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(8,643)		(4,888)		(2,632)		**(16,163)**	
Total debt	**$ 2,991,357**		**$ 2,398,702**		**$ 1,322,167**		**$ 6,710,226**	

(i) Amounts pertain to the remaining nine months of 2022.

(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

The Total Contractual Debt continuity schedule for the three months ended March 31, 2022 is as follows:

(thousands of dollars) Three months ended March 31, 2022	Debentures Payable	Mortgages Payable	Lines of Credit and Other Bank Loans	Total
Total Contractual Debt, beginning of period	$ 3,000,000	$ 2,338,507	$ 1,288,525	**$ 6,627,032**
Borrowings	—	52,124	74,380	**126,504**
Scheduled amortization	—	(11,191)	—	**(11,191)**
Repayments	—	—	(40,106)	**(40,106)**
Vendor take-back mortgage or debt assumed	—	24,150	—	**24,150**
Total Contractual Debt, end of period	**$ 3,000,000**	**$ 2,403,590**	**$ 1,322,799**	**$ 6,726,389**

Debentures Payable

RioCan's debentures maturity profile and future repayments are as outlined below:

Year of debenture maturity	Weighted average contractual interest rate	Principal maturities
2022(i)	2.83 %	$ 300,000
2023	3.42 %	500,000
2024	3.29 %	300,000
2025	2.58 %	500,000
2026	2.64 %	600,000
Thereafter	2.62 %	800,000
Contractual obligations		$ 3,000,000
Unamortized debt financing costs		(8,643)
		$ 2,991,357

(i) Amounts pertain to the remaining nine months of 2022.

Subsequent to quarter end, on April 18, 2022, RioCan issued $250.0 million of Series AF senior unsecured debentures. These debentures were issued at $99.998 per $100 of principal, with a coupon rate of 4.628% per annum and mature on May 1, 2029. Inclusive of the benefit of bond forward hedges, the all in-rate is 3.829%. See the *Hedging Activities* section of this MD&A for more information regarding the bond forward hedges.

The unsecured debentures have covenants similar to the Trust's 60% debt to aggregate assets limit as set out in RioCan's Declaration of Trust, the maintenance of at least $1.0 billion in Adjusted Unitholders' Equity (as defined in the indenture) and maintenance of an Interest Coverage ratio of 1.65 times or better. There are no requirements under the unsecured debenture covenants that require RioCan to maintain unencumbered assets. The Series I debentures, which are due in 2026 and are $100 million in aggregate, have an additional provision that provides RioCan with the right, at any time, to convert these debentures to mortgage debt, subject to the acceptability of the security given to the debenture holders. In such an event, the covenants relating to the 60% leverage limit, minimum Adjusted Unitholders' Equity and Interest Coverage ratio would be eliminated for this series of debentures.

Mortgages Payable

Mortgages payable consist of the following:

(thousands of dollars)

As at	**March 31, 2022**	December 31, 2021
Fixed rate mortgages (i) (ii)	**$ 2,398,702**	$ 2,334,016

(i) Includes hedged floating rate mortgages.

(ii) Amount outstanding deducts a total of $4.9 million as at March 31, 2022 (December 31, 2021 - $4.5 million) in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

At the outset of 2022, RioCan had $54.4 million of mortgage principal maturing in 2022 at a weighted average contractual interest rate of 2.81%. For the three months ended March 31, 2022, RioCan completed new term mortgage borrowings of $52.1 million at a weighted average interest rate of 3.10% and a weighted average term of eleven years, and repaid $11.2 million of mortgage balances and scheduled amortization.

Included in mortgages payable at March 31, 2022 are CMHC insured mortgages for Market, Brio, Pivot, Frontier and eCentral and the retail component at ePlace in the aggregate net carrying amount of $240.6 million (at RioCan's interest), at a weighted average effective interest rate of 2.66% and a weighted average remaining term of 9.2 years. The increase in CMHC financing over the prior year end was primarily from the addition of CMHC insured mortgages for Market and Brio. Maximizing CMHC insured mortgages is a key component of the Trust's debt strategy as it provides access to a new source of financing and lowers its overall cost of debt. The majority of our mortgage debt provides recourse to the assets of the Trust, as opposed to only having recourse to the specific property charged. The Trust follows this policy as it generally results in lower interest rates for the Trust.

Lines of Credit and Other Bank Loans

Lines of credit and other bank loans consist of the following:

(thousands of dollars) As at		**March 31, 2022**		December 31, 2021
Revolving unsecured operating line of credit (i)	**$**	**344,756**	$	363,732
Non-revolving unsecured credit facilities (i)		**699,614**		699,573
Construction lines and other bank loans		**275,797**		222,605
	$	**1,320,167**	$	1,285,910

(i) Amount outstanding deducts a total of $2.6 million as at March 31, 2022 (December 31, 2021 - $2.6 million) in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

Revolving Unsecured Operating Line of Credit

On February 2, 2022, the Trust increased the credit limit on its revolving unsecured operating line of credit by $250.0 million to $1.25 billion.

As at March 31, 2022, RioCan had a drawn balance of $347.0 million and $903.0 million of credit available to be drawn from this revolving unsecured operating line of credit compared to a drawn balance of $365.9 million and $634.1 million of credit available to be drawn as at December 31, 2021. The weighted average contractual interest rate on amounts drawn under this facility was 2.40% as at March 31, 2022 (December 31, 2021 - 1.90%).

The facility has a maturity date of May 31, 2026, and the spread for this credit facility is based on the Trust's credit ratings.

Non-revolving Unsecured Credit Facilities

The Trust has a $200 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), with a maturity date of January 31, 2023 and a weighted average annual all-in fixed interest rate of 3.53% (December 31, 2021 - 3.28%) through interest rate swaps.

In addition, the Trust has a $150.0 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), with a maturity date of June 27, 2024 and fixed annual all-in interest rate of 3.68% (December 31, 2021 - 3.43%) through interest rate swaps.

The Trust also has a $350.0 million five-year non-revolving unsecured credit facility with three financial institutions (consisting of two Schedule I banks and one Schedule III bank). This credit facility matures on February 7, 2024 and, through interest rate swaps, bears an annual all-in fixed interest rate of 3.59% (December 31, 2021 - 3.34%).

As at March 31, 2022, all of the Trust's non-revolving unsecured credit facilities are fully drawn. The underlying spreads for the unsecured credit facilities were based on the Trust's credit ratings. Effective January 2022, the all-in fixed interest rates of these facilities increased 25 basis points due to changes in the credit spread as a result of a credit rating change on December 1, 2021.

Construction Lines of Credit and Other Bank Loans

In addition to the revolving unsecured operating line of credit and non-revolving unsecured credit facilities, the Trust has secured credit facilities and other bank loans, which include variable rate non-revolving secured construction and acquisition facilities for the funding of certain development properties. At March 31, 2022, these facilities have an aggregate maximum borrowing capacity of $558.3 million (December 31, 2021 - $464.5 million) and mature between 2022 and 2026, of which the Trust had drawn $275.8 million (December 31, 2021 - $222.6 million). The weighted average contractual interest rate on the aggregate amounts outstanding is 2.11% (December 31, 2021 - 1.75%).

Letter of Credit Facilities and Surety Bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling $110.1 million (December 31, 2021 - $94.9 million). As at March 31, 2022, the Trust's outstanding letters of credit under these facilities was $60.6 million (December 31, 2021 - $58.1 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of $129.3 million (December 31, 2021 - $110.5 million).

Liquidity

Liquidity refers to the Trust having credit availability under committed credit facilities and/or generating sufficient amounts of cash and cash equivalents to fund the ongoing operational commitments including maintenance capital and development capital expenditures, distributions to Unitholders and planned growth in the business.

RioCan maintains a committed revolving unsecured operating credit facility to provide financial liquidity which can be drawn or repaid on short notice, reducing the need to hold liquid resources in cash and deposits. This minimizes costs arising from the difference between borrowing and deposit rates, while reducing credit exposure.

As at March 31, 2022, RioCan had $1.3 billion of liquidity as summarized in the following table:

(thousands of dollars, except where otherwise noted)	IFRS basis		RioCan's proportionate share (i)	
As at	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Cash and cash equivalents	**$ 85,188**	$ 77,758	**$ 94,744**	$ 86,871
Undrawn revolving unsecured operating line of credit	**903,000**	634,080	**903,000**	634,080
Undrawn construction lines and other bank loans	**282,503**	241,883	**337,484**	289,524
Liquidity (i)	**$ 1,270,691**	$ 953,721	**$ 1,335,228**	$ 1,010,475
Total Contractual Debt (i)	**$ 6,726,389**	$ 6,627,032	**$ 6,984,126**	$ 6,841,835
Percentage of Total Contractual Debt:				
Liquidity (i)	**18.9%**	14.4%	**19.1%**	14.8%
Unsecured Debt (i)	**60.2%**	61.4%	**57.9%**	59.4%
Secured Debt (i)	**39.8%**	38.6%	**42.1%**	40.6%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

The $324.8 million increase in liquidity on a proportionate share basis over the prior year end was primarily due to the $250.0 million increase of the credit limit on its revolving unsecured operating line on February 2, 2022 and new construction lines.

Subsequent to quarter end, the Trust increased liquidity by a further $250 million by issuing the Series AF senior unsecured debentures which were used to repay certain debt incurred in the ordinary course including replenishing its operating line of credit. Including the impact of the additional $250 million debenture issuance, RioCan's liquidity on a proportionate share basis would have been approximately $1.6 billion or 22.7% as a percentage of Total Contractual Debt. Refer to the *Non-GAAP Measures* section of this MD&A for more information.

RioCan has unencumbered investment properties with a fair value of $9.2 billion on a proportionate share basis as at March 31, 2022, which gives RioCan the potential to obtain additional mortgages to bolster liquidity, if needed, and preserve credit availability under its revolving unsecured line of credit, while maintaining compliance with debt covenants under various credit facilities.

Over the long-term, the Trust's target of its Unsecured/Secured Debt composition is 70/30 (58/42 as at March 31, 2022 on a proportionate share basis). This transition is expected to take time and will be balanced with credit rating implications, cost of debt, debt ladder composition, and liquidity needs.

The Trust's liquidity is impacted by contractual debt commitments and committed expenditures on active development projects. Its contractual debt commitments and committed development expenditures for the next five years are as follows:

(thousands of dollars)	2022(i)	2023	2024	2025	2026	Thereafter	Total
Contractual obligations:							
Lines of credit and other bank loans	$ 81,431	$ 269,343	$ 522,195	$ 57,245	$ 392,585	$ —	$ 1,322,799
Mortgages payable	43,542	308,620	236,020	522,955	133,155	1,159,298	2,403,590
Unsecured debentures	300,000	500,000	300,000	500,000	600,000	800,000	3,000,000
Lease liabilities (ii)	6,302	1,668	1,669	1,655	1,706	24,550	37,550
Other operating lease obligations	486	406	30	21	22	—	965
	$ 431,761	$ 1,080,037	$ 1,059,914	$ 1,081,876	$ 1,127,468	$ 1,983,848	$ 6,764,904
Committed developments:							
Total estimated costs to complete - PUD (iii)	261,182	179,144	51,624	25,252	—	—	517,202
Total estimated costs to complete - residential inventory (iii)	56,373	83,722	71,162	43,736	—	—	254,993
	$ 317,555	$ 262,866	$ 122,786	$ 68,988	$ —	$ —	$ 772,195
Total (iv)	$ 749,316	$ 1,342,903	$ 1,182,700	$ 1,150,864	$ 1,127,468	$ 1,983,848	$ 7,537,099

(i) Amounts pertain to the remaining nine months of 2022.

(ii) Represents the discounted minimum lease payments of lease liabilities under IFRS 16.

(iii) The amounts are for active projects with detailed costs estimates, net of projected proceeds from dispositions. A project is committed only when all major planning issues have been resolved, anchor tenant(s) for the commercial components has/have been secured, and/or construction is about to commence or has commenced. The costs of additional projects will be added to this schedule once a project becomes committed.

(iv) The table above excludes unfunded investment commitments of $105.3 million relating to equity-accounted investments of which timing is unknown.

The Trust's contractual debt obligations and projected development spending can be funded by proceeds from mortgage refinancing, net proceeds from the sale of assets (including, but not limited to, sale of excess land and development density), existing cash on hand, revolving unsecured operating line of credit, proceeds from the issuance of unsecured debentures or issuance of equity Units. As of May 9, 2022, $9.3 million of RioCan's mortgage maturities for 2022 have yet to be refinanced or do not have refinancing commitments in place. They are all expected to be refinanced in due course.

RioCan has also entered into purchase obligations to acquire certain interests from its partners as further described in Note 3 in the Condensed Consolidated Financial Statements.

RioCan, as a mutual fund trust, expects to make monthly distributions to Unitholders with the cash generated from ongoing operating activities. For more information on monthly distributions see the *Distributions to Unitholders* section of this MD&A.

Unencumbered Assets

At RioCan's proportionate share, unencumbered investment property assets as at March 31, 2022 have an estimated fair value of $9.2 billion, which represents 63.4% of the total fair value of investment properties and generate 62.4% of Annual Normalized NOI at RioCan's proportionate share. Refer to the *Non-GAAP Measures* section of this MD&A for more information. The decrease in the unencumbered assets from December 31, 2021 was due to draws on construction lines relating to residential development projects.

The table below summarizes RioCan's Unencumbered Assets and Unsecured Debt:

		IFRS basis		RioCan's proportionate share (i)	
(thousands of dollars, except where otherwise noted) As at	Targeted Ratios	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Unencumbered Assets		**$ 9,189,147**	$ 9,332,833	**$ 9,248,233**	$ 9,392,266
Unsecured Debt to Total Debt (i)	70.0%	**60.2%**	61.4%	**57.9%**	59.4%
Unencumbered Assets to Unsecured Debt (i)	> 200%	**227%**	230%	**229%**	231%
Percentage of Normalized NOI Generated from Unencumbered Assets (i)	> 50.0%	**64.0%**	66.7%	**62.4%**	64.9%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

Guarantees

As at March 31, 2022, the Trust is contingently liable for debt guarantees, provided on behalf of certain of our co-owners' interests and mortgages assumed by purchasers on property dispositions, of $275.7 million (December 31, 2021 - $255.4 million), with expiries between 2022 and 2030.

As at and for the three months ended March 31, 2022, there have been no defaults by the primary obligors for debts on which we have provided guarantees and no provision for expected losses on these guarantees has been recognized in our Condensed Consolidated Financial Statements.

The parties on behalf of which RioCan has outstanding guarantees are as follows

(thousands of dollars)

As at		**March 31, 2022**		December 31, 2021
Partners and co-owners				
Woodbourne	**$**	**123,977**	$	119,033
Metropia and Capital Developments		**57,245**		45,715
Bayfield		**21,700**		21,700
Other		**42,916**		38,904
	$	**245,838**	$	225,352
Assumption of mortgages by purchasers on property dispositions		**29,831**		30,019
	$	**275,669**	$	255,371

Hedging Activities

Interest Rate Risk

As at March 31, 2022, the outstanding notional amount of floating-to-fixed interest rate swaps was $1.0 billion (December 31, 2021 – $1.0 billion) with the term to maturity of these swap agreements ranging from December 2022 to November 2028.

On December 14, 2021, the Trust entered into bond forward contracts to sell on September 15, 2022 $300.0 million Government of Canada Bonds due June 1, 2029 with an effective bond yield of 1.46%, to hedge its exposure to movements in underlying risk-free interest rates on the anticipated refinancing of the $300.0 million Series Y debentures maturing on October 3, 2022.

On February 1, 2022, the Trust entered into bond forward contracts to sell on April 28, 2022 $200.0 million Government of Canada Bonds due June 1, 2029 with an effective bond yield of 1.71%, to hedge its exposure to movements in underlying risk-free interest rates on debenture issuance.

On April 8, 2022, in conjunction with the offering of the Series AF debenture, the Trust settled $200.0 million of bond forward contracts entered into on February 1, 2022 and a $50.0 million portion of bond forward contracts entered into on December 14, 2021.

We assess the effectiveness of the hedging relationship on a quarterly basis and have determined there is no ineffectiveness in the hedging of interest rate exposures as at March 31, 2022. Refer to Note 21 of the Condensed Consolidated Financial Statements for further details.

EQUITY

Trust Units

As at March 31, 2022, there are 309.9 million Units outstanding, including exchangeable limited partnership units. All Units outstanding have equal rights and privileges and entitle the holder to one vote for each Unit at all meetings of Unitholders. During the years ended March 31, 2022 and 2021, we issued and repurchased Units as follows:

(in thousands)

Three months ended March 31	**2022**	2021
Units outstanding, beginning of period (i)	**309,797**	317,748
Units issued:		
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	**88**	—
Direct purchase plan	**4**	7
Exchangeable limited partnership units	**—**	6
Units outstanding, end of period (i)	**309,889**	317,761

(i) Included in Units outstanding are exchangeable limited partnership units of three limited partnerships that are subsidiaries of the Trust (the LP units) which were issued to vendors, as partial consideration for investment properties acquired by RioCan (March 31, 2022 – 499,754 LP units, March 31, 2021 – 499,754 LP units).

As of May 9, 2022, there are 309.9 million Units issued and 6.8 million Unit options issued and outstanding under the Trust's incentive Unit option plan.

Senior Executive Restricted Equity Unit Plan (Senior Executive REU Plan)

As at March 31, 2022, 469,434 Senior Executive REUs are outstanding (December 31, 2021 - 434,621), of which 156,977 are vested (December 31, 2021 - 100,905).

During the three months ended March 31, 2022, the Trust granted 114,679 REUs under its Senior Executive REU Plan. The weighted average grant date price was $24.35 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $2.8 million.

The number of REUs granted shall vest one-third on each of the first, second and third anniversary of the grant date, provided however that all vested REUs are only eligible for settlement upon the third anniversary of the grant date (the Settlement Date). Settlement of vested REUs and accumulated distribution equivalents is generally made within 30 days after the Settlement Date by way of the delivery of an equivalent number of Units purchased on the secondary market, net of applicable withholding taxes.

Employee Restricted Equity Unit Plan (Employee REU Plan)

As at March 31, 2022, 406,277 Employee REUs are unvested and outstanding (December 31, 2021 - 351,943).

During the three months ended March 31, 2022, the Trust granted 145,321 REUs under its Employee REU Plan. The weighted average grant date price was $24.35 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $3.5 million.

The number of REUs granted shall vest fully on the Settlement Date, including distribution equivalents that have accumulated during the vesting period. Settlement of vested REUs is generally made within 30 days after the Settlement Date by way of the delivery of an equivalent number of Units purchased on the secondary market, net of applicable withholding taxes.

Performance Equity Unit Plan (PEU Plan)

As at March 31, 2022, 450,888 PEUs are unvested and outstanding (December 31, 2021 - 502,770).

During the three months ended March 31, 2022, the Trust granted 114,679 PEUs under its PEU Plan at a weighted average grant date fair value of $24.35 per unit resulting in an aggregate fair value of $2.8 million.

PEUs issued contain a multiplier factor and the final number of PEUs that will be paid out upon vesting will vary based on the achievement of certain performance targets over a three-year period from the year the award was granted. The performance targets attributable to PEUs are set by the Trust at the time the awards are granted, or from time to time adjusted as permitted under the terms of the PEU plan. The performance targets may vary between grants. Further information regarding the PEUs and the related performance metrics attributable to such PEUs are set out in the Trust's Management Information Circular (MIC).

Units Purchased for Settlement

During the three months ended March 31, 2022, RioCan purchased 118,811 units at an average price of $24.82, in satisfaction of RioCan's existing obligations under the REU and PEU Plans.

Incentive Unit Option Plan

As at March 31, 2022, 12.4 million Unit options remain available to be granted under the Plan (December 31, 2021 – 11.9 million Unit options). Pursuant to a board resolution in October 2021, the Board has committed to no longer issue unit options as part of RioCan's long-term incentive plan ("LTIP") or as special awards.

The exercise price for each option is equal to the volume weighted average trading price of the units on the TSX for the five trading days immediately preceding the dates of grant.

Options granted prior to February 2021 have a contractual life of ten years and vest at 25% per annum commencing on the first anniversary of the grant date, and become fully vested after four years. During the three months ended March 31, 2022, no Unit options were granted to senior management (three months ended March 31, 2021 - 1.3 million).

Unit options granted on February 23, 2021 have a term with a contractual life of seven years and the following vesting conditions:

- 500,000 Unit options with time-based vesting conditions that will vest 50% on April 1, 2022 and 50% on April 1, 2023; and
- 800,000 Unit options have vesting conditions that are 50% time-based service condition only (Time-Based Options) and 50% with a time-based service condition and market-based performance condition (Performance Options). The Time-Based Options will vest 50% on February 23, 2023 and 50% on February 23, 2025. Vesting of the Performance Options depends on achieving certain performance measures based on 20 consecutive trading days (the 20-day VWAP) and only when certain time-vesting conditions are also met as follows: (i) 50% of the Performance Options shall be exercisable on or after the second anniversary of the Grant Date provided that the 20-day VWAP is equal to or greater than $20, at any point during the seven-year term; and (ii) 50% of the Performance Options shall be exercisable on or after the fourth anniversary of the Grant Date provided that the 20-day VWAP is equal to or greater than $24, at any point during the seven-year term. The $20.00 and $24.00 performance hurdles for performance options granted have been achieved.

Trustee Deferred Unit Plan (DU Plan)

As at March 31, 2022, there are 560,664 deferred Units vested and outstanding (December 31, 2021 - 549,807).

During the three months ended March 31, 2022, 5,080 deferred Units were granted at a weighted average grant price of $25.20 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to each grant date, resulting in an aggregate fair value of $0.1 million, and no deferred Units were exercised (three months ended March 31, 2021 - 8,216 deferred Units granted and no deferred Units exercised).

On or after the date upon which a Trustee ceases to be a Trustee of the Trust, all vested deferred Units issued to such Trustee shall be redeemed and settled by the issuance of Units.

Normal Course Issuer Bid (NCIB)

On October 15, 2021, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2021/2022 NCIB), to acquire up to a maximum of 31,616,150 Units, or approximately 10% of the public float as at October 13, 2021, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU plans, over the next 12 months, effective October 22, 2021.

The number of Units that can be purchased pursuant to the 2021/2022 NCIB is subject to a current daily maximum of 241,695 Units (which is equal to 25% of 966,783, being the average daily trading volume during the last six months), subject to RioCan's ability to make one block purchase of Units per calendar week that exceeds such limits. RioCan intends to fund the purchases out of its available cash and undrawn credit facilities.

During the three months ended March 31, 2022, the Trust did not acquire and cancel any Units.

Distributions to Unitholders

RioCan qualifies as a mutual fund trust and a "real estate investment trust" (REIT Exemption) for Canadian income tax purposes. We expect to distribute all of our taxable income to Unitholders and are entitled to deduct such distributions for Canadian income tax purposes. From time to time, RioCan may retain some taxable income and net capital gains, when appropriate, in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in our incorporated Canadian subsidiaries.

The Trust consolidates certain wholly-owned incorporated entities that are subject to tax. Any tax disclosures, expense and deferred tax balances relate only to these entities.

If the Trust were to cease to qualify for the REIT Exemption for Canadian income tax purposes, certain distributions (taxable distributions) would not be deductible in computing income for Canadian income tax purposes and it would be subject to tax on such distributions at a rate substantially equivalent to the general corporate income tax rate. Any remaining distributions, other than taxable distributions, would generally continue to be treated as returns of capital to Unitholders. From year-to-year, the taxability of the Trust's distributions may fluctuate depending upon the timing of recognition of certain gains and losses based on the activities of the Trust.

The Trust's monthly distribution effective February 2022 was $0.085 per unit, which increased from $0.08 in 2021. Distributions declared to Unitholders were as follows:

(thousands of dollars)		
Three months ended March 31	**2022**	2021
Distributions declared to Unitholders	**$ 77,467**	$ 76,264

Total distributions declared increased for the three months ended March 31, 2022 when compared to the same period in the prior year due to the distribution increase effective February 2022, partially offset by the reduction in average Units outstanding as a result of NCIB purchases in 2021.

Difference between cash flows provided by operating activities and distributions to Unitholders

A comparison of distributions to Unitholders with cash flows provided by operating activities and distributions is as follows:

	Three months ended March 31		Twelve months ended March 31	
(thousands of dollars)	**2022**	2021	**2022**	2021
Cash flows provided by operating activities	**$ 101,054**	$ 80,648	**$ 510,803**	$ 516,430
Add / (deduct) the decrease / (increase) in non-cash working capital items	**21,449**	19,843	**(23,997)**	(66,312)
Cash flows provided by operating activities, excluding non-cash working capital items (i)	**122,503**	100,491	**486,806**	450,118
Less: Distributions declared to Unitholders	**(77,467)**	(76,264)	**(305,356)**	(419,417)
Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared (ii)	**$ 45,036**	$ 24,227	**$ 181,450**	$ 30,701

(i) Includes nil and $3.9 million expense for net debt prepayment costs for the three months and twelve months ended March 31, 2022, respectively (three months and twelve months ended March 31, 2021 - $7.0 million and $7.0 million).

(ii) This is a non-GAAP financial measure. Refer to *Non-GAAP Measures* section of this MD&A for more information.

For the three months ended March 31, 2022, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by $45.0 million. For the twelve months ended March 31, 2022, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by $181.5 million.

Distribution increase effective February 2022

RioCan's Board of Trustees has approved an increase to its monthly distributions to Unitholders of 6.25% from $0.08 per unit to $0.085 cents per unit commencing with the February 2022 distribution, payable in March 2022. This increase brings RioCan's annualized distribution to $1.02 per Unit. This increase is in keeping with the Trust's objectives to provide sustainable distribution increases supported by FFO per unit growth while maintaining a consistent FFO Payout Ratio of approximately 55% to 65% over the long term with retained cash flow used to support future growth. With a FFO per unit target growth of 5% to 7% for 2022, the Trust expects to achieve its payout ratio objective.

The Trust does not use net income in accordance with IFRS as the basis to establish the level of Unitholders' distributions as net income includes, among other items, non-cash fair value adjustments related to its investment property portfolio. In establishing the level of distributions to Unitholders, consideration is given by RioCan to the level of cash flow from operating activities, capital expenditures for the property portfolio and preferred Unitholder distributions (if any).

As always, the Board will continuously reevaluate the distribution on a regular basis based on various factors. In determining the level of distributions to Unitholders, the Board considers, among other factors, cash flow from operating activities, forward-looking cash flow information including forecasts and budgets and the future business prospects of the Trust including the impact of the pandemic, the interest rate environment and cost of capital, estimated development completions and development spending, impact of future acquisitions and dispositions, and maintenance capital expenditures and leasing expenditures related to our income producing portfolio. In determining the level of distributions to Unitholders, the Board also considers the impact of its distribution reinvestment plan, if reinstated, when assessing its ability to sustain current distribution levels during the current period and on a rolling twelve-month basis.

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into transactions with entities whose directors or trustees are also RioCan trustees and/or part of RioCan's senior management. All such transactions are in the normal course of operations and are measured at market-based exchange amounts.

RioCan's related parties include the following persons and/or entities:

(a) associates, joint ventures, or entities which are controlled or significantly influenced by the Trust; and

(b) key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan, directly or indirectly.

Effective January 1, 2022, Mr. John Ballantyne was appointed as Chief Operating Officer of RioCan and included as key management personnel. As at March 31, 2022, the Trust's key management personnel include each of the Trustees and the following individuals: President and Chief Executive Officer, Jonathan Gitlin; Chief Financial Officer, Dennis Blasutti; Chief Investment Officer, Andrew Duncan and Chief Operating Officer, John Ballantyne.

Remuneration of the Trust's Trustees and Key Executives during the three months ended March 31, 2022 and 2021 is as follows:

(thousands of dollars)	Trustees		Key Executives	
Three months ended March 31	**2022**	2021	**2022**	2021
Compensation and benefits	**$ 78**	$ 33	**$ 1,201**	$ 3,507
Unit-based compensation	**229**	281	**810**	5,290
Post-employment benefit costs	**—**	—	**42**	33
	$ 307	$ 314	**$ 2,053**	$ 8,830

The decrease for the three months ended March 31, 2022 in Key Executive costs over the comparable period was primarily due to the one-time $5.8 million in general and administrative expenses relating to the executive transitions including the accelerated expensing of certain unit-based compensation in Q1 2021. For further details on related party transactions, refer to Note 24 of the Condensed Consolidated Financial Statements.

SELECTED QUARTERLY RESULTS AND TREND ANALYSIS

(millions of dollars, except where otherwise noted)	**2022**	**2021**				2020		
As at and for the quarter ended (i)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 294**	$ 336	$ 264	$ 298	$ 277	$ 285	$ 302	$ 270
Net income (loss) attributable to Unitholders	**$ 160**	$ 209	$ 138	$ 145	$ 107	$ 66	$ 118	$ (351)
NOI (ii)	**$ 167**	$ 166	$ 165	$ 167	$ 165	$ 167	$ 158	$ 154
FFO (ii)	**$ 131**	$ 147	$ 127	$ 128	$ 106	$ 124	$ 129	$ 110
FFO Adjusted (ii)	**$ 131**	$ 150	$ 127	$ 128	$ 119	$ 124	$ 129	$ 110
ACFO (ii)	**$ 117**	$ 162	$ 111	$ 148	$ 111	$ 129	$ 147	$ 78
ACFO Adjusted (ii)	**$ 117**	$ 166	$ 111	$ 148	$ 120	$ 129	$ 147	$ 78
Unitholder distributions	**$ 77**	$ 75	$ 76	$ 76	$ 76	$ 114	$ 114	$ 114
Weighted average Units outstanding – diluted (in thousands)	**310,114**	315,733	317,961	317,882	317,758	317,739	317,728	317,721
Per unit basis (diluted)								
Net income (loss) attributable to Unitholders	**$ 0.52**	$ 0.66	$ 0.43	$ 0.46	$ 0.34	$ 0.21	$ 0.37	$ (1.10)
FFO (ii)	**$ 0.42**	$ 0.46	$ 0.40	$ 0.40	$ 0.33	$ 0.39	$ 0.41	$ 0.35
FFO Adjusted (ii)	**$ 0.42**	$ 0.48	$ 0.40	$ 0.40	$ 0.37	$ 0.39	$ 0.41	$ 0.35
Unitholder distributions	**$ 0.25**	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.36	$ 0.36	$ 0.36
Net book value per unit	**$ 25.96**	$ 25.54	$ 25.00	$ 24.78	$ 24.53	$ 24.34	$ 24.48	$ 24.45
Closing market price per unit	**$ 25.23**	$ 22.94	$ 21.64	$ 22.08	$ 19.46	$ 16.75	$ 14.06	$ 15.36
Key Performance Indicator Ratios								
FFO Payout Ratio (ii)	**57.3%**	62.6%	73.4%	81.0%	92.2%	90.2%	86.2%	83.2%
FFO Payout Ratio Adjusted (ii)	**56.8%**	60.6%	71.5%	78.9%	89.7%	90.2%	86.2%	83.2%
ACFO Payout Ratio (ii)	**56.7%**	59.7%	71.4%	73.7%	92.9%	98.9%	97.7%	97.2%
ACFO Payout Ratio Adjusted (ii)	**56.2%**	58.3%	70.2%	72.5%	91.1%	98.9%	97.7%	97.2%
Total assets	**$ 15,346**	$ 15,177	$ 15,292	$ 15,236	$ 15,175	$ 15,268	$ 15,128	$ 15,071
Total debt	**$ 6,710**	$ 6,611	$ 6,740	$ 6,764	$ 6,824	$ 6,928	$ 6,743	$ 6,670
Total Adjusted Debt to Total Adjusted Assets (ii)	**43.4%**	43.3%	43.7%	44.0%	44.7%	44.5%	44.4%	44.0%
Total Adjusted Debt to Total Adjusted Assets (RioCan's Proportionate Share) (ii)	**44.2%**	43.9%	44.4%	44.7%	45.3%	45.0%	44.8%	44.4%
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (ii) (iii)	**9.48**	9.59	9.94	9.84	9.99	9.47	9.13	8.80
Other								
Total portfolio NLA (in thousands)	**36,193**	36,355	36,886	37,220	37,976	38,260	38,394	38,647
Number of properties	**204**	207	210	214	223	223	221	221
Number of employees	**607**	600	570	574	587	586	585	587
Residency of Unitholders (iv)								
– Canadian	**66.9%**	66.6%	71.2%	73.1%	74.6%	74.4%	77.2%	73.1%
– Non-resident	**33.1%**	33.4%	28.8%	26.9%	25.4%	25.6%	22.8%	26.9%

(i) Refer to RioCan's respective annual and interim MD&As issued for a discussion and analysis relating to those periods.

(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.

(iii) Q1 to Q3 2021 was restated to reflect one-time compensation costs occurring in Q1 2021.

(iv) Estimates based on Unitholder mailing addresses on record at the end of each reporting period.

Our revenue and operating results are not materially impacted by seasonal factors. However, macroeconomic and market trends, and the unprecedented COVID-19 pandemic impact the demand for space, occupancy levels and consequently, the Trust's revenue, financial performance and property valuations.

The Trust's quarterly changes in revenue, FFO, ACFO and net income were primarily impacted by acquisitions and dispositions, the timing and magnitude of its residential condominium and townhouse projects closings, the magnitude and pace of development expenditures and project completions, and from Q2 2020 to Q1 2022, the global pandemic and its effects on the economy and RioCan operations.

ACFO was also impacted by changes in working capital, which experienced larger quarterly fluctuations from Q2 2020 to Q1 2022 in particular, driven primarily by the timing of the collection of contractual rents receivable as a result of the pandemic.

Net income was further impacted by the changes in the fair values of investment properties, particularly the significant fair value write-downs in Q2 2020 as a result of the pandemic.

NON-GAAP MEASURES

The financial statements of RioCan are prepared in accordance with IFRS. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-GAAP financial performance measures described below. Management believes that these measures are helpful to investors because they are widely recognized measures of a REIT's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, we also use these measures internally to measure the operating performance of our investment property portfolio. These non-GAAP measures, and related per unit amounts, should not be construed as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of RioCan's performance, liquidity, cash flows and profitability and may not be comparable to similar measures presented by other real estate investment trusts or enterprises. These non-GAAP measures are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS measure. Non-GAAP financial measures are not standardized financial measures under IFRS, and might not be comparable to similar financial measures disclosed by other issuers. RioCan believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Trust for the reasons outlined below.

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
RioCan's Proportionate Share	All references to "RioCan's Proportionate Share" refer to a non-GAAP financial measure representing RioCan's proportionate interest of the financial position and results of operations of its entire portfolio, including equity-accounted investments. Management considers certain results presented on a proportionate share basis to be a meaningful measure because it is consistent with how RioCan and its partners assess the operating performance of each of its co-owned and equity-accounted properties. The Trust currently accounts for its investments in joint ventures and associates using the equity method of accounting. The remaining definitions outlined below pertain to measures and/or inputs to our financial leverage, coverage ratios and other key metrics that we use to manage capital and to assess our liquidity, borrowing capacity and cost of capital. Measures are calculated on the basis of both a RioCan's Proportionate Share basis and using IFRS reported amounts to convey a more meaningful measure of financial performance with respect to the periods reported.	*(i) RioCan's Proportionate Share*
Residential Inventory Gains (RioCan's Proportionate Share) *and* *Residential Inventory Gains (IFRS and equity-accounted joint ventures)*	Residential Inventory Gains (RioCan's Proportionate Share) is a non-GAAP financial measure that includes RioCan's proportionate share in residential inventory gains of its entire portfolio, including equity-accounted investments. Residential inventory gains is calculated as total residential inventory sales revenue minus total residential inventory cost of sales. Residential inventory gains is a useful measure of the profitability of residential inventory sales. Residential Inventory Gains (IFRS and equity-accounted joint ventures) is a non-GAAP financial measure representing the aggregate of RioCan's IFRS residential inventory gains and RioCan's share of residential inventory gains from equity-accounted joint ventures.	*(ii) Residential Inventory Gains (RioCan's Proportionate Share)*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Net Operating Income (NOI), In-place NOI and *Stabilized NOI*	NOI is a non-GAAP financial measure and is defined by RioCan as rental revenue from income properties less property operating costs. In-place NOI is a non-GAAP financial measure calculated based on the last twelve-months of NOI generated from tenant-occupied units. Stabilized NOI is a forward-looking non-GAAP financial measure based on budgeted rents and expenses and is supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, management fees and structural reserves for capital expenditures based on current and expected future market conditions after expiry of any current lease and expected maintenance costs. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining Stabilized NOI. For the calculation of NOI, rental revenue includes all amounts earned from tenants related to lease agreements, including property tax and operating cost recoveries, to the extent recoverable under tenant leases. Amounts payable by tenants to terminate their lease prior to the contractual expiry date (lease cancellation fees) are included in rental revenue for the calculation of NOI. Management believes that NOI is a useful non-GAAP financial measure of operating performance of the Trust's income producing properties in addition to the most comparable IFRS measure, which we believe is operating income. The IFRS measure of operating income also includes residential inventory gains and losses as well as property and asset management fees earned from co-owners. While management considers its residential inventory and portfolio management activities part of its business operations, and thus operating income, such revenues are not part of how we evaluate the operating performance of our income producing properties. As such, we report NOI as a useful non-GAAP financial measure to report the operating performance of our income producing properties. NOI is an important measure of the income generated from the income producing properties and is used by the Trust in evaluating the performance of the portfolio, as well as a key input in determining the value of the income producing property portfolio.	*(iii) NOI*
NOI Margin	NOI Margin is a non-GAAP ratio calculated based on NOI as a percentage of rental revenue excluding the impact of lease cancellation fees. Management believes that NOI Margin is a meaningful supplementary measure of operating performance of the Trust's income producing properties. NOI Margin is an important measure of the percentage of income generated from the income producing properties and is used by the Trust in evaluating the performance of the portfolio.	*(iii) NOI*
Same Property NOI	Same Property NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of those properties owned and operated by RioCan in both periods. In calculating Same Property NOI growth, NOI for the period is adjusted to remove the impact of lease cancellation fees and straight-line rent revenue in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Same Property NOI also excludes NOI for a limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification. Same Property NOI is a meaningful measure of operating performance because it allows management to assess rent growth and leasing activity of its portfolio on a same property basis and the impact of capital investments.	*(iv) Same Property NOI*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Funds From Operations (FFO) *and* *FFO Adjusted*	FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. It is RioCan's view that IFRS net income does not necessarily provide a complete measure of RioCan's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations, unrealized gains or losses on marketable securities and gains and losses on the disposal of investment properties, including associated transaction costs, which are not representative of recurring operating performance. FFO Adjusted starts with FFO but adds back net debt prepayment costs, one-time compensation and restructuring costs since these costs are not indicative of recurring operating performance. Debt prepayment costs include yield maintenance, write-off of deferred financing costs and discounts/premiums, and related swap settlements. One-time compensation costs include the acceleration of certain unit-based compensation amortization expense. Restructuring costs are related to the outsourcing of the property management of the Trust's Quebec portfolio. RioCan regards FFO as a key measure of operating performance and as a key measure for determining the level of employee incentive based compensation. RioCan also uses FFO in assessing its distribution paying capacity. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS.	*(v) FFO*
Adjusted Cashflow From Operations (ACFO) *and* *ACFO Adjusted*	ACFO is a non-GAAP financial measure of sustainable economic cash flow available for distributions based on the definition set forth by REALPAC. RioCan adopted the REALPAC definition of ACFO effective January 1, 2017 and uses it as an input, together with FFO, in assessing RioCan's distribution payout ratios. The REALPAC ACFO definition effectively includes working capital fluctuations relating to recurring operating activities in ACFO, such as working capital changes relating to trade accounts receivable and trade accounts payable and accrued liabilities. This, in management's view, introduces greater fluctuations in quarterly and twelve-month trailing ACFO. As a result, RioCan uses ACFO, together with FFO, in assessing its distribution payout ratios. ACFO Adjusted starts with ACFO but adds back net debt prepayment costs, one-time compensation and restructuring costs since these costs are not indicative of sustainable economic cash flow for distributions. Debt prepayment costs include yield maintenance, write-off of deferred financing costs and discounts/premiums, and related swap settlements. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS.	*(vi) ACFO*
FFO and ACFO Payout Ratios *and* *FFO and ACFO Payout Ratios Adjusted*	FFO and ACFO Payout Ratios, and FFO and ACFO Payout Ratios Adjusted are supplementary non-GAAP measures of a REIT's distribution paying capacity. These payout ratios are computed on a rolling twelve-month basis by dividing total Unitholder distributions paid (including distributions paid under RioCan's distribution reinvestment program) by FFO and ACFO, FFO Adjusted and ACFO Adjusted, respectively, over the same period. As previously discussed, the REALPAC ACFO definition includes net working capital increases and decreases relating to operating activities, which tend to fluctuate period-over-period in the normal course of business. In management's view, this tends to introduce greater fluctuations in ACFO calculations. As a result, RioCan management uses the FFO Payout Ratio in addition to the ACFO Payout Ratio in assessing its distribution paying capacity, as FFO is not subject to such working capital fluctuations.	*(v) FFO* and *(vi) ACFO*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Normalized Capital Expenditures	Normalized Capital Expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Management considers a number of factors in estimating Normalized Capital Expenditures relative to the growth in the age and size of the Trust's property portfolio. Such factors include, but are not limited to, a portfolio assessment to prioritize assets and the type of capital expenditures, a review and analysis of historical capital spending, comparison of each quarter's annualized actual spending activity to the annual budgeted capital expenditures as approved by our Board of Trustees at the beginning of each year and management's expectations and/or plans for the properties. Property capital expenditures that are generally expected to add to the overall earnings capacity of the property are considered revenue enhancing capital expenditures by management and are also excluded in determining the Normalized Capital Expenditures estimate. RioCan does not obtain support from independent sources for its Normalized Capital Expenditures but relies on internal diligence and expertise in arriving at this management estimate. RioCan's long tenured management team has extensive experience in commercial real estate and in-depth knowledge of the property portfolio. As a result, RioCan believes that management is best suited to make the assessment of Normalized Capital Expenditures without independent third-party sources. Since actual capital expenditures can vary widely from quarter to quarter depending on a number of factors, management believes that Normalized Capital Expenditures are a more relevant input than actual capital expenditures in assessing a REIT's distribution payout ratio and for determining an appropriate level of sustainable distributions over the long run. For 2021, the Trust determined that $45.0 million was a reasonable estimate for its Normalized Capital Expenditures. This Normalized Capital Expenditures estimate for 2021 did not include capital expenditures for mixed-use residential projects given these are newly constructed buildings. The Trust's normalized capital expenditures for 2022 reflects its pursuit of its strategic objectives of reimaging retail and better serving its tenants. The Trust has determined that $50.0 million is a reasonable Normalized Capital Expenditures estimate for 2022 although quarterly fluctuations between the $12.5 million quarterly Normalized Capital Expenditures spend and actual spend are expected.	*Capital Expenditures on Income Properties* section
Development Spending	Development Spending or Total Development Spending is a non-GAAP financial measure defined as the sum of total development expenditures incurred for various properties under development and for residential inventory and RioCan's share of development spending from equity-accounted joint ventures. Development spending is a useful measure of development progress and investment in properties under development and residential inventory. Effective Q1 2022, Riocan's share of development spending by equity-accounted joint ventures is included as these projects are jointly controlled.	*(vii) Development Spending*
Total Acquisitions	Total Acquisitions is a non-GAAP financial measure defined as the sum of total acquisitions incurred for investment properties, residential inventory and RioCan's share of acquisitions from equity-accounted joint ventures. Total acquisitions is a useful measure of RioCan's Total Acquisition activity.	*(viii) Total Acquisitions*
Total Contractual Debt *and* *Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share)*	Total Contractual Debt is a non-GAAP financial measure defined as the sum of contractual obligations (excluding unamortized deferred financing costs and discounts/premiums) of mortgages payable, lines of credit and other bank loans, mortgages on properties held for sale and debentures payable. Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share) are non-GAAP financial measures that include RioCan's proportionate interest in the total debt and Total Contractual Debt of its entire portfolio, including equity-accounted investments. Total Contractual Debt and Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's proportionate share) are useful measures of the total debt outstanding used in measuring leverage.	*(ix) Total debt and Total Contractual Debt*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Adjusted EBITDA *and* *Adjusted EBITDA (RioCan's Proportionate Share)*	Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are non-GAAP financial measures that are used by management as an input in several of our debt metrics, providing information with respect to certain financial ratios that we use in measuring our debt profile and assessing our ability to satisfy obligations, including servicing our debt. Adjusted EBITDA (RioCan's Proportionate Share) includes RioCan's proportionate interest in Adjusted EBITDA of its entire portfolio, including equity-accounted investments. Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are used as an alternative to IFRS net income, because they exclude major non-cash items (including, but not limited to, depreciation and amortization expense, unit-based compensation costs, fair value gains and losses on investment properties, and unrealized gains and losses on marketable securities, interest costs, current and deferred tax expenses and recoveries, transaction gains and losses on the disposition of investment properties and equity-accounted investments, transaction costs and other items that management considers either non-operating in nature or related to the capital cost of our investment properties), net debt prepayment costs and one-time or non-recurring items (including, but not limited to, one-time cash compensation costs and restructuring costs).	*(xiv) Adjusted EBITDA and Coverage Ratios*
Total Adjusted Debt to Total Adjusted Assets *and* *Total Adjusted Debt to Total Adjusted Assets (RioCan's Proportionate Share)*	Total Adjusted Debt to Total Adjusted Assets is a non-GAAP ratio of our financial leverage calculated by taking the total debt net of cash and cash equivalents divided by total assets net of cash and cash equivalents. Total Adjusted Debt to Total Adjusted Assets (RioCan's Proportionate Share) or Leverage Ratio (RioCan's Proportionate Share) is a non-GAAP ratio that uses RioCan's proportionate interest in total debt net of cash and cash equivalents and total assets net of cash and cash equivalents of its entire portfolio when calculating the leverage ratio, including equity-accounted investments. These ratios are useful measures of leverage.	*(x) Total Adjusted Debt to Total Adjusted Assets*
Adjusted Debt to Adjusted EBITDA *and* *Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share)*	Adjusted Debt to Adjusted EBITDA is a non-GAAP ratio of our financial leverage calculated on a trailing twelve-month basis and is defined as our quarterly average Total Adjusted Debt divided by Adjusted EBITDA. Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) is a non-GAAP ratio, calculated on a trailing twelve-month basis and is defined as our quarterly average Total Adjusted Debt (RioCan's Proportionate Share) divided by Adjusted EBITDA (RioCan's Proportionate Share). These ratios are useful measures of the Trust's ability to satisfy debt obligations.	*(xiv) Adjusted EBITDA and Coverage Ratios*
Debt Service Coverage *and* *Debt Service Coverage (RioCan's Proportionate Share)*	Debt Service Coverage is a non-GAAP ratio calculated on a trailing twelve-month basis and is defined as Adjusted EBITDA divided by the sum of total interest costs (including interest that has been capitalized) and scheduled mortgage principal amortization ("Debt Service Cost"). Debt Service Coverage (RioCan's Proportionate Share) is a non-GAAP ratio calculated on a trailing twelve-month basis and is defined as Adjusted EBITDA (RioCan's Proportionate Share) divided by the sum of total interest costs (including interest that has been capitalized) and scheduled mortgage principal amortization both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of the Trust's ability to meet our debt service obligations on a trailing twelve-month basis.	*(xiv) Adjusted EBITDA and Coverage Ratios*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Interest Coverage *and* *Interest Coverage (RioCan's Proportionate Share)*	Interest Coverage is a non-GAAP ratio calculated on a trailing twelve-month basis and is defined as Adjusted EBITDA divided by total interest costs (including interest that has been capitalized). Interest Coverage (RioCan's Proportionate Share) is a non-GAAP ratio calculated on a trailing twelve-month basis and is defined as Adjusted EBITDA (RioCan's Proportionate Share) divided by total interest costs (including interest that has been capitalized) at RioCan's proportionate share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of the Trust's ability to meet its interest cost obligations on a trailing twelve-month basis.	*(xiv) Adjusted EBITDA and Coverage Ratios*
Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share) and Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share)	Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as total floating rate debt at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments) divided by Total Debt (RioCan's Proportionate Share). Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as total fixed rate debt at RioCan's proportionate share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments) divided by Total Debt (RioCan's Proportionate Share). These ratios are useful measures of the Trust's relative exposure to fixed and floating rate debt.	*(xi) Floating Rate Debt and Fixed Rate Debt*
Liquidity and Liquidity as percentage of Total Contractual Debt *and* *Liquidity (RioCan's proportionate share) and Liquidity as percentage of Total Contractual Debt (RioCan's Proportionate Share)*	Liquidity is a non-GAAP measure calculated based on the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans. Liquidity as percentage of Total Contractual Debt is a non-GAAP ratio defined as Liquidity divided by Total Contractual Debt. Liquidity (RioCan's proportionate share) is a non-GAAP measure calculated based on the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans all at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). Liquidity as percentage of Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio defined as Liquidity (RioCan's proportionate share) divided by Total Contractual Debt (RioCan's Proportionate Share). These ratios are useful measures of the Trust's cash resources and credit available under committed credit facilities.	*(xiii) Liquidity*
Ratio of Unsecured Debt to Total Contractual Debt and Ratio of Secured Debt to Total Contractual Debt *and* *Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) and Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share)*	Ratio of Unsecured Debt is a non-GAAP ratio calculated as total Unsecured Debt divided by Total Contractual Debt. Ratio of Secured Debt is a non-GAAP ratio calculated as total Secured Debt divided by Total Contractual Debt. Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as total Unsecured Debt at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments) divided by Total Contractual Debt (RioCan's Proportionate Share). Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as total Secured Debt at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments) divided by Total Contractual Debt (RioCan's Proportionate Share). These ratios are useful measures of the Trust's relative exposure to Secured and Unsecured Debt.	*(xii) Unsecured Debt and Secured Debt*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Ratio of Unencumbered Assets to total investment properties *and* *Ratio of Unencumbered Assets to total investment properties (RioCan's Proportionate Share)*	Ratio of Unencumbered Assets to total investment properties is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total fair value of investment properties. Ratio of Unencumbered Assets to total investment properties (RioCan's Proportionate Share) is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total fair value of investment properties both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of investment properties that can be mortgaged to increase liquidity.	*(xv) Unencumbered Assets*
Percentage of Normalized NOI Generated from Unencumbered Assets *and* *Percentage of Normalized NOI Generated from Unencumbered Assets (RioCan's Proportionate Share)*	Percentage of Normalized NOI Generated from Unencumbered Assets is a non-GAAP ratio defined as the annual NOI excluding lease cancellation fees, miscellaneous revenue and percentage rent (or Annual Normalized NOI) from unencumbered assets as of the end of a reporting period divided by total Annual Normalized NOI as of the end of the same reporting period. Unencumbered assets are investment properties that have not been pledged as security for debt. Percentage of Normalized NOI Generated from Unencumbered Assets (RioCan's Proportionate Share) is a non-GAAP ratio defined as the Annual Normalized NOI from unencumbered assets as of the end of a reporting period divided by total Annual Normalized NOI as of the end of the same reporting period, both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of the NOI that is not subject to debt servicing obligations.	*(xv) Unencumbered Assets*
Unencumbered Assets to Unsecured Debt *and* *Unencumbered Assets to Unsecured Debt (RioCan's Proportionate Share)*	Unencumbered Assets to Unsecured Debt is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total unsecured indebtedness. Unencumbered Assets to Unsecured Debt (RioCan's proportionate share) is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt divided by total unsecured indebtedness, both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of the investment properties available to satisfy Unsecured Debt obligations.	*(xv) Unencumbered Assets*
Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared	This is a non-GAAP measure calculated as total cash flows provided by operating activities excluding non-cash working capital items less the distributions declared to Unitholders. This is a useful measure of the excess cash the Trust has retained to fund operations, investments and capital activities.	*Distributions to Unitholders* section
Total joint operations and equity-accounted investments - Income properties, PUD, Residential inventory, Other, Total assets, Total NOI	This is a non-GAAP measure which represents the sum of RioCan's interest of joint operations and proportionate share of equity-accounted investments. This is a useful measure of indicating the amount of Income properties, PUD, Residential inventory, Other, Total assets and Total NOI that are jointly controlled or where RioCan has significant influence.	*Joint Arrangements section*

Below are quantitative reconciliations for all non-GAAP measures indicated:

(i) RioCan's Proportionate Share

The following table reconciles the consolidated balance sheet from IFRS to RioCan's proportionate share basis as at March 31, 2022 and December 31, 2021:

As at	**March 31, 2022**			December 31, 2021		
(in thousands)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Assets						
Investment properties	**$ 14,132,107**	**$ 411,059**	**$ 14,543,166**	$ 14,021,338	$ 409,794	$ 14,431,132
Equity-accounted investments	**363,663**	**(363,663)**	**—**	327,335	(327,335)	—
Mortgages and loans receivable	**217,911**	**—**	**217,911**	237,790	—	237,790
Residential inventory	**256,147**	**193,447**	**449,594**	217,043	121,291	338,334
Assets held for sale	**38,352**	**—**	**38,352**	47,240	—	47,240
Receivables and other assets	**253,058**	**35,945**	**289,003**	248,959	35,367	284,326
Cash and cash equivalents	**85,188**	**9,556**	**94,744**	77,758	9,113	86,871
Total assets	**$ 15,346,426**	**$ 286,344**	**$ 15,632,770**	$ 15,177,463	$ 248,230	$ 15,425,693
Liabilities						
Debentures payable	**$ 2,991,357**	**$ —**	**$ 2,991,357**	$ 2,990,692	$ —	$ 2,990,692
Mortgages payable	**2,398,702**	**167,235**	**2,565,937**	2,334,016	166,368	2,500,384
Lines of credit and other bank loans	**1,320,167**	**90,000**	**1,410,167**	1,285,910	48,049	1,333,959
Accounts payable and other liabilities	**590,353**	**29,109**	**619,462**	655,501	33,813	689,314
Total liabilities	**$ 7,300,579**	**$ 286,344**	**$ 7,586,923**	$ 7,266,119	$ 248,230	$ 7,514,349
Equity						
Unitholders' equity	**8,045,847**	**—**	**8,045,847**	7,911,344	—	7,911,344
Total liabilities and equity	**$ 15,346,426**	**$ 286,344**	**$ 15,632,770**	$ 15,177,463	$ 248,230	$ 15,425,693

RioCan's Proportionate Share (continued)

The following tables reconcile the consolidated statements of income from IFRS to RioCan's proportionate share basis for the three months ended March 31, 2022 and 2021:

	Three months ended March 31, 2022			Three months ended March 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	**$ 272,131**	**$ 6,938**	**$ 279,069**	$ 273,624	$ 5,977	$ 279,601
Residential inventory sales	**15,969**	**936**	**16,905**	—	841	841
Property management and other service fees	**5,882**	**—**	**5,882**	3,175	—	3,175
	293,982	**7,874**	**301,856**	276,799	6,818	283,617
Operating costs						
Rental operating costs						
Recoverable under tenant leases	**100,122**	**622**	**100,744**	97,287	448	97,735
Non-recoverable costs	**6,056**	**588**	**6,644**	12,410	641	13,051
Residential inventory cost of sales	**13,936**	**422**	**14,358**	—	362	362
	120,114	**1,632**	**121,746**	109,697	1,451	111,148
Operating income	**173,868**	**6,242**	**180,110**	167,102	5,367	172,469
Other income (loss)						
Interest income	**4,061**	**570**	**4,631**	2,929	469	3,398
Income from equity-accounted investments	**4,090**	**(4,090)**	**—**	3,629	(3,629)	—
Fair value gain (loss) on investment properties, net	**35,432**	**(790)**	**34,642**	8,866	(512)	8,354
Investment and other income (loss)	**(185)**	**(58)**	**(243)**	221	(139)	82
	43,398	**(4,368)**	**39,030**	15,645	(3,811)	11,834
Other expenses						
Interest costs, net	**41,766**	**1,842**	**43,608**	43,924	1,541	45,465
General and administrative	**11,463**	**16**	**11,479**	17,831	12	17,843
Internal leasing costs	**2,985**	**—**	**2,985**	2,852	—	2,852
Transaction and other costs	**1,175**	**16**	**1,191**	4,556	3	4,559
Debt prepayment costs, net	**—**	**—**	**—**	7,018	—	7,018
	57,389	**1,874**	**59,263**	76,181	1,556	77,737
Income before income taxes	**$ 159,877**	**$ —**	**$ 159,877**	$ 106,566	$ —	$ 106,566
Current income tax recovery	**(181)**	**—**	**(181)**	(163)	—	(163)
Net income	**$ 160,058**	**$ —**	**$ 160,058**	$ 106,729	$ —	$ 106,729

(ii) Residential Inventory Gains (RioCan's Proportionate Share)

(thousands of dollars)	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Residential inventory sales	Residential inventory cost of sales	Residential inventory gains	Residential inventory sales	Residential inventory cost of sales	Residential inventory gains
Total - IFRS basis	**$ 15,969**	**$ 13,936**	**$ 2,033**	$ —	$ —	$ —
Equity-accounted joint ventures	**—**	**—**	**—**	—	—	—
Total - IFRS and equity-accounted joint ventures	**15,969**	**13,936**	**2,033**	—	—	—
Other equity-accounted investments	**936**	**422**	**514**	841	362	479
Total - RioCan's proportionate share	**$ 16,905**	**$ 14,358**	**$ 2,547**	$ 841	$ 362	$ 479

(iii) NOI

The following table reconciles operating income to NOI and calculates NOI Margin for the three months ended March 31, 2022 and 2021:

(thousands of dollars, except where otherwise noted) Three months ended March 31	**2022**	2021
Operating Income	**$ 173,868**	$ 167,102
Adjusted for the following:		
Property management and other service fees	**(5,882)**	(3,175)
Residential inventory gains	**(2,033)**	—
Operational lease revenue and (expenses) from ROU assets	**1,346**	1,105
NOI	**$ 167,299**	$ 165,032
Less: Lease cancellation fees	**(883)**	(1,748)
NOI - excluding lease cancellation fees	**166,416**	163,284
Add: Pandemic-related provision	**—**	6,414
NOI - excluding lease cancellation fees and provision	**$ 166,416**	$ 169,698
Rental revenue	**$ 272,131**	$ 273,624
Adjust the following:		
Operational lease revenue from ROU assets	**1,606**	1,365
Lease cancellation fees	**(883)**	(1,748)
Rental revenue (excluding lease cancellation fees)	**$ 272,854**	$ 273,241
NOI Margin	**61.0 %**	59.8 %
NOI Margin (excluding the pandemic-related provision)	**61.0 %**	62.1 %

NOI for equity-accounted investments

The following table reconciles operating income to NOI for equity-accounted investments for the three months ended March 31, 2022 and 2021:

(thousands of dollars) Three months ended March 31	**2022**	2021
Operating Income	**$ 6,242**	$ 5,367
Adjusted for the following:		
Property management and other service fees	**—**	—
Residential inventory gains	**(514)**	(479)
Operational lease revenue and (expenses) from ROU assets	**(202)**	(170)
NOI for equity-accounted investments	**$ 5,526**	$ 4,718

(iv) Same Property NOI

The following table reconciles Same Property NOI to NOI for the three months ended March 31, 2022 and 2021:

(thousands of dollars) Three months ended March 31		**2022**		2021
Same Property NOI	**$**	**155,531**	$	149,338
NOI from income producing properties:				
Acquired (i)		**108**		19
Disposed (i)		**820**		7,613
		928		7,632
NOI from completed properties under development		**4,188**		1,806
NOI from properties under de-leasing under development		**2,507**		2,157
Lease cancellation fees		**883**		1,748
Straight-line rent adjustment		**915**		1,686
NOI from residential rental		**2,347**		665
NOI (ii)	**$**	**167,299**	$	165,032

(i) Includes properties acquired or disposed of during the periods being compared.
(ii) Refer to *(iii) NOI* of this section for reconciliation from NOI to operating income.

Same Property NOI including completed PUD

(thousands of dollars) Three months ended March 31		**2022**		2021
Same Property NOI	**$**	**155,531**	$	149,338
Add:				
NOI from completed properties under development		**4,188**		1,806
Same Property NOI including completed PUD	**$**	**159,719**	$	151,144

Same Property NOI excluding the pandemic-related provision

(thousands of dollars) Three months ended March 31		**2022**		2021
Same Property NOI	**$**	**155,531**	$	149,338
Add:				
Same property pandemic-related provision		**—**		6,267
Same Property NOI excluding the pandemic-related provision	**$**	**155,531**	$	155,605

(v) FFO

The following table reconciles net income attributable to Unitholders to FFO for the three months ended March 31, 2022 and 2021:

(thousands of dollars, except where otherwise noted)				
Three months ended March 31		**2022**		2021
Net income attributable to Unitholders	**$**	**160,058**	$	106,729
Add back/(Deduct):				
Fair value (gains), net		**(35,432)**		(8,866)
Fair value losses included in equity-accounted investments		**790**		512
Internal leasing costs		**2,985**		2,852
Transaction losses on investment properties, net (i)		**384**		155
Transaction costs on sale of investment properties		**600**		3,638
Current income tax recovery		**(181)**		(163)
Operational lease revenue from ROU assets		**946**		763
Operational lease expenses from ROU assets in equity-accounted investments		**(11)**		(9)
Capitalized interest on equity-accounted investments (ii)		**436**		425
FFO	**$**	**130,575**	$	106,036
Add back:				
Debt prepayment costs, net		**—**		7,018
One-time compensation costs		**—**		5,846
Restructuring costs		**609**		—
FFO Adjusted	**$**	**131,184**	$	118,900
FFO per unit - basic	**$**	**0.42**	$	0.33
FFO per unit - diluted	**$**	**0.42**	$	0.33
FFO Adjusted per unit - diluted	**$**	**0.42**	$	0.37
Weighted average number of Units - basic (in thousands)		**309,837**		317,758
Weighted average number of Units - diluted (in thousands)		**310,114**		317,758

(i) Represents net transaction gains or losses connected to certain investment properties during the period.

(ii) Refer to table below.

FFO from equity-accounted investments

The following table reconciles income from equity-accounted investments to FFO from equity-accounted investments for the three months ended March 31, 2022 and 2021:

(thousands of dollars, except per unit amounts)				
Three months ended March 31		**2022**		2021
Income from equity-accounted investments	**$**	**4,090**	$	3,629
Fair value losses included in equity-accounted investments		**790**		512
Transaction costs on sale of investment properties		**3**		1
Operational lease expenses from ROU assets in equity-accounted investments		**(11)**		(9)
Capitalized interest on equity-accounted investments (i)		**436**		425
FFO from equity-accounted investments	**$**	**5,308**	$	4,558

(i) This amount represents the interest capitalized to RioCan's equity-accounted investment in WhiteCastle New Urban Fund, LP, WhiteCastle New Urban Fund 2, LP, WhiteCastle New Urban Fund 3, LP, WhiteCastle New Urban Fund 4, LP, WhiteCastle New Urban Fund 5, LP, RioCan-Fieldgate JV, RC (Queensway) LP and RC (Leaside) LP- Class B. This amount is not capitalized to properties under development under IFRS, but is allowed as an adjustment under REALPAC's definition of FFO.

Quarterly FFO, FFO Adjusted, FFO Payout Ratio and FFO Payout Ratio Adjusted

The following tables reconcile quarterly net income attributable to Unitholders to FFO for the rolling 12 months ended March 31, 2022 and 2021:

(thousands of dollars, except per unit amounts)	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	**Twelve months ended March 31, 2022**
Net income attributable to Unitholders	**$ 160,058**	$ 208,776	$ 137,610	$ 145,274	**$ 651,718**
Add back/(Deduct):					
Fair value gains, net	**(35,432)**	(72,255)	(20,002)	(22,929)	**(150,618)**
Fair value (gains) losses included in equity-accounted investments	**790**	(1,480)	1,386	695	**1,391**
Internal leasing costs	**2,985**	2,982	3,206	2,767	**11,940**
Transaction losses (gains) on investment properties, net	**384**	901	234	(888)	**631**
Transaction costs on sale of investment properties	**600**	6,324	2,751	1,678	**11,353**
Current income tax expense (recovery)	**(181)**	(68)	479	(307)	**(77)**
Operational lease revenue (expenses) from ROU assets	**946**	887	834	824	**3,491**
Operational lease revenue (expenses) from ROU assets in equity-accounted investments	**(11)**	(11)	(11)	(11)	**(44)**
Capitalized interest on equity-accounted investments	**436**	465	421	414	**1,736**
FFO	**$ 130,575**	$ 146,521	$ 126,908	$ 127,517	**$ 531,521**
Add back:					
Debt prepayment costs, net	**—**	3,896	—	—	**3,896**
One-time compensation costs	**—**	—	—	211	**211**
Restructuring costs	**609**	—	—	—	**609**
FFO Adjusted	**$ 131,184**	$ 150,417	$ 126,908	$ 127,728	**$ 536,237**
Distribution paid	**$ 75,907**	$ 76,000	$ 76,262	$ 76,264	**$ 304,433**
FFO for last 4 quarters	**$ 531,521**	$ 506,982	$ 484,565	$ 486,461	
FFO Adjusted for last 4 quarters	**$ 536,237**	$ 523,953	$ 497,640	$ 499,536	
Distributions for last 4 quarters	**$ 304,433**	$ 317,497	$ 355,882	$ 393,998	
FFO Payout Ratio					**57.3%**
FFO Payout Ratio Adjusted					**56.8%**

Quarterly FFO, FFO Adjusted, FFO Payout Ratio and FFO Payout Ratio Adjusted (continued)

(thousands of dollars, except per unit amounts)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Twelve months ended March 31, 2021
Net income (loss) attributable to Unitholders	$ 106,729	$ 65,609	$ 117,559	$ (350,770)	$ (60,873)
Add back/(Deduct):					—
Fair value losses (gains), net	(8,866)	42,286	8,529	451,707	493,656
Fair value losses included in equity-accounted investments	512	2,852	338	5,953	9,655
Deferred income tax expense (recovery)	—	9,105	1,600	(800)	9,905
Internal leasing costs	2,852	2,901	2,029	2,219	10,001
Transaction losses (gains) on investment properties, net	155	121	(616)	980	640
Transaction costs (recoveries) on sale of investment properties	3,638	1,003	(1,137)	323	3,827
Current income tax expense (recovery)	(163)	(711)	(300)	(548)	(1,722)
Operational lease revenue (expenses) from ROU assets	763	710	567	612	2,652
Operational lease revenue (expenses) from ROU assets in equity-accounted investments	(9)	(7)	(7)	(8)	(31)
Capitalized interest on equity-accounted investments	425	235	242	235	1,137
FFO	$ 106,036	$ 124,104	$ 128,804	$ 109,903	$ 468,847
Add back:					
Debt prepayment costs, net	7,018	—	—	—	7,018
One-time compensation costs	5,846	—	—	—	5,846
Restructuring costs	—	—	—	—	—
FFO Adjusted	$ 118,900	$ 124,104	$ 128,804	$ 109,903	$ 481,711
Distribution paid	$ 88,971	$ 114,385	$ 114,378	$ 114,387	$ 432,121
FFO for last 4 quarters	$ 468,847	$ 507,394	$ 529,391	$ 543,403	
FFO Adjusted for last 4 quarters	$ 481,711	$ 507,394	$ 529,391	$ 543,403	
Distributions for last 4 quarters	$ 432,121	$ 457,521	$ 456,421	$ 452,267	
FFO Payout Ratio					92.2%
FFO Payout Ratio Adjusted					89.7%

(vi) ACFO

The following table reconciles cash provided by operating activities to ACFO for the three months ended March 31, 2022 and 2021:

(thousands of dollars) Three months ended March 31		**2022**		2021
Cash provided by operating activities	**$**	**101,054**	$	80,648
Add back/(Deduct):				
Adjustments to working capital changes for ACFO (i)		**20,469**		3,263
Distributions received from equity-accounted investments		**5,681**		33,486
Transaction costs on sale of investment properties		**600**		3,638
Normalized Capital Expenditures (ii):				
Leasing commissions and tenant improvements		**(5,625)**		(6,750)
Maintenance capital expenditures recoverable from tenants		**(5,625)**		(3,000)
Maintenance capital expenditures not recoverable from tenants		**(1,250)**		(1,500)
Internal leasing costs related to development properties		**551**		526
Taxes related to non-operating activities (iii)		**(181)**		(163)
Operational lease revenue and expenses from ROU assets		**946**		763
ACFO	**$**	**116,620**	$	110,911
Add back:				
Debt prepayment costs, net		**—**		7,018
One-time compensation costs		**—**		1,932
Restructuring costs		**609**		—
ACFO Adjusted	**$**	**117,229**	$	119,861

(i) Includes working capital changes that, in management's view and based on the REALPAC definition issued in February 2019, are not indicative of sustainable cash flow available for distribution. Examples include, but are not limited to, working capital changes relating to residential inventory and developments, prepaid realty taxes and insurance, interest payable and interest receivable, sales and other indirect taxes payable to or receivable from applicable governments, income taxes and transaction cost accruals relating to acquisitions and dispositions of investment properties. Working capital changes related to payment deferrals that are implemented during the COVID-19 pandemic are not excluded from ACFO as they are intended to offset the short-term increase in net contractual rent receivables and other tenant receivables, which are not excluded from ACFO either.

(ii) Normalized Capital Expenditures are management's estimate of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Refer to the *Non-GAAP Measures* section of this MD&A for further discussion.

(iii) Includes income tax expenses (recoveries) associated with the sale of our U.S. portfolio, which have been deducted in determining cash provided by (used in) operating activities from operations. This adjustment effectively excludes this item's impact to ACFO based on the REALPAC definition issued in February 2019.

Quarterly ACFO, ACFO Payout Ratio and ACFO Payout Ratio Adjusted

The following tables reconcile quarterly cash provided by operating activities to ACFO for the rolling 12 months ended March 31, 2022 and 2021:

(thousands of dollars)	**Q1 2022**	Q4 2021	Q3 2021	Q2 2021	**Twelve months ended March 31, 2022**
Cash provided by operating activities	**$ 101,054**	$ 169,537	$ 94,885	$ 145,327	**$ 510,803**
Add back/(Deduct):					
Adjustments to working capital changes for ACFO	**20,469**	(16,382)	18,947	(2,099)	**20,935**
Distributions received from equity-accounted investments	**5,681**	12,739	3,367	12,918	**34,705**
Transaction costs on sale of investment properties	**600**	6,324	2,751	1,678	**11,353**
Normalized Capital Expenditures:					
Leasing commissions and tenant improvements	**(5,625)**	(6,750)	(6,750)	(6,750)	**(25,875)**
Maintenance capital expenditures recoverable from tenants	**(5,625)**	(3,000)	(3,000)	(3,000)	**(14,625)**
Maintenance capital expenditures not recoverable from tenants	**(1,250)**	(1,500)	(1,500)	(1,500)	**(5,750)**
Internal leasing costs related to development properties	**551**	550	592	511	**2,204**
Taxes related to non-operating activities	**(181)**	(68)	479	(307)	**(77)**
Operational lease revenue and expenses from ROU assets	**946**	887	834	824	**3,491**
ACFO	**$ 116,620**	$ 162,337	$ 110,605	$ 147,602	**$ 537,164**
Add back:					
Debt prepayment costs, net	**—**	3,896	—	—	**3,896**
One-time compensation costs	**—**	—	—	—	**—**
Restructuring costs	**609**	—	—	—	**609**
ACFO Adjusted	**$ 117,229**	$ 166,233	$ 110,605	$ 147,602	**$ 541,669**
Distributions paid	**$ 75,907**	$ 76,000	$ 76,262	$ 76,264	**$ 304,433**
ACFO last 4 quarters	**$ 537,164**	$ 531,455	$ 498,210	$ 534,603	
ACFO Adjusted for last 4 quarters	**$ 541,669**	$ 544,301	$ 507,160	$ 543,553	
Distributions last four quarters	**$ 304,433**	$ 317,497	$ 355,882	$ 393,998	
ACFO Payout Ratio					**56.7%**
ACFO Payout Ratio Adjusted					**56.2%**

Quarterly ACFO, ACFO Payout Ratio and ACFO Payout Ratio (continued)

(thousands of dollars)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Twelve months ended March 31, 2021
Cash provided by operating activities	$ 80,648	$ 182,472	$ 131,295	$ 122,015	$ 516,430
Add back/(Deduct):					
Adjustments to working capital changes for ACFO	3,263	(46,771)	21,656	(37,002)	(58,854)
Distributions received from equity-accounted investments	33,486	1,854	4,543	2,447	42,330
Transaction costs on sale of investment properties	3,638	1,003	(1,137)	323	3,827
Normalized Capital Expenditures :					
Leasing commissions and tenant improvements	(6,750)	(4,000)	(4,000)	(4,000)	(18,750)
Maintenance capital expenditures recoverable from tenants	(3,000)	(4,500)	(4,500)	(4,500)	(16,500)
Maintenance capital expenditures not recoverable from tenants	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)
Internal leasing costs related to development properties	526	535	374	409	1,844
Taxes related to non-operating activities	(163)	(711)	(300)	(548)	(1,722)
Operational lease revenue and expenses from ROU assets	763	710	567	612	2,652
ACFO	$ 110,911	$ 129,092	$ 146,998	$ 78,256	$ 465,257
Add back:					
Debt prepayment costs, net	7,018	—	—	—	7,018
One-time compensation costs	1,932	—	—	—	1,932
Restructuring costs	—	—	—	—	—
ACFO Adjusted	$ 119,861	$ 129,092	$ 146,998	$ 78,256	$ 474,207
Distributions paid	$ 88,971	$ 114,385	$ 114,378	$ 114,387	$ 432,121
ACFO last 4 quarters	$ 465,257	$ 462,777	$ 467,277	$ 465,183	
ACFO Adjusted for last 4 quarters	$ 474,207	$ 462,777	$ 467,277	$ 465,183	
Distributions last four quarters	$ 432,121	$ 457,521	$ 456,421	$ 452,267	
ACFO Payout Ratio					92.9%
ACFO Payout Ratio Adjusted					91.1%

(vii) Development Spending

(thousands of dollars) Three months ended March 31	**2022**	2021 (i)
Development expenditures on balance sheet:		
Properties under development	**$ 61,165**	$ 74,245
Residential inventory	**28,345**	13,329
RioCan's share of development spending from equity-accounted joint ventures	**2,374**	130
Total Development Spending	**$ 91,884**	$ 87,704

(i) Effective Q1 2022, the definition of total development spending was revised to include RioCan's share of development spending from equity-accounted joint ventures, accordingly, the comparative period has been restated.

(viii) Total Acquisitions

Total Acquisitions for the three months ended March 31, 2022 and 2021 are as follows:

(thousands of dollars) Three months ended March 31	**2022**	2021
Income producing properties	**$ 89,948**	$ 11,482
Properties under development	**11,946**	—
Residential inventory	**19,440**	—
RioCan's share of acquisitions from equity-accounted joint ventures	**66,497**	—
Total Acquisitions	**$ 187,831**	$ 11,482

(ix) Total debt and Total Contractual Debt

RioCan uses both debt and equity in its capital structure, which is summarized as follows as at March 31, 2022 and December 31, 2021:

As at	**March 31, 2022**			December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Debentures payable	**$ 2,991,357**	**$ —**	**$ 2,991,357**	$ 2,990,692	$ —	$ 2,990,692
Mortgages payable	**2,398,702**	**167,235**	**2,565,937**	2,334,016	166,368	2,500,384
Lines of credit and other bank loans	**1,320,167**	**90,000**	**1,410,167**	1,285,910	48,049	1,333,959
Total debt	**$ 6,710,226**	**$ 257,235**	**$ 6,967,461**	$ 6,610,618	$ 214,417	$ 6,825,035
Total equity	**8,045,847**	**—**	**8,045,847**	7,911,344	—	7,911,344
Total capital	**$ 14,756,073**	**$ 257,235**	**$ 15,013,308**	$ 14,521,962	$ 214,417	$ 14,736,379

As at	**March 31, 2022**			December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total debt	**$ 6,710,226**	**$ 257,235**	**$ 6,967,461**	$ 6,610,618	$ 214,417	$ 6,825,035
Less:						
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	**(16,163)**	**(502)**	**(16,665)**	(16,414)	(386)	(16,800)
Total Contractual Debt	**$ 6,726,389**	**$ 257,737**	**$ 6,984,126**	$ 6,627,032	$ 214,803	$ 6,841,835

(x) Total Adjusted Debt to Total Adjusted Assets

As at	**March 31, 2022**			December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total debt	**$ 6,710,226**	**$ 257,235**	**$ 6,967,461**	$ 6,610,618	$ 214,417	$ 6,825,035
Cash and cash equivalents	**85,188**	**9,556**	**94,744**	77,758	9,113	86,871
Total Adjusted Debt	**$ 6,625,038**	**$ 247,679**	**$ 6,872,717**	$ 6,532,860	$ 205,304	$ 6,738,164
Total assets	**$ 15,346,426**	**$ 286,344**	**$ 15,632,770**	$ 15,177,463	$ 248,230	$ 15,425,693
Cash and cash equivalents	**85,188**	**9,556**	**94,744**	77,758	9,113	86,871
Total Adjusted Assets	**$ 15,261,238**	**$ 276,788**	**$ 15,538,026**	$ 15,099,705	$ 239,117	$ 15,338,822
Total Adjusted Debt to Total Adjusted Assets	**43.4%**		**44.2%**	43.3%		43.9%

(xi) Floating Rate Debt and Fixed Rate Debt

As at	**March 31, 2022**			December 31, 2021		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total fixed rate debt	**$ 6,089,673**	**$ 139,579**	**$ 6,229,252**	$ 6,024,281	$ 142,383	$ 6,166,664
Total floating rate debt	**620,553**	**117,656**	**738,209**	586,337	72,034	658,371
Total debt	**$ 6,710,226**	**$ 257,235**	**$ 6,967,461**	$ 6,610,618	$ 214,417	$ 6,825,035
Ratio of floating rate debt to total debt	**9.2%**		**10.6%**	8.9%		9.6%
Total floating rate debt	**$ 620,553**	**$ 117,656**	**$ 738,209**	$ 586,337	$ 72,034	$ 658,371
Less:						
Revolving unsecured operating line of credit	**344,756**	**—**	**344,756**	363,732	—	363,732
Total floating rate debt (excluding revolving unsecured operating line of credit)	**$ 275,797**	**$ 117,656**	**$ 393,453**	$ 222,605	$ 72,034	$ 294,639
Ratio of floating rate debt to total debt (excluding revolving unsecured operating line of credit)			**5.6%**			4.3%

(xii) Unsecured Debt and Secured Debt

The following table reconciles total Unsecured and Secured Debt to Total Contractual Debt as at March 31, 2022 and December 31, 2021:

As at	**March 31, 2022**			December 31, 2021		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total Unsecured Debt	**$ 4,047,000**	**$ —**	**$ 4,047,000**	$ 4,065,920	$ —	$ 4,065,920
Total Secured Debt	**2,679,389**	**257,737**	**2,937,126**	2,561,112	214,803	2,775,915
Total Contractual Debt	**$ 6,726,389**	**$ 257,737**	**$ 6,984,126**	$ 6,627,032	$ 214,803	$ 6,841,835
Percentage of Total Contractual Debt:						
Unsecured Debt	**60.2%**		**57.9%**	61.4%		59.4%
Secured Debt	**39.8%**		**42.1%**	38.6%		40.6%

(xiii) Liquidity

As at March 31, 2022, RioCan had $1.3 billion of Liquidity as summarized in the following table:

As at	March 31, 2022			December 31, 2021		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Undrawn revolving unsecured operating line of credit	**$ 903,000**	**$ —**	**$ 903,000**	$ 634,080	$ —	$ 634,080
Undrawn construction lines and other bank loans	**282,503**	**54,981**	**337,484**	241,883	47,641	289,524
Cash and cash equivalents	**85,188**	**9,556**	**94,744**	77,758	9,113	86,871
Liquidity	**$ 1,270,691**	**$ 64,537**	**$ 1,335,228**	$ 953,721	$ 56,754	$ 1,010,475
Total Contractual Debt	**$ 6,726,389**	**$ 257,737**	**$ 6,984,126**	$ 6,627,032	$ 214,803	$ 6,841,835
Liquidity as percentage of Total Contractual Debt	**18.9%**		**19.1%**	14.4%		14.8%
Liquidity as of March 31, 2022	**$ 1,270,691**	**$ 64,537**	**$ 1,335,228**			
Increase subsequent to quarter end:						
Proceeds from debenture issuance	**250,000**	**—**	**250,000**			
Liquidity as of May 9, 2022	**$ 1,520,691**	**$ 64,537**	**$ 1,585,228**			
Liquidity as percentage of Total Contractual Debt as of May 9, 2022	**22.6%**		**22.7%**			

(xiv) Adjusted EBITDA and Coverage Ratios

The following table reconciles consolidated net income attributable to Unitholders to Adjusted EBITDA:

As at	12 months ended					
	March 31, 2022			December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	**$ 651,718**	**$ —**	**$ 651,718**	$ 598,389	$ —	$ 598,389
Add (deduct) the following items:						
Income tax expense (recovery):						
Current	**(77)**	**—**	**(77)**	(59)	—	(59)
Fair value losses (gains) on investment properties, net	**(150,618)**	**1,391**	**(149,227)**	(124,052)	1,113	(122,939)
Internal leasing costs	**11,940**	**—**	**11,940**	11,807	—	11,807
Non-cash unit-based compensation expense	**7,575**	**—**	**7,575**	12,546	—	12,546
Interest costs, net	**169,363**	**7,327**	**176,690**	171,521	7,026	178,547
Debt prepayment costs, net	**3,896**	**—**	**3,896**	10,914	—	10,914
One-time cash compensation costs	**—**	**—**	**—**	1,932	—	1,932
Restructuring costs	**609**	**—**	**609**	—	—	—
Depreciation and amortization	**3,986**	**—**	**3,986**	4,022	—	4,022
Transaction losses on the sale of investment properties, net (i)	**631**	**—**	**631**	402	—	402
Transaction costs on investment properties	**11,323**	**30**	**11,353**	14,363	28	14,391
Operational lease revenue and expenses from ROU assets	**3,491**	**(44)**	**3,447**	3,308	(42)	3,266
Adjusted EBITDA	**$ 713,837**	**$ 8,704**	**$ 722,541**	$ 705,093	$ 8,125	$ 713,218

(i) Includes transaction gains and losses realized on the disposition of investment properties.

Adjusted EBITDA Ratios

Adjusted Debt to Adjusted EBITDA, Interest Coverage and Debt Service Coverage ratios are calculated as follows:

As at	12 months ended					
	March 31, 2022			December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Adjusted Debt to Adjusted EBITDA						
Average total debt outstanding	**$ 6,729,616**	**$ 216,840**	**$ 6,946,456**	$ 6,773,147	$ 192,804	$ 6,965,951
Less: average cash and cash equivalents	**(88,746)**	**(7,110)**	**(95,856)**	(119,400)	(5,639)	(125,039)
Average Total Adjusted Debt	**$ 6,640,870**	**$ 209,730**	**$ 6,850,600**	$ 6,653,747	$ 187,165	$ 6,840,912
Adjusted EBITDA	**$ 713,837**	**$ 8,704**	**$ 722,541**	$ 705,093	$ 8,125	$ 713,218
Adjusted Debt to Adjusted EBITDA	**9.30**		**9.48**	9.44		9.59
Interest Coverage						
Adjusted EBITDA	**$ 713,837**	**$ 8,704**	**$ 722,541**	$ 705,093	$ 8,125	$ 713,218
Interest costs, net	**$ 169,363**	**$ 7,327**	**$ 176,690**	$ 171,521	$ 7,026	$ 178,547
Interest expense capitalized to PUD	**40,186**	**79**	**40,265**	40,287	53	40,340
Gross interest costs	**$ 209,549**	**$ 7,406**	**$ 216,955**	$ 211,808	$ 7,079	$ 218,887
Interest Coverage	**3.41**		**3.33**	3.33		3.26
Debt Service Coverage						
Adjusted EBITDA	**$ 713,837**	**$ 8,704**	**$ 722,541**	$ 705,093	$ 8,125	$ 713,218
Gross interest costs	**$ 209,549**	**$ 7,406**	**$ 216,955**	$ 211,808	$ 7,079	$ 218,887
Scheduled mortgage principal amortization	**48,486**	**2,071**	**50,557**	48,817	2,046	50,863
Debt Service Cost	**$ 258,035**	**$ 9,477**	**$ 267,512**	$ 260,625	$ 9,125	$ 269,750
Debt Service Coverage	**2.77**		**2.70**	2.71		2.64

(xv) Unencumbered Assets

The table below summarizes RioCan's Unencumbered Assets, Unsecured Debt and NOI generated from Unencumbered Assets as at March 31, 2022 and December 31, 2021:

As at		**March 31, 2022**			December 31, 2021		
(thousands of dollars, except where otherwise noted)	Targeted Ratios	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Unencumbered Assets		**$ 9,189,147**	**$ 59,086**	**$ 9,248,233**	$ 9,332,833	$ 59,433	$ 9,392,266
Total Unsecured Debt		**$ 4,047,000**	**$ —**	**$ 4,047,000**	$ 4,065,920	$ —	$ 4,065,920
Unencumbered Assets to Unsecured Debt	> 200%	**227%**		**229%**	230%		231%
Annual Normalized NOI - total portfolio (i)		**$ 654,440**	**$ 22,104**	**$ 676,544**	$ 649,208	$ 22,688	$ 671,896
Annual Normalized NOI - Unencumbered Assets (i)		**$ 419,048**	**$ 3,440**	**$ 422,488**	$ 432,820	$ 3,440	$ 436,260
Percentage of Normalized NOI Generated from Unencumbered Assets	> 50.0%	**64.0%**		**62.4%**	66.7%		64.9%

(i) Annual normalized NOI is reconciled in the table below.

As at	**March 31, 2022**			December 31, 2021		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Unencumbered Assets	**$ 9,189,147**	**$ 59,086**	**$ 9,248,233**	$ 9,332,833	$ 59,433	$ 9,392,266
Encumbered assets	**4,981,312**	**351,973**	**5,333,285**	4,735,745	350,361	5,086,106
Investment properties, including assets held for sale	**$ 14,170,459**	**$ 411,059**	**$ 14,581,518**	$ 14,068,578	$ 409,794	$ 14,478,372
Ratio of Unencumbered Assets to total investment properties	**64.8%**		**63.4%**	66.3%		64.9%

	Three months ended March 31, 2022			Three months ended December 31, 2021		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
NOI (i)	**$ 167,299**	**$ 5,526**	**$ 172,825**	$ 165,798	$ 5,672	$ 171,470
Adjust the following:						
Miscellaneous revenue	**(1,279)**	**—**	**(1,279)**	(540)	—	(540)
Percentage rent	**(1,527)**	**—**	**(1,527)**	(2,562)	—	(2,562)
Lease cancellation fees	**(883)**	**—**	**(883)**	(394)	—	(394)
Normalized NOI - total portfolio	**$ 163,610**	**$ 5,526**	**$ 169,136**	$ 162,302	$ 5,672	$ 167,974
Annual Normalized NOI - total portfolio(ii)	**$ 654,440**	**$ 22,104**	**$ 676,544**	$ 649,208	$ 22,688	$ 671,896
NOI from Unencumbered Assets	**$ 106,220**	**$ 860**	**$ 107,080**	$ 110,517	$ 860	$ 111,377
Adjust the following:						
Miscellaneous revenue- Unencumbered Assets	**(357)**	**—**	**(357)**	(253)	—	(253)
Percentage rent- Unencumbered Assets	**(1,018)**	**—**	**(1,018)**	(1,852)	—	(1,852)
Lease cancellation fees- Unencumbered Assets	**(83)**	**—**	**(83)**	(207)	—	(207)
Normalized NOI -Unencumbered Assets	**$ 104,762**	**$ 860**	**$ 105,622**	$ 108,205	$ 860	$ 109,065
Annual Normalized NOI - unencumbered assets (ii)	**$ 419,048**	**$ 3,440**	**$ 422,488**	$ 432,820	$ 3,440	$ 436,260

(i) Refer to *(iii) NOI* of this section for reconciliation from NOI to operating income.

(ii) Calculated by multiplying Normalized NOI by a factor of 4.

Selected Quarterly Non-GAAP measures

NOI

(thousands of dollars)	**2022**	2021				2020		
Three months ended	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating Income	**$ 173,868**	$ 194,788	$ 167,970	$ 171,805	$ 167,102	$ 173,594	$ 175,836	$ 155,539
Adjusted for the following:								
Property management and other service fees	**(5,882)**	(3,920)	(3,945)	(3,731)	(3,175)	(4,050)	(7,442)	(2,694)
Residential inventory gains	**(2,033)**	(26,334)	—	(2,048)	—	(3,569)	(11,392)	(171)
Operational lease revenue and (expenses) from ROU assets	**1,346**	1,264	1,209	1,221	1,105	1,065	919	963
NOI	**$ 167,299**	$ 165,798	$ 165,234	$ 167,247	$ 165,032	$ 167,040	$ 157,921	$ 153,637

Total Adjusted Debt to Total Adjusted Assets at RioCan's proportionate share

As at	**2022**	2021				2020		
(thousands of dollars)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
IFRS basis:								
Total debt	**$ 6,710,226**	$ 6,610,618	$ 6,739,530	$ 6,763,918	$ 6,823,788	$ 6,927,883	$ 6,743,302	$ 6,669,558
Cash and cash equivalents	**85,188**	77,758	102,715	98,386	79,685	238,456	59,930	80,458
Total Adjusted Debt	**$ 6,625,038**	$ 6,532,860	$ 6,636,815	$ 6,665,532	$ 6,744,103	$ 6,689,427	$ 6,683,372	$ 6,589,100
Add equity-accounted investments:								
Total debt	**$ 257,235**	$ 214,417	$ 207,725	$ 203,531	$ 201,294	$ 137,053	$ 131,360	$ 128,882
Cash and cash equivalents	**9,556**	9,113	5,776	3,891	7,214	2,203	1,371	1,151
Total Adjusted Debt	**$ 247,679**	$ 205,304	$ 201,949	$ 199,640	$ 194,080	$ 134,850	$ 129,989	$ 127,731
Total Adjusted Debt - RioCan's proportionate share	**$ 6,872,717**	$ 6,738,164	$ 6,838,764	$ 6,865,172	$ 6,938,183	$ 6,824,277	$ 6,813,361	$ 6,716,831
IFRS basis:								
Total assets	**$15,346,426**	$15,177,463	$15,291,760	$15,235,628	$15,174,530	$15,267,708	$15,127,844	$15,070,648
Cash and cash equivalents	**85,188**	77,758	102,715	98,386	79,685	238,456	59,930	80,458
Total Adjusted Assets	**$15,261,238**	$15,099,705	$15,189,045	$15,137,242	$15,094,845	$15,029,252	$15,067,914	$14,990,190
Add equity-accounted investments:								
Total assets	**$ 286,344**	$ 248,230	$ 232,001	$ 235,369	$ 229,035	$ 146,737	$ 147,214	$ 140,494
Cash and cash equivalents	**9,556**	9,113	5,776	3,891	7,214	2,203	1,371	1,151
Total Adjusted Assets	**$ 276,788**	$ 239,117	$ 226,225	$ 231,478	$ 221,821	$ 144,534	$ 145,843	$ 139,343
Total Adjusted Assets - RioCan's proportionate share	**$15,538,026**	$15,338,822	$15,415,270	$15,368,720	$15,316,666	$15,173,786	$15,213,757	$15,129,533
Total Adjusted Debt to Total Adjusted Assets - IFRS basis	**43.4%**	43.3%	43.7%	44.0%	44.7%	44.5%	44.4%	44.0%
Total Adjusted Debt to Total Adjusted Assets - RioCan's proportionate share	**44.2%**	43.9%	44.4%	44.7%	45.3%	45.0%	44.8%	44.4%

Adjusted Debt to Adjusted EBITDA at RioCan's proportionate share

As at	**2022**	2021				2020		
(thousands of dollars)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net income (loss) attributable to Unitholders	**$ 651,718**	$ 598,389	$ 455,222	$ 435,171	$ (60,873)	$ (64,780)	$ 20,397	$ 80,392
Add (deduct) the following items:								
Income tax expense (recovery):								
Current	**(77)**	(59)	(702)	(1,481)	(1,722)	(275)	163	630
Deferred	**—**	—	9,105	10,705	9,905	10,905	1,584	(16)
Fair value losses (gains) on investment properties, net	**(150,618)**	(124,052)	(9,511)	19,020	493,656	526,775	461,215	413,211
Change in unrealized fair value on marketable securities	**—**	—	—	—	—	10,219	17,614	14,811
Internal leasing costs	**11,940**	11,807	11,726	10,549	10,001	10,192	10,308	11,175
Non-cash unit-based compensation expense	**7,575**	12,546	13,476	13,832	14,053	9,120	8,133	7,800
Interest costs, net	**169,363**	171,521	173,959	176,600	179,332	180,811	181,185	182,762
Debt prepayment costs, net	**3,896**	10,914	7,018	7,018	7,018	—	—	—
One-time cash compensation costs (i)	**—**	1,932	1,932	1,932	1,932	—	—	—
Restructuring costs	**609**	—	—	—	—	—	—	—
Depreciation and amortization	**3,986**	4,022	4,079	4,143	4,256	4,342	4,407	4,431
Transaction losses on the sale of investment properties, net	**631**	402	(382)	(1,232)	636	503	288	1,517
Transaction costs on investment properties	**11,323**	14,363	9,069	5,179	3,826	768	2,360	6,058
Operational lease revenue and expenses from ROU assets	**3,491**	3,308	3,131	2,864	2,652	2,572	2,432	2,408
Adjusted EBITDA - IFRS basis	**$ 713,837**	$ 705,093	$ 678,122	$ 684,300	$ 664,672	$ 691,152	$ 710,086	$ 725,179
Add:equity-accounted investments								
Fair value losses (gains) on investment properties	**1,391**	1,113	5,447	4,397	9,657	9,613	12,366	12,797
Interest costs, net	**7,327**	7,026	6,381	5,724	5,058	4,788	4,899	4,992
Transaction costs on investment properties	**30**	28	1	1	1	—	—	—
Operational lease revenue and expenses from ROU assets	**(44)**	(42)	(37)	(33)	(31)	(28)	(27)	(26)
Adjusted EBITDA- RioCan's proportionate share	**$ 722,541**	$ 713,218	$ 689,914	$ 694,389	$ 679,357	$ 705,525	$ 727,324	$ 742,942
IFRS basis:								
Average total debt outstanding	**$ 6,729,616**	$ 6,773,147	$ 6,799,684	$ 6,785,690	$ 6,754,038	$ 6,667,444	$ 6,604,414	$ 6,500,468
Less: average cash and cash equivalents	**(88,746)**	(119,400)	(115,834)	(111,383)	(108,721)	(111,487)	(85,247)	(83,896)
Average Total Adjusted Debt	**$ 6,640,870**	$ 6,653,747	$ 6,683,850	$ 6,674,307	$ 6,645,317	$ 6,555,957	$ 6,519,167	$ 6,416,572
Add: equity-accounted investments								
Average total debt outstanding	**$ 216,840**	$ 192,804	$ 176,193	$ 160,424	$ 144,307	$ 128,270	$ 124,865	$ 122,377
Less: average cash and cash equivalents	**(7,110)**	(5,639)	(4,091)	(3,166)	(2,753)	(1,920)	(2,108)	(2,203)
Average Total Adjusted Debt	**$ 209,730**	$ 187,165	$ 172,102	$ 157,258	$ 141,554	$ 126,350	$ 122,757	$ 120,174
Average Total Adjusted Debt - RioCan's proportionate share	**$ 6,850,600**	$ 6,840,912	$ 6,855,952	$ 6,831,565	$ 6,786,871	$ 6,682,307	$ 6,641,924	$ 6,536,746
Adjusted Debt to Adjusted EBITDA - RioCan's proportionate share	**9.48**	9.59	9.94	9.84	9.99	9.47	9.13	8.80

(i) Q1 to Q3 2021 was restated to reflect one-time compensation costs occurring in Q1 2021.

ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 2 of RioCan's Condensed Consolidated Financial Statements. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions.

Estimation Uncertainty as a Result of COVID-19

In the preparation of RioCan's Condensed Consolidated Financial Statements, the Trust has incorporated the potential impact of COVID-19 into its significant estimates and assumptions that affect the reported amounts of its assets, liabilities, net income and related disclosures using available information as at March 31, 2022. The significant estimates and assumptions that are most impacted by COVID-19 are those underlying the valuation of investment properties and the estimates of expected credit losses on net contractual rents receivable and other tenant receivables, refer to Note 3 and Note 6, respectively of the Condensed Consolidated Financial Statements. Due to the continuing risks and uncertainties arising from the COVID-19 health crisis, actual results may differ from these estimates and assumptions.

Adoption of New Accounting Standards

Effective January 1, 2022, the Trust adopted the following amended standard as issued by the International Accounting Standards Board (IASB). As a result, significant accounting policies, estimates and judgments most affected by the adoption of the new pronouncements have been updated as applicable as indicated in Note 2 of the Condensed Consolidated Financial Statements and further described below.

Amendments to IFRS 9 Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to the IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the types of fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment specifies that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, should be included. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective January 1, 2022 with earlier adoption permitted.

There were no financial liabilities modified or exchanged after January 1, 2022. As a result, these amendments did not impact the Trust's consolidated financial statements upon adoption.

Future Changes in Accounting Policies

RioCan monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on RioCan's operations. Standards issued, but not yet effective, up to the date of issuance of the Condensed Consolidated Financial Statements for the three months ended March 31, 2022, are described below. This description is of standards and interpretations issued, which we reasonably expect to be applicable at a future date. We intend to adopt these standards when they become effective.

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2023, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective January 1, 2023, with early adoption permitted. Management is current assessing the impact of these amendments.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to account policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are applicable January 1, 2023, with early adoption permitted. Management is currently assessing the impact of these amendments.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures (DCP)

The CEO and CFO of the Trust have designed or caused to be designed under their direct supervision the Trust's DCP to provide reasonable assurance that: (i) material information relating to the Trust is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Trust in its annual and interim fillings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee, which is composed of RioCan senior management. The Disclosure Committee has established disclosure controls and procedures so that it becomes aware of any material information affecting RioCan in order to evaluate and communicate this information to management of the Trust, including the CEO and CFO, as appropriate and determine the appropriateness and timing of any required disclosure.

Internal Controls over Financial Reporting (ICFR)

The CEO and CFO of the Trust have designed or caused to be designed under their direct supervision the Trust's ICFR which has been effected by RioCan's Board of Trustees, management and other personnel in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

There were no changes in the Trust's ICFR during the three months ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Trust's ICFR.

Inherent Limitations

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. Accordingly, RioCan's DCP are designed to provide reasonable, not absolute, assurance, that the objectives of the Trust's disclosure control system are met.

Canadian REIT Status and Monitoring

RioCan currently qualifies for the REIT Exemption for purposes of the *Income Tax Act (Canada)*. Accordingly, RioCan continues to be able to flow taxable income through to Unitholders on a tax effective basis. Generally, to qualify for the REIT Exemption, RioCan's Canadian assets must be comprised primarily of real estate and substantially all of our Canadian source revenues must be derived from rental revenue, capital gains and fee income from properties in which we have an interest.

RioCan monitors its REIT Exemption status to ensure that we continue to qualify as a Canadian REIT. From time to time, the members of the Board of Trustees, Audit Committee and senior management are updated on RioCan's continued REIT Exemption qualification, including any significant legislation updates.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Commitment to Climate Change

Climate change poses environmental, social and business risks. RioCan understands that investing in climate-resilient real estate is essential to sustainable growth, delivering on the UN Sustainable Development Goals and reducing climate-related risks. We rely on the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) to guide us in addressing our climate change-related risks. We also continue to monitor the development of applicable laws in this area and the evolution of disclosure requirements for public issuers such as RioCan, including the proposed National Instrument NI 51-107 – Disclosure of Climate-related Matters.

For a detailed discussion of RioCan's Climate-Related Financial Disclosures surrounding Governance, Strategy, Risk Management, Metrics and Targets, refer to the 2021 Annual Report and RioCan's AIF, which can be found on SEDAR at www.sedar.com or RioCan's website at www.riocan.com.

RISKS AND UNCERTAINTIES

The achievement of RioCan's objectives is, in part, dependent on the successful mitigation of business risks identified. Real estate investments are subject to a degree of risk. They are affected by various factors including changes in general economic and local market conditions, equity and credit markets, fluctuations in interest costs, the attractiveness of the properties to tenants, competition from other available space, the stability and creditworthiness of tenants, and various other factors.

On June 17, 2015, Unitholders authorized and approved amendments made to the Trust's Declaration of Trust to further align it with evolving governance best practices. The rights granted in the amended Declaration of Trust are granted as contractual rights afforded to Unitholders (rather than as statutory rights). Similar to other existing rights contained in the Declaration of Trust (i.e. the take-over bid provisions and conflict of interest provisions), making these rights and remedies and certain procedures available by contract is structurally different from the manner in which the equivalent rights and remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from those rights and remedies or procedures by the corporate statute that governs the corporation, such as the *Canada Business Corporations Act* (CBCA). As such, there is no certainty how these rights, remedies or procedures may be treated by the courts in the non-corporate context or that a Unitholder will be able to enforce the rights and remedies in the manner contemplated by the amendments. Furthermore, how the courts will treat these rights, remedies and procedures will be in the discretion of the court, and the courts may choose to not accept jurisdiction to consider any claim contemplated in the provisions.

For a detailed discussion of risk factors that have been identified by RioCan, refer to the 2021 Annual Report and RioCan's AIF, which can be found on SEDAR at www.sedar.com or RioCan's website at www.riocan.com, together with the below risk factor.

COVID-19 Health Crisis

With global vaccination programs well advanced, governments in Canada and several other jurisdictions have eased restrictive measures that were previously imposed to varying degrees, in an effort to contain the spread of COVID-19. This easing of restrictions has led to a resurgence of activity in the global and domestic economies. The Trust will continue to act according to directions provided by the Federal and respective Provincial and Municipal governments. Nevertheless, COVID-19 continues to impose risks and uncertainties on RioCan's business, operations and financial performance as discussed throughout this MD&A.

Such continuing risks and uncertainties arising from the COVID-19 health crisis include, but are not limited to, consumer demands for tenant's products or services; consumer foot traffic to tenant stores and RioCan properties; changing consumer habits and level of discretionary spending; mobility restrictions; increased unemployment; tenants' ability to adequately staff their businesses; tenants' ability to pay rent as required under their leases; the extent of tenant business closures and changes in tenant business strategies that may impact retail real estate occupancy; changes in the creditworthiness of tenants; leasing activities; market rents; the availability, duration and effectiveness of various support programs that are or may be offered by the various levels of government in Canada; the availability and extent of support programs that the Trust may offer its tenants; timelines and costs related to the Trust's development projects; the pace of property lease-up and rents and yields achieved upon development completion, as well as the pace of maintenance capital expenditures; domestic and global supply chains; labor supply and demand; the capitalization rates that arm's length buyers and sellers are willing to transact on properties; and risks associated with cyber security, information technology systems and networks, which in turn could impact the Trust's business and operations.

Many of these factors could impact RioCan's operations and financial performance, and such effects could be material to investment property valuations because such factors could have a direct or indirect impact on stabilized NOI, cash flows or capitalization rates, among others, that are inputs to investment property valuations. The short and long-term impact of the pandemic on the Trust's investment property valuation remains difficult to assess and predict. Refer to Note 3 of the Condensed Consolidated Financial Statements for a sensitivity analysis of investment property valuations.

The spread, duration and severity of COVID-19 and subsequent variants could adversely affect global economies, including credit and capital markets, which could potentially increase the difficulty and cost of accessing capital. It could also potentially impact RioCan's current credit ratings, total return and distribution yield of the Trust's Units.

RIOCAN
REAL VISION, SOLID GROUND.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Canadian dollars, tabular amounts in thousands, except per unit amounts or unless otherwise noted)

TABLE OF CONTENTS

RIOCAN REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of Canadian dollars)

As at	Note		**March 31, 2022**		December 31, 2021
Assets					
Investment properties	*3*	**$**	**14,132,107**	$	14,021,338
Equity-accounted investments	*4*		**363,663**		327,335
Mortgages and loans receivable			**217,911**		237,790
Residential inventory	*5*		**256,147**		217,043
Assets held for sale	*3*		**38,352**		47,240
Receivables and other assets	*6*		**253,058**		248,959
Cash and cash equivalents			**85,188**		77,758
Total assets		**$**	**15,346,426**	$	15,177,463
Liabilities					
Debentures payable	*9*	**$**	**2,991,357**	$	2,990,692
Mortgages payable	*8*		**2,398,702**		2,334,016
Lines of credit and other bank loans	*7*		**1,320,167**		1,285,910
Accounts payable and other liabilities	*10*		**590,353**		655,501
Total liabilities		**$**	**7,300,579**	$	7,266,119
Equity					
Unitholders' equity			**8,045,847**		7,911,344
Total liabilities and equity		**$**	**15,346,426**	$	15,177,463

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Approved on behalf of the Board of Trustees

(signed) Siim A. Vanaselja
Siim A. Vanaselja
Chair of Audit Committee
Trustee

(signed) Jonathan Gitlin
Jonathan Gitlin
President and Chief Executive Officer
Trustee

RIOCAN REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands of Canadian dollars, except per unit amounts)

Three months ended March 31,	Note		**2022**		2021
Revenue					
Rental revenue	*14*	**$**	**272,131**	$	273,624
Residential inventory sales	*5*		**15,969**		—
Property management and other service fees	*14*		**5,882**		3,175
			293,982		276,799
Operating costs					
Rental operating costs					
Recoverable under tenant leases			**100,122**		97,287
Non-recoverable costs			**6,056**		12,410
Residential inventory cost of sales	*5*		**13,936**		—
			120,114		109,697
Operating income			**173,868**		167,102
Other income					
Interest income	*15*		**4,061**		2,929
Income from equity-accounted investments	*4*		**4,090**		3,629
Fair value gain on investment properties, net	*3*		**35,432**		8,866
Investment and other income (loss), net			**(185)**		221
			43,398		15,645
Other expenses					
Interest costs, net	*16*		**41,766**		43,924
General and administrative	*17*		**11,463**		17,831
Internal leasing costs			**2,985**		2,852
Transaction and other costs	*18*		**1,175**		4,556
Debt prepayment costs, net			**—**		7,018
			57,389		76,181
Income before income taxes			**159,877**		106,566
Current income tax recovery			**(181)**		(163)
Net income		**$**	**160,058**	$	106,729
Net income					
Unitholders	*19*	**$**	**160,058**	$	106,729
		$	**160,058**	$	106,729
Net income per unit					
Basic	*19*	**$**	**0.52**	$	0.34
Diluted	*19*	**$**	**0.52**	$	0.34

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

RIOCAN REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of Canadian dollars)

Three months ended March 31,	Note		**2022**		2021
Net income		**$**	**160,058**	$	106,729
Other comprehensive income					
Items that may be reclassified subsequently to income, net of tax:					
Interest rate swap agreements:					
Unrealized gain during the period	*11*		**20,249**		13,952
Reclassified during the period to income	*11*		**4,382**		5,436
Unrealized gain on bond forward agreements	*11*		**28,765**		—
Other comprehensive income (loss) from equity-accounted investments	*4, 11*		**295**		(183)
Other comprehensive income, net of tax			**53,691**		19,205
Comprehensive income, net of tax		**$**	**213,749**	$	125,934

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

RIOCAN REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of Canadian dollars)

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total equity
Balance, December 31, 2020		$ 4,815,230	$ 38,066	$ 2,950,019	$ (68,342)	$ 7,734,973
Changes during the period:						
Net income		—	—	106,729	—	106,729
Other comprehensive income	*11*	—	—	—	19,205	19,205
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	*11*	1,966	(6,130)	—	—	(4,164)
Units issued, net of issuance costs	*11*	223	—	—	—	223
Unit-based compensation awards	*11*	—	14,423	—	—	14,423
Distributions to Unitholders	*13*	—	—	(76,264)	—	(76,264)
Balance, March 31, 2021		$ 4,817,419	$ 46,359	$ 2,980,484	$ (49,137)	$ 7,795,125

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2021		$ 4,696,785	$ 54,030	$ 3,187,070	$ (26,541)	$ 7,911,344
Changes during the period:						
Net income		**—**	**—**	**160,058**	**—**	**160,058**
Other comprehensive income	*11*	**—**	**—**	**—**	**53,691**	**53,691**
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	*11*	**4,157**	**(8,408)**	**—**	**—**	**(4,251)**
Units issued, net of issuance costs	*11*	**99**	**—**	**—**	**—**	**99**
Unit-based compensation awards	*11*	**—**	**2,373**	**—**	**—**	**2,373**
Distributions to Unitholders	*13*	**—**	**—**	**(77,467)**	**—**	**(77,467)**
Balance, March 31, 2022		**$ 4,701,041**	**$ 47,995**	**$ 3,269,661**	**$ 27,150**	**$ 8,045,847**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

RIOCAN REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars)

Three months ended March 31,	Note	2022	2021
Operating activities			
Net income		**$ 160,058**	$ 106,729
Items not affecting cash:			
Depreciation and amortization	*17*	**974**	1,010
Amortization of straight-line rent	*14*	**(915)**	(1,686)
Unit-based compensation expense	*11*	**1,811**	6,782
Income from equity-accounted investments	*4*	**(4,090)**	(3,629)
Fair value gain on investment properties, net	*3*	**(35,432)**	(8,866)
Transaction losses, net on disposition of investment properties		**97**	151
Adjustments for changes in other working capital items		**(21,449)**	(19,843)
Cash provided by operating activities		**101,054**	80,648
Investing activities			
Acquisitions of investment properties		**(88,831)**	(11,654)
Construction expenditures on properties under development		**(78,023)**	(96,068)
Capital expenditures on income properties		**(14,223)**	(12,179)
Proceeds from sale of investment properties		**70,082**	95,085
Earn-outs on investment properties		**—**	(993)
Contributions to equity-accounted investments	*4*	**(4,299)**	(140,181)
Distributions received from equity-accounted investments	*4*	**5,681**	33,486
Advances of mortgages and loans receivable		**(19,763)**	(2,787)
Repayments of mortgages and loans receivable		**42,189**	13,663
Lease payments received from finance lease receivables		**973**	789
Cash used in investing activities		**(86,214)**	(120,839)
Financing activities			
Proceeds from mortgage financing, net of issue costs		**51,347**	255,220
Repayments of mortgage principal		**(11,191)**	(221,444)
Advances from bank credit lines, net of issue costs		**73,124**	191,182
Repayment of bank credit lines		**(40,107)**	—
Repayment of unsecured debentures	*9*	**—**	(250,000)
Distributions paid to Unitholders	*23*	**(75,907)**	(88,971)
Units repurchased for settlement of Unit compensation exercises and proceeds received from issuance of Units, net of issue costs		**(4,202)**	(4,098)
Repayment of lease liabilities		**(474)**	(469)
Cash used in financing activities		**(7,410)**	(118,580)
Net change in cash and cash equivalents		**7,430**	(158,771)
Cash and cash equivalents, beginning of period		**77,758**	238,456
Cash and cash equivalents, end of period		**$ 85,188**	$ 79,685
Supplemental cash flow information	*23*		

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

1. GENERAL INFORMATION

RioCan Real Estate Investment Trust and its consolidated subsidiaries (collectively, the Trust or RioCan) own, develop and operate one of Canada's largest portfolio of retail-focused and increasingly mixed-use properties. The parent trust, RioCan Real Estate Investment Trust, is an unincorporated closed-end trust governed under the laws of the Province of Ontario, Canada, and constituted pursuant to a Declaration of Trust (Declaration) dated November 30, 1993, as most recently amended and restated on June 2, 2020. The Trust's corporate headquarters and registered head office are located at the RioCan Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario, Canada.

RioCan's trust units (Units) are listed on the Toronto Stock Exchange (TSX) under the ticker symbol REI.UN.

These unaudited interim condensed consolidated financial statements (Condensed Consolidated Financial Statements) were authorized for issue by RioCan's Audit Committee on May 9, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

RioCan's Condensed Consolidated Financial Statements have been prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34), as issued by the International Accounting Standards Board (IASB). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements and, therefore, these Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with the notes to the Trust's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020 (2021 Annual Financial Statements) as set out on pages 126 to 181 of the 2021 Annual Report.

2.2 Basis of presentation

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Trust's 2021 Annual Financial Statements, except for the adoption of new standards and interpretations effective as of January 1, 2022 as described in Note 2.4. Certain comparative amounts have been reclassified to conform to the current year's presentation.

2.3 Use of estimates and assumptions

The preparation of RioCan's Condensed Consolidated Financial Statements requires management to make estimates and assumptions that have a significant risk of causing a material adjustment to the reported amounts of assets, liabilities, net income and related disclosures over the following reporting period. Estimates made by management are based on events and circumstances and the latest reliable information available to management that existed as at the consolidated balance sheet dates. Accordingly, actual results may differ from these estimates.

Given the continuously evolving circumstances surrounding the COVID-19 pandemic, it is difficult to predict with certainty the nature, extent of COVID-19 including any related business disruptions and financial, social and public health impacts. Estimates and assumptions that are most subject to increased uncertainty caused by the COVID-19 pandemic relate to the valuation of investment properties and the assessment of collectability of contractual rents receivable due to the forward-looking nature of the information (Note 3 and Note 6).

2.4 Changes in accounting policies and disclosures

Amendments to IFRS 9 Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to the IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the types of fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment specifies that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, should be included. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective January 1, 2022 with earlier adoption permitted.

There were no financial liabilities modified or exchanged after January 1, 2022. As a result, these amendments did not impact the Trust's consolidated financial statements upon adoption.

3. INVESTMENT PROPERTIES

As at		**March 31, 2022**		December 31, 2021
Income properties	**$**	**12,704,059**	$	12,573,286
Properties under development		**1,428,048**		1,448,052
	$	**14,132,107**	$	14,021,338

		Three months ended March 31, 2022						Year ended December 31, 2021
		Income properties		**Properties under development**		**Total** (v)		Total (v)
Balance, beginning of period	**$**	**12,611,276**	**$**	**1,457,302**	**$**	**14,068,578**	$	14,261,116
Acquisitions		**89,948**		**11,946**		**101,894**		17,045
Dispositions		**(71,573)**		**(14,507)**		**(86,080)**		(766,021)
Development expenditures		**—**		**61,165**		**61,165**		365,120
Capital expenditures:								
Recoverable and non-recoverable expenditures		**1,020**		**—**		**1,020**		34,240
Leasing commissions and tenant improvements		**11,929**		**—**		**11,929**		53,577
Transfers, net (i)		**83,597**		**(83,597)**		**—**		—
Transfers to residential inventory (ii)		**—**		**(4,840)**		**(4,840)**		(21,816)
Fair value gain, net		**25,603**		**9,829**		**35,432**		124,052
Straight-line rent (iii)		**915**		**—**		**915**		6,928
Transfers to finance lease receivables		**(2,261)**		**—**		**(2,261)**		(5,148)
Transfer to equity-accounted investment (iv)		**(17,500)**		**—**		**(17,500)**		(572)
Other changes		**(21)**		**—**		**(21)**		(2,103)
Earn-out consideration		**228**		**—**		**228**		2,160
Balance, end of period	**$**	**12,733,161**	**$**	**1,437,298**	**$**	**14,170,459**	$	14,068,578
Investment properties	**$**	**12,704,059**	**$**	**1,428,048**	**$**	**14,132,107**	$	14,021,338
Properties held for sale		**29,102**		**9,250**		**38,352**		47,240
	$	**12,733,161**	**$**	**1,437,298**	**$**	**14,170,459**	$	14,068,578

(i) During the three months ended March 31, 2022, transfers to income properties from properties under development totalled $83.6 million, reflecting completed developments. There were no transfers from income properties to properties under development as at March 31, 2022.

(ii) During the three months ended March 31, 2022, in conjunction with the closing of the land transaction, RioCan transferred pre-acquisition costs incurred at Queen & Ashbridge to residential inventory from investment property.

(iii) Included in investment properties is $118.4 million of net rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease term (December 31, 2021 - $119.1 million).

(iv) On March 14, 2022, RioCan disposed of a 100% ownership interest in 85 Bloor Street West for $35.0 million to PR Bloor Street LP (Note 4) as part of the consideration to obtain a 50.0% interest in the joint venture.

(v) Included in investment properties are 12 properties held as ROU assets as at March 31, 2022 (December 31, 2021 - 12 properties).

Acquisitions

The following table summarizes the Trust's acquisitions of properties:

	Income properties		Properties under development	
Three months ended March 31,	**2022**	2021	**2022**	2021
Properties acquired during the period:				
Total consideration	**$ 89,948**	$ 11,482	**$ 11,946**	$ —
Vendor take-back mortgage (VTB) or debt assumed	**—**	—	**(9,191)**	—
Purchase price payable	**—**	—	**(2,368)**	—
Total consideration, net of VTB, purchase price payable and/or debt assumed	**$ 89,948**	$ 11,482	**$ 387**	$ —

Investment properties acquisitions

Property name and location	Date acquired	Interest acquired	IPP Purchase price (i)	PUD Purchase price (i)	VTB mortgage, purchase price payable and/or debt assumed
Q1 2022					
Queen & Ashbridge (QA), Toronto, ON (ii)	February 17, 2022	50.0 %	$ —	$ 11,946	$ 11,559
3302 Dufferin Street, Toronto, ON	February 11, 2022	100.0 %	22,218	—	—
Market, Laval, QC	February 8, 2022	90.0 %	48,349	—	—
Bloor Street West & Lansdowne Ave Portfolio, Toronto, ON (iii)	January 28, 2022	100.0 %	19,381	—	—
Total acquisitions for the three months ended March 31, 2022			**$ 89,948**	**$ 11,946**	**$ 11,559**

(i) Purchase price includes transaction costs.

(ii) The Queen & Ashbridge (QA) acquisition included both property under development and residential inventory components and was allocated as $11.9 million and $19.4 million, respectively. Vendor take-back mortgage plus purchase price payable on the acquisition totalled $30.4 million, of which $11.6 million was allocated towards properties under development and $18.8 million towards residential inventory.

(iii) Bloor Street West & Lansdowne Ave Portfolio acquisition is comprised of four properties.

Purchase obligations

The Trust has agreed to purchase its partners' interest in the retail portion of the Yorkville project upon completion, currently estimated to be during 2024, at a 6.0% capitalization rate.

The Trust has agreed to purchase its partners' interest in the retail and residential rental components of Queen & Ashbridge, at the greater of pre-determined capitalization rates of 4.75% and 4.15%, respectively, or total cost plus 5%.

Dispositions

The following table summarizes the Trust's dispositions of investment properties:

	Income properties		Properties under development	
Three months ended March 31,	**2022**	2021	**2022**	2021
Properties disposed during the period:				
Total consideration	**$ 71,573**	$ 155,608	**$ 14,507**	$ 20,974
Mortgages associated with investment property dispositions	**—**	(82,636)	**—**	—
Total consideration, net of related debt	**$ 71,573**	$ 72,972	**$ 14,507**	$ 20,974

Investment properties dispositions

Property name and location	Date disposed	Interest disposed	IPP sales proceeds	PUD sales proceeds (i)
Q1 2022				
Mega Centre Notre-Dame, Sainte-Dorothée, QC (ii) (iii)	March 30, 2022	50 %	$ 32,728	$ —
Highbury Shopping Plaza, London, ON	March 29, 2022	100 %	10,750	—
97th Street Northwest, Edmonton, AB	March 17, 2022	100 %	2,000	—
Eastcourt Mall, Cornwall, ON	March 14, 2022	50 %	6,945	—
Timiskaming Square, New Liskeard, ON	March 14, 2022	50 %	1,650	—
85 Bloor Street West, Toronto, ON (ii) (iv)	March 14, 2022	50 %	17,500	—
The Well (Building C), Toronto, ON	January 24, 2022	40 %	—	14,507
Total dispositions for the three months ended March 31, 2022			**$ 71,573**	**$ 14,507**

(i) Includes cost recoveries of $1.1 million related to The Well (Building C) disposition.

(ii) The following represent partial interest dispositions. RioCan retained the remaining ownership interest in these properties.

(iii) Includes Desserte Ouest located in Sainte-Dorothée, QC.

(iv) RioCan disposed of a 100% ownership interest in 85 Bloor Street West for $35.0 million to PR Bloor Street LP (Note 4) as part of the consideration to obtain a 50.0% interest in the joint venture.

Properties held for sale

Presented below are details of the Trust's properties held for sale:

As at	**March 31, 2022**	December 31, 2021
Assets		
Income properties	**$ 29,102**	$ 37,990
Properties under development	**9,250**	9,250
Total assets held for sale	**$ 38,352**	$ 47,240

As at March 31, 2022, RioCan has two investment properties held for sale with a carrying value of $38.4 million. As at December 31, 2021, RioCan had five investment properties held for sale with a carrying value of $47.2 million.

Valuation methodology

The majority of the Trust's portfolio is valued using the direct capitalization income approach. This methodology uses inputs, which include capitalization rate, stabilized net operating income, and, if applicable, cost to complete, that are considered Level 3 because significant unobservable inputs are required to determine fair value.

As at March 31, 2022, the weighted average capitalization rate for the Trust's investment properties and properties held for sale is 5.25% (December 31, 2021 - 5.29%). The carrying value of the Trust's investment properties reflects its best estimate for the highest and best use as at March 31, 2022.

The Trust has reviewed the valuation of its properties in light of the impact of the COVID-19 pandemic on property cash flows and capitalization rates. The longevity and extent of the pandemic, the duration and intensity of resulting business disruptions and related financial, social and public health impacts continue to be uncertain. Such effects could be material to investment properties valuations. As events associated with the pandemic continue to unfold, further adjustments to the Trust's IFRS value of investment properties, which could be negative or positive, may be required. Refer to below for a sensitivity analysis of investment properties valuations.

External valuations

During the three months ended March 31, 2022, the Trust obtained a total of 8 external property appraisals, which supported an IFRS fair value of approximately $1.1 billion, or 7.9% of the Trust's investment property portfolio (at 100% interest), as at March 31, 2022. In 2022, the Trust intends to select approximately six income properties for external appraisal on a quarterly basis.

Sensitivity analysis of changes in stabilized net operating income (SNOI), capitalization rates and costs to complete

The following table is a sensitivity analysis applied to the portion of the Trust's investment properties and properties held for sale carrying value that is measured using the direct capitalization approach and, therefore, is sensitive to changes in capitalization rates:

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value variance
(1.00%)	4.25%	$ 3,893,656
(0.75%)	4.50%	2,617,981
(0.50%)	4.75%	1,626,696
(0.25%)	5.00%	764,921
March 31, 2022	**5.25%**	**—**
0.25%	5.50%	(685,734)
0.50%	5.75%	(1,305,314)
0.75%	6.00%	(1,867,559)
1.00%	6.25%	(2,382,434)

A 0.25% increase in capitalization rate would result in a lower portfolio fair value of $685.7 million. A 0.25% decrease in capitalization rate would result in a higher portfolio fair value of $764.9 million. In addition, a 1% increase in SNOI would result in a higher portfolio fair value of $142.0 million. A 1% decrease in SNOI would result in a lower portfolio fair value of $140.0 million. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in a higher portfolio fair value of $913.7 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a lower portfolio fair value of $819.6 million. A 1% increase in costs to complete for the development properties would result in a lower portfolio fair value of $4.1 million, and a 1% decrease in costs to complete for the development properties would result in a higher portfolio fair value of $4.1 million.

4. EQUITY-ACCOUNTED INVESTMENTS

The following table shows the changes in the aggregate carrying value of RioCan's investment in associates and joint ventures:

	Three months ended March 31, 2022	Year ended December 31, 2021
Balance, beginning of period	**$ 327,335**	$ 209,676
Contributions	**4,299**	149,562
Distributions	**(5,681)**	(62,510)
Total cash flow activities	**(1,382)**	87,052
Non-cash contributions:		
Contribution accrual	**121**	—
Investment properties (i)	**33,619**	—
Transfer from residential inventory	**—**	9,712
Share of net income	**4,090**	19,189
Other comprehensive income from equity-accounted investments	**295**	206
Other	**(415)**	1,500
Balance, end of period	**$ 363,663**	$ 327,335

(i) Represents $35.0 million of investment property contribution (50% disposition and 50% transfer of investment property in note 3), net of a $1.4 million equalization payment. Refer to PR Bloor Street LP below.

PR Bloor Street LP

On December 10, 2021, RioCan and Parallax formed a new jointly controlled 50/50 partnership, PR Bloor Street LP, for the purpose of acquiring a number of properties to allow for the development of a mixed-use high-rise condominium project. On March 14, 2022, in exchange for partnership units, RioCan and Parallax sold 100% interest in their respective properties, 85 Bloor Street West and 93 Bloor Street West, to the partnership at agreed-upon price of $35.0 million and $20.0 million, respectively. In addition, Parallax contributed an equalization payment of $13.6 million and RioCan received an equalization payment of $1.4 million. On March 14, 2022, the partnership acquired 83 Bloor Street, 89-91, 95 and 95 A Bloor Street for an aggregate purchase price of $105.0 million or $52.5 million at RioCan's ownership interest, excluding transaction costs. The partnership financed a portion of the acquisitions with a land loan of $96.0 million or $48.0 million at RioCan's ownership interest.

5. RESIDENTIAL INVENTORY

Residential inventory consists of assets that are developed by RioCan for sale in the ordinary course of business. The following table shows the changes in the aggregate carrying value of RioCan's residential inventory:

	Three months ended March 31, 2022	Year ended December 31, 2021
Balance, beginning of period	**$ 217,043**	$ 214,181
Acquisitions (i)	**19,440**	—
Dispositions	**(13,521)**	(65,032)
Development expenditures	**28,345**	62,351
Transfers from investment properties (ii)	**4,840**	21,816
Transfers to equity-accounted investments	**—**	(16,273)
Balance, end of period	**$ 256,147**	$ 217,043

(i) On February 17, 2022, RioCan acquired 50% interest in Queen & Ashbridge (QA) property for total purchase price of $31.4 million, including transaction costs, which included both property under development and residential inventory components and was allocated as $11.9 million and $19.4 million, respectively. Total vendor take-back mortgage and purchase price payable on the acquisition totalled $30.4 million, of which $11.6 million was allocated towards properties under development and $18.8 million towards residential inventory.

(ii) During the three months ended March 31, 2022, in conjunction with the closing of the land transaction, RioCan transferred pre-acquisition costs incurred at Queen & Ashbridge to residential inventory from investment property.

The following table provides detail on residential inventory gains for three months ended March 31, 2022 and 2021:

Three months ended March 31,	**2022**	2021
Residential inventory sales	**$ 15,969**	$ —
Residential inventory cost of sales:		
Dispositions	**13,521**	—
Commission cost and other	**415**	—
Residential inventory cost of sales	**13,936**	—
Residential inventory gains	**$ 2,033**	$ —

6. RECEIVABLES AND OTHER ASSETS

The following table details the Trust's receivables and other assets as at March 31, 2022 and December 31, 2021:

As at	**March 31, 2022**			December 31, 2021		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Prepaid expenses and other assets	**$ 37,931**	**$ 17,720**	**$ 55,651**	$ 30,218	$ 18,124	$ 48,342
Net contractual rents and other tenant receivables	**35,378**	**—**	**35,378**	29,011	—	29,011
Finance lease receivables	**4,287**	**39,159**	**43,446**	3,961	38,197	42,158
Amounts due on condominium final closings	**24,710**	**—**	**24,710**	10,168	—	10,168
Other receivables (i)	**19,056**	**15,180**	**34,236**	16,610	15,263	31,873
Funds held in trust	**27,465**	**—**	**27,465**	29,685	—	29,685
Interest rate swaps agreements	**88**	**5,071**	**5,159**	42	52	94
Cash held for banker's acceptance settlement (ii)	**—**	**—**	**—**	57,628	—	57,628
Bond forward agreements	**27,013**	**—**	**27,013**	—	—	—
	$ 175,928	**$ 77,130**	**$ 253,058**	$ 177,323	$ 71,636	$ 248,959

(i) Other receivables primarily include fees and cost reimbursements receivable from partners, and disposition proceeds receivable, including $11.3 million of proceeds to be received related to the Q3 2020 50% interest disposition in Dufferin Plaza, which is expected to be paid upon the completion of several pre-construction development phases.

(ii) The Trust prepaid an amount due on January 4, 2022, to settle an outstanding banker's acceptance. The liability was extinguished on the maturity date.

Contractual rents receivable

Contractual rents receivable, including common area maintenance, realty tax and insurance recoveries, are presented net of an allowance for doubtful accounts of $16.1 million as at March 31, 2022 (December 31, 2021 - $16.6 million).

RioCan determines its allowance for doubtful accounts using the simplified lifetime expected credit loss (ECL) model for contractual rents receivable. The Trust uses an accounts receivable aging provision matrix to assess the ECL and applies loss factors based on historical loss experience calibrated with forward-looking information to its aging buckets.

As a result of COVID-19, RioCan has calibrated its model for estimating lifetime ECLs by performing a tenant-by-tenant assessment of contractual rents receivable of major national tenants and by incorporating a provision matrix by category of tenant based on payment history and future expectations of likely default.

The Trust did not accrue a provision for rent abatements and bad debts for the three months ended March 31, 2022 (March 31, 2021 - $6.4 million). These provisions are recorded to non-recoverable operating costs.

The following table summarizes the Trust's movement in allowance for doubtful accounts:

		Three months ended March 31, 2022		Year ended December 31, 2021
Allowance for doubtful accounts, beginning of period	**$**	**16,604**	$	12,515
Provision for credit losses		**—**		17,214
Write-offs, net of recoveries		**(524)**		(13,125)
Allowance for doubtful accounts, end of period	**$**	**16,080**	$	16,604

7. LINES OF CREDIT AND OTHER BANK LOANS

The Trust's revolving unsecured operating line of credit and secured construction lines and other bank loans, net of deferred financing costs, are as follows:

As at		**March 31, 2022**		December 31, 2021
Revolving unsecured operating line of credit	**$**	**344,756**	$	363,732
Non-revolving unsecured credit facilities		**699,614**		699,573
Construction lines and other bank loans		**275,797**		222,605
	$	**1,320,167**	$	1,285,910
Current	**$**	**294,833**	$	94,073
Non-current		**1,025,334**		1,191,837
	$	**1,320,167**	$	1,285,910

Revolving unsecured operating line of credit

On February 2, 2022, the Trust increased the credit limit on its revolving unsecured operating line of credit by $250.0 million to $1.25 billion.

As at March 31, 2022, RioCan had a drawn balance of $347.0 million and $903.0 million of credit available to be drawn from this revolving unsecured operating line of credit (December 31, 2021 - $365.9 million and $634.1 million, respectively). The weighted average contractual interest rate on amounts drawn under this facility was 2.40% as at March 31, 2022 (December 31, 2021 - 1.90%).

Non-revolving unsecured credit facilities

The Trust has a $200 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), with a maturity date of January 31, 2023 and a weighted average annual all-in fixed interest rate of 3.53% (December 31, 2021 - 3.28%) through interest rate swaps.

In addition, the Trust has a $150 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), with a maturity date of June 27, 2024 and an annual all-in fixed interest rate of 3.68% (December 31, 2021 - 3.43%) through interest rate swaps.

The Trust also has a $350.0 million five-year non-revolving unsecured credit facility with three financial institutions (consisting of two Schedule I banks and one Schedule III bank). This credit facility matures on February 7, 2024 and, through interest rate swaps, bears an annual all-in fixed interest rate of 3.59% (December 31, 2021 - 3.34%).

As at March 31, 2022, all of the Trust's non-revolving unsecured credit facilities are fully drawn. The underlying spreads for the unsecured credit facilities are based on the Trust's credit ratings. Effective January 2022, the all-in fixed interest rates of these facilities increased 25 basis points due to changes in the credit spread as a result of a credit rating change on December 1, 2021.

The non-revolving unsecured credit facility agreements require the Trust to maintain certain financial covenants similar to those of RioCan's $1.25 billion revolving unsecured operating line of credit. Refer to Note 22 for additional details.

Construction lines of credit and other bank loans

In addition to the revolving unsecured operating line of credit and non-revolving unsecured credit facilities, the Trust has secured credit facilities and other bank loans, which include variable rate non-revolving secured construction and acquisition facilities for the funding of certain development properties. As at March 31, 2022, these facilities have an aggregate maximum borrowing capacity of $558.3 million (December 31, 2021 - $464.5 million) and mature between 2022 and 2026, of which the Trust had drawn $275.8 million (December 31, 2021 - $222.6 million). The weighted average contractual interest rate on amounts outstanding is 2.11% (December 31, 2021 - 1.75%).

8. MORTGAGES PAYABLE

Mortgages payable, net of deferred financing costs, consist of the following:

As at		**March 31, 2022**		December 31, 2021
Current	**$**	**54,495**	$	9,300
Non-current		**2,344,207**		2,324,716
	$	**2,398,702**	$	2,334,016

As at March 31, 2022, total mortgages payable bear interest at a weighted average contractual interest rate of 3.17% and a weighted average effective interest rate of 3.21% (December 31, 2021 - 3.18% and 3.22%, respectively), and mature between 2022 and 2034.

During the three months ended March 31, 2022, RioCan completed new term mortgage borrowings of $52.1 million at a weighted average interest rate of 3.10% and a weighted average term of eleven years. During the three months ended March 31, 2022, repayments of mortgage balances and scheduled amortization amounted to $11.2 million.

Pledged properties

As at March 31, 2022, $5.2 billion of the aggregate carrying value of investment properties, properties held for sale, residential inventory and certain other assets serves as security for RioCan's mortgages payable (December 31, 2021 - $5.0 billion).

9. DEBENTURES PAYABLE

As at		**March 31, 2022**		December 31, 2021
Current	**$**	**300,000**	$	300,000
Non-current		**2,691,357**		2,690,692
	$	**2,991,357**	$	2,990,692

As at March 31, 2022, total debentures payable bear interest at weighted average contractual interest rates of 2.84% and a weighted average effective interest rate of 2.97% (December 31, 2021 - 2.84% and 2.97%, respectively).

Covenant compliance

As at and during the three months ended March 31, 2022, the Trust was in compliance with its covenants pursuant to the Declaration and debenture indentures.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	**March 31, 2022**			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Property operating costs (i)	**$ 113,299**	**$ 37,948**	**$ 151,247**	$ 92,253	$ 36,506	$ 128,759
Capital expenditures and leasing commissions:						
Properties under development	**114,161**	**—**	**114,161**	120,102	—	120,102
Income properties	**33,068**	**—**	**33,068**	34,342	—	34,342
Deferred revenue	**50,940**	**104,144**	**155,084**	55,435	97,050	152,485
Unitholder distributions payable	**26,341**	**—**	**26,341**	24,781	—	24,781
Interest payable	**26,807**	**—**	**26,807**	28,879	—	28,879
Lease liability	**6,689**	**30,861**	**37,550**	6,727	31,248	37,975
Income taxes payable	**13,323**	**—**	**13,323**	13,504	—	13,504
Unfunded employee future benefits	**—**	**13,533**	**13,533**	—	13,568	13,568
Contingent consideration	**228**	**—**	**228**	—	—	—
Interest rate swap agreements	**256**	**1,708**	**1,964**	—	21,530	21,530
Bond forward agreement	**—**	**—**	**—**	1,751	—	1,751
Other trade payables and accruals	**17,047**	**—**	**17,047**	20,197	—	20,197
Cash collateralized banker's acceptance (ii)	**—**	**—**	**—**	57,628	—	57,628
	$ 402,159	**$ 188,194**	**$ 590,353**	$ 455,599	$ 199,902	$ 655,501

(i) Includes amounts billed in advance for common area maintenance, realty taxes and insurance recoveries.

(ii) Refer to Note 6 for further details.

11. UNITHOLDERS' EQUITY

Trust Units

The Trust is authorized to issue an unlimited number of Units. The Units are entitled to distributions, as and when declared by the Board (and upon liquidation), and to a pro rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders and preferred Unitholders. As the Trust is a closed-end trust, the Units are not puttable. The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the three months ended March 31, 2022 and 2021:

Three months ended March 31,	**2022**		2021	
	Units	$	Units	$
Balance, beginning of period	**309,797**	**$ 4,696,785**	317,748	$ 4,815,230
Units issued:				
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	**88**	**4,157**	—	1,966
Direct purchase plan	**4**	**99**	7	117
Exchangeable limited partnership units	**—**	**—**	6	106
Balance, end of period	**309,889**	**$ 4,701,041**	317,761	$ 4,817,419

Included in Units outstanding as at March 31, 2022 are exchangeable limited partnership Units totalling 0.5 million (March 31, 2021 - 0.5 million Units) of three limited partnerships that are subsidiaries of the Trust (the LP Units), which were issued to vendors as partial consideration for income properties acquired by RioCan. RioCan is the general partner of the limited partnerships. The LP Units are entitled to distributions equivalent to distributions on RioCan Units and are exchangeable for RioCan Units on a one-for-one basis at any time at the option of the holder.

Normal course issuer bid (NCIB)

On October 15, 2021, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2021/2022 NCIB), to acquire up to a maximum of 31,616,150 Units, or approximately 10% of the public float as at October 13, 2021, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU plans, over the next 12 months, effective October 22, 2021.

The number of Units that can be purchased pursuant to the 2021/2022 NCIB is subject to a current daily maximum of 241,695 Units (which is equal to 25% of 966,783, being the average daily trading volume during the last six months), subject to RioCan's ability to make one block purchase of Units per calendar week that exceeds such limits. RioCan intends to fund the purchases out of its available cash and undrawn credit facilities.

During the three months ended March 31, 2022, the Trust did not acquire and cancel any Units.

Contributed surplus

Awards under the restricted equity unit plans and performance equity unit plan of RioCan and its consolidated subsidiaries are settled by the delivery of Units purchased on the secondary market, net of applicable withholdings as further described in Note 12. The fair values of these equity-settled awards are recognized as an expense over the vesting period with a corresponding increase to contributed surplus, which is presented as a separate component of total Unitholders' equity.

For the three months ended March 31, 2022, RioCan recorded $2.4 million in unit-based compensation costs (three months ended March 31, 2021 - $6.8 million).

Accumulated other comprehensive income

Accumulated other comprehensive income as at and for the three months ended March 31, 2022 consists of the following amounts:

	Actuarial loss on pension plan	Interest rate swap agreements (hedge reserve)	Equity-accounted investments	Bond forward agreement (hedge reserve)	Total
As at December 31, 2021	$ (3,517)	$ (20,946)	$ (327)	$ (1,751)	$ (26,541)
Other comprehensive income	—	24,631	295	28,765	53,691
As at March 31, 2022	**$ (3,517)**	**$ 3,685**	**$ (32)**	**$ 27,014**	**$ 27,150**

12. UNIT-BASED COMPENSATION PLANS

Restricted Equity Unit Plans (REU Plans)

Senior Executive REU Plan

As at March 31, 2022, 469,434 Senior Executive REUs are outstanding (December 31, 2021 - 434,621), of which 156,977 are vested (December 31, 2021 - 100,905).

During the three months ended March 31, 2022, the Trust granted 114,679 REUs under its Senior Executive REU Plan. The weighted average grant date price was $24.35 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $2.8 million.

Employee REU Plan

As at March 31, 2022, 406,277 Employee REUs are unvested and outstanding (December 31, 2021 - 351,943).

During the three months ended March 31, 2022, the Trust granted 145,321 REUs under its Employee REU Plan. The weighted average grant date price was $24.35 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $3.5 million.

Performance Equity Unit Plan (PEU Plan)

As at March 31, 2022, 450,888 PEUs are unvested and outstanding (December 31, 2021 - 502,770).

On February 22, 2022, the Trust granted 114,679 PEUs under its PEU Plan at a fair value of $2.8 million.

The grant date fair value assumptions using a Monte-Carlo simulation model are as follows:

Three months ended March 31,		**2022**
Fair value of PEUs granted (in thousands)	**$**	**2,792**
PEUs granted		**114,679**
Weighted average grant date fair value per unit	**$**	**24.35**
Weighted average expected risk-free interest rate (i)		**1.6%**
Weighted average expected unit price volatility (ii)		**32.0%**
Weighted average initial total Unitholder return (iii)		**11.0%**

(i) Derived using the yield on Government of Canada benchmark bonds with an average term similar to the PEU vesting period.

(ii) Expected unit price volatility is calculated based on the average of the actual daily closing price of RioCan's trust units measured over a three-year historical period up to the grant date.

(iii) PEUs are subject to certain internal and external measures of performance. The PEUs will vest based on the following performance metrics: 40% is subject to internal performance hurdle over three-year funds from operations (FFO) per unit growth, 40% is subject to a relative total Unitholder return (TUR) performance hurdle over a three year performance period where vesting is dependent upon RioCan's TUR performance relative to a comparative group of peer companies' weighted TUR based on market capitalization, 10% is subject to internal performance hurdle over three-year cumulative average net asset value (NAV) per Unit growth and 10% is subject to internal hurdle on ESG objectives.

The initial TUR performance has incorporated actual historical TUR performance for RioCan and each entity in the comparator group over the period from January 1, 2022 to February 22, 2022 for the February grant.

Units Purchased for Settlement

During the three months ended March 31, 2022, RioCan purchased 118,811 units at an average price of $24.82, for satisfying RioCan's existing obligations under the REU and PEU Plans.

Incentive Unit Option Plan

The Trust provides long-term incentives to certain employees by granting options through the Incentive Unit Option Plan (the Plan). RioCan is authorized to issue up to a maximum of 22 million Unit options under the Plan. As at March 31, 2022, 12.4 million Unit options remain available to be granted under the Plan (December 31, 2021 - 11.9 million Unit options). Pursuant to a board resolution in October 2021, the Board has committed to no longer issue unit options as part of RioCan's long-term incentive plan ("LTIP") or as special awards.

The following summarizes the changes in Unit options outstanding during the three months ended March 31, 2022:

Three months ended March 31,	**2022**	
Options	Units (in thousands)	Weighted average exercise price
Outstanding, beginning of period	7,336	$ 25.27
Exercised	(88)	24.00
Expired	(475)	27.04
Outstanding, end of period	**6,773**	**$ 25.16**
Options exercisable at end of period	**5,373**	**$ 26.83**

Trustee Unit Plan

Deferred Unit Plan

Effective January 1, 2021, the Deferred Unit Plan was amended such that all deferred units granted, vested and outstanding shall be redeemed and settled only by the issuance of Units.The deferred unit liability of $7.6 million was derecognized from unit-based compensation payable and $7.6 million was recognized in contributed surplus as a result of this amendment.

As at March 31, 2022, there are 560,664 deferred Units vested and outstanding (December 31, 2021 - 549,807). During the three months ended March 31, 2022, 5,080 deferred Units were granted at the grant price of $25.20 per unit, based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $0.1 million, and no deferred Units were exercised (three months ended March 31, 2021 - 8,216 deferred Units granted and no deferred Units exercised).

13. DISTRIBUTIONS TO UNITHOLDERS

Total distributions declared to Unitholders are as follows:

Three months ended March 31,		**2022**		2021
Distributions declared to Unitholders	**$**	**77,467**	$	76,264
Distributions per unit	**$**	**0.2500**	$	0.2400

Commencing with the February 2022 distribution, payable on March 7, 2022, the Trust increased its monthly distribution by $0.005 per unit to $0.085 per unit or $1.02 per unit on an annualized basis.

On April 18, 2022, RioCan declared a distribution payable of $0.085 per unit for the month of April 2022, which was paid on May 6, 2022 to Unitholders of record as at April 29, 2022.

14. REVENUE

Rental revenue

Three months ended March 31,		**2022**		2021
Base rent	**$**	**169,817**	$	171,911
Realty tax and insurance recoveries		**51,002**		53,612
Common area maintenance recoveries		**47,365**		43,505
Percentage rent		**1,527**		851
Straight-line rent		**915**		1,686
Lease cancellation fees		**883**		1,748
Parking revenue		**622**		311
Rental revenue	**$**	**272,131**	$	273,624

The following tables provide additional disclosure of the Trust's various revenue streams.

Revenue from contracts with customers

Revenue from contracts with customers includes common area maintenance recoveries and parking revenue that are included in rental revenue:

Three months ended March 31,		**2022**		2021
Common area maintenance recoveries	**$**	**47,365**	$	43,505
Property management and other service fees		**5,882**		3,175
Parking revenue		**622**		311
Residential inventory sales		**15,969**		—
Revenue from contracts with customers	**$**	**69,838**	$	46,991

Property management and other service fees

Property management and other service fees consist of the following:

Three months ended March 31,		**2022**		2021
Property management fees (i)	**$**	**721**	$	662
Construction and development fees (i)		**3,834**		1,448
Leasing fees (ii)		**80**		78
Financing arrangement fees (ii)		**758**		502
Other (iii)		**489**		485
Property management and other service fees	**$**	**5,882**	$	3,175

(i) Recognized over time.
(ii) Recognized at a point in time.
(iii) During the three months ended March 31, 2022, $0.5 million is recognized over time and nil is recognized at a point in time (March 31, 2021 - $0.1 million and $0.3 million, respectively).

15. INTEREST INCOME

Three months ended March 31,		**2022**		2021
Interest income from mortgages and loans receivable (i)	**$**	**3,302**	$	2,292
Other interest income (ii)		**759**		637
	$	**4,061**	$	2,929

(i) Measured at amortized cost.
(ii) Includes interest from finance subleases of $0.6 million for the three months ended March 31, 2022 (March 31, 2021 - $0.6 million).

16. INTEREST COSTS

Three months ended March 31,		**2022**		2021
Total interest (i)	**$**	**51,709**	$	53,968
Less: Interest capitalized		**(9,943)**		(10,044)
	$	**41,766**	$	43,924

(i) Includes interest from lease liabilities of $0.5 million for the three months ended March 31, 2022 (March 31, 2021 - $0.5 million).

For the three months ended March 31, 2022, interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 3.00% (March 31, 2021 - 3.18%).

17. GENERAL AND ADMINISTRATIVE

Three months ended March 31,		**2022**		2021
Salaries and benefits	**$**	**6,231**	$	8,156
Unit-based compensation expense		**1,582**		5,982
Depreciation and amortization		**974**		1,010
Other general and administrative expense		**2,676**		2,683
	$	**11,463**	$	17,831

Other general and administrative costs include information technology costs, public company costs, professional fees, travel expenses, occupancy costs, donations, advertising, promotion and marketing costs.

18. TRANSACTION AND OTHER COSTS

For the three months ended March 31, 2022, transaction and other costs primarily include property acquisition and disposition costs totalling $1.2 million (March 31, 2021 - $4.6 million).

19. NET INCOME PER UNIT

Net income per basic and diluted unit is calculated based on net income available to Unitholders divided by the weighted average number of Units outstanding taking into account the dilution effect of Unit options.

Three months ended March 31,		**2022**		2021
Net income attributable to Unitholders	**$**	**160,058**	$	106,729
Weighted average number of Units outstanding (in thousands):				
Basic		**309,837**		317,758
Dilutive effect of Unit options (i)		**277**		—
Diluted		**310,114**		317,758
Net income per unit (basic)	**$**	**0.52**	$	0.34
Net income per unit (diluted)	**$**	**0.52**	$	0.34

(i) The calculation of diluted weighted average number of Units outstanding excludes 5.8 million Unit options for the three months ended March 31, 2022 (March 31, 2021 - 6.9 million Unit options), as the exercise price of these Unit options was greater than the average market price of Units.

20. FAIR VALUE MEASUREMENT

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets is as follows:

	March 31, 2022			December 31, 2021		
As at	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value:						
Other investments	**$ —**	**$ —**	**$ 7,684**	$ —	$ —	$ 7,521
Investment properties:						
Income properties	**—**	**—**	**12,704,059**	—	—	12,573,286
Properties under development	**—**	**—**	**1,428,048**	—	—	1,448,052
Properties held for sale	**—**	**—**	**38,352**	—	—	47,240
Interest rate swaps	**—**	**5,159**	**—**	—	94	—
Bond forward agreement	**—**	**27,013**	**—**	—	—	—
Total assets measured at fair value	**$ —**	**$ 32,172**	**$ 14,178,143**	$ —	$ 94	$ 14,076,099
Liabilities measured at fair value:						
Interest rate swaps	**—**	**1,964**	**—**	—	21,530	—
Bond forward agreement	**—**	**—**	**—**	—	1,751	—
Total liabilities measured at fair value	**$ —**	**$ 1,964**	**$ —**	$ —	$ 23,281	$ —

For assets and liabilities measured at fair value as at March 31, 2022, there were no transfers between Level 1, Level 2 and Level 3 during the three months ended March 31, 2022. For changes in fair value measurements of investment properties and properties held for sale included in Level 3 of the fair value hierarchy, refer to Note 3 for details on the changes in beginning and ending balances.

Fair value of financial instruments

The following presents the carrying values and fair values of the Trust's financial instruments, excluding those classified as at amortized cost whose carrying value reasonably approximates their fair value and lease liabilities. Financial instruments that are classified as at amortized cost whose carrying value reasonably approximates their fair value include net contractual rents and other tenant receivables, amounts due on condominium final closings, funds held in trust, other receivables, accounts payable related to property operating costs, and capital expenditures and leasing commissions, trade payables and accruals, and deposits received from customers on residential inventory.

	March 31, 2022		December 31, 2021	
As at	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Other investments	**$ 7,684**	**$ 7,684**	$ 7,521	$ 7,521
Finance lease receivables	**43,446**	**43,446**	42,158	42,158
Mortgages and loans receivable	**217,911**	**219,931**	237,790	241,956
Interest rate swap assets	**5,159**	**5,159**	94	94
Bond forward agreement	**27,013**	**27,013**	—	—
Financial liabilities:				
Mortgages payable	**$ 2,398,702**	**$ 2,299,730**	$ 2,334,016	$ 2,366,442
Debentures payable	**2,991,357**	**2,887,125**	2,990,692	3,036,020
Lines of credit and other bank loans	**1,320,167**	**1,320,167**	1,285,910	1,285,910
Interest rate swap liabilities	**1,964**	**1,964**	21,530	21,530
Bond forward agreement	**—**	**—**	1,751	1,751

The fair values of the Trust's financial instruments were determined as follows:

Finance lease receivables

The fair value of finance lease receivables is determined by the discounted cash flow method using applicable inputs such as prevailing discount rates. Fair value measurements of these instruments were estimated using Level 3 inputs.

Mortgages and loans receivable

The fair value of mortgages and loans receivable is determined by the discounted cash flow method using applicable inputs such as prevailing interest rates, contractual rates and discounts and considers the fair value of the underlying collateral. Fair value measurements of these instruments were estimated using Level 3 inputs. The carrying values of short-term and variable rate loans generally approximate their fair values.

Mortgages payable, lines of credit and other bank loans, mortgages on properties held for sale, debentures payable

The fair values of these instruments are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risk and maturities. Fair value measurements of these instruments were estimated using Level 2 inputs. The carrying values of short-term and variable rate debt generally approximate their fair values.

Interest rate swaps

The fair values of the interest rate swaps reported in receivables and other assets and accounts payable and other liabilities on the consolidated balance sheets represent estimates at a specific point in time using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

Bond forward agreement

The fair values of the bond forward agreement reported in receivables and other assets and accounts payable and other liabilities on the consolidated balance sheets represent estimates at a specific point in time using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

21. RISK MANAGEMENT

The main risks arising from the Trust's financial instruments are interest rate risk, liquidity risk and credit risk. The Trust's approach to managing these risks is summarized below.

Interest rate risk

The Trust is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The majority of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. As at March 31, 2022, approximately 9.2% (December 31, 2021 - 8.9%) of the Trust's debt is financed at variable rates (including mortgage debt related to properties held for sale, if applicable, and excluding debt that has been hedged to fixed rates), exposing the Trust to interest rate risk.

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a debenture and the time the debenture is issued at the time of refinancing or financing. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated debenture.

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As at March 31, 2022, the outstanding notional amount of the floating-for-fixed interest rate swaps is $1.0 billion (December 31, 2021 - $1.0 billion) and the term to maturity of these agreements ranges from December 2022 to November 2028.

On February 1, 2022, the Trust entered into bond forward contracts to sell on April 28, 2022 $200 million Government of Canada Bonds due June 1, 2029 with an effective bond yield of 1.71%, to hedge its exposure to movements in underlying risk-free interest rates on a highly probable anticipated debenture issuance.

As at March 31, 2022, the Trust had bond forward contracts with an aggregate notional amount $500 million outstanding, with maturity on these agreements ranging from April 2022 to September 2022.

The Trust assessed the effectiveness of its hedging relationships and determined all such designated hedging relationships were effective as at March 31, 2022. As at March 31, 2022, the fair value of the interest rate swaps and bond forwards is, in aggregate, a net financial asset of approximately $30.2 million (December 31, 2021 - net financial liability of approximately $23.2 million).

As at March 31, 2022, the carrying value of the Trust's floating rate debt that is not subject to a hedging strategy is $620.6 million and a 50 basis point increase in market interest rates would result in an annualized decrease of $3.1 million in the Trust's net income.

Liquidity risk

Liquidity risk is the risk that the Trust will not meet its financial obligations as they become due. The Trust mitigates its liquidity risk by staggering the maturity dates of its long-term debt, actively renewing expiring credit arrangements, utilizing undrawn operating lines of credit, maintaining a large number of assets unencumbered by debt and issuing equity when considered appropriate.

- For the current and non-current scheduled repayments of mortgages, and funds drawn against the Trust's lines of credit and other bank loans, refer to Notes 7 and 8 for details.
- For current and non-current scheduled repayments of debentures, refer to Note 9 for details.

The Trust expects to continue financing future acquisitions, development, debt obligations and other financing requirements through existing cash balances, internally generated cash flows, refinancing maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, mortgaging unencumbered assets, issuance of unsecured debentures, the sale of non-core assets, sales proceeds from residential inventory or air rights sales, strategic development partnerships and the issuance of equity when considered appropriate.

Credit risk

Credit risk is the risk of financial loss to RioCan which arises from the possibility that:

- Tenants may experience financial difficulty and are unable to fulfill their lease commitments or tenants fail to occupy and pay rent in accordance with existing lease agreements, some of which are conditional.
- Borrowers, typically through co-ownership arrangements, default on the repayment of their mortgages or loans receivable to the Trust.
- Third parties default on the repayment of debt whereby RioCan has provided guarantees, including guarantees by RioCan on behalf of its co-owners and on behalf of purchasers who assumed mortgages on property dispositions.

The Trust mitigates tenant credit risk through geographical diversification, staggered lease maturities, diversification of revenue sources resulting from a large tenant base, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of the Trust’s gross revenue, ensuring a considerable portion of the Trust’s revenue is earned from national and anchor tenants and conducting credit assessments for new tenants. Furthermore, RioCan holds security deposits and letters of credit from a number of tenants, which can serve to offset rents owed on a tenant-by-tenant basis in the unfortunate event of unresolved tenant defaults.

Management reviews contractual rent receivables on a regular basis and reduces carrying amounts through the use of an allowance for doubtful accounts recognizing the amount of any loss in the consolidated statements of income within non-recoverable property operating costs.

During the COVID-19 pandemic, the Trust has strategically managed its rent collection process and tailored its approach in recognition of the challenges that some of its tenants faced or continue to face as restrictions remain in flux.

The Trust continues to work with its tenants on a case-by-case basis while protecting its rights and financial position. As at March 31, 2022 and December 31, 2021, the allowance for doubtful accounts totals $16.1 million and $16.6 million, respectively. RioCan holds approximately $34.4 million of security deposits and approximately $4.0 million in letters of credit from a number of tenants, which could be used to offset rents owed on a tenant-by-tenant basis in the event of unresolved tenant defaults.

Credit risk relating to mortgages and loans receivable and third-party guarantees is mitigated through recourse against such counterparties and/or the underlying real estate. These financial instruments are considered to have low credit risk. The Trust monitors the debt service ability and the fair value of the properties underlying the mortgages and loans receivable and third-party guarantees to assess for changes in credit risk. Credit risk relating to finance lease receivables is mitigated through recourse

against such counterparties and/or re-recognition of the forfeited leased unit as investment property. Refer to Note 26 for third-party guarantees.

RioCan's Declaration of Trust contains provisions that have the effect of limiting the amount of space that can be leased to one tenant and its investment in mortgages and loans receivable.

The maximum exposure to credit risk on financial assets on the consolidated balance sheets is their carrying values.

22. CAPITAL MANAGEMENT

The Trust defines capital as the aggregate of Unitholders' equity and debt. The Trust's capital management framework is designed to maintain a level of capital that complies with investment and debt restrictions pursuant to RioCan's Declaration, complies with existing debt covenants, and enables the Trust to achieve target credit ratings, implement its business strategies and build long-term Unitholder value. The key elements of RioCan's capital management framework are approved by its Unitholders via the Trust's Declaration of Trust and by its Board through their annual review of the Trust's strategic plan and budget, supplemented by periodic Board and Board Committee meetings. Capital adequacy is monitored by the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the Declaration and debt covenants.

As at and during the three months ended March 31, 2022, the Trust was in compliance with its investment and debt restrictions pursuant to RioCan's Declaration of Trust and the financial covenants as outlined in the Trust Indenture with respect to RioCan's senior unsecured debentures.

The following table presents RioCan's capital structure:

As at	Note		**March 31, 2022**		December 31, 2021
Debentures payable	*9*	**$**	**2,991,357**	$	2,990,692
Mortgages payable	*8*		**2,398,702**		2,334,016
Lines of credit and other bank loans	*7*		**1,320,167**		1,285,910
Total debt			**6,710,226**		6,610,618
Unitholders' equity			**8,045,847**		7,911,344
Total capital		**$**	**14,756,073**	$	14,521,962

Revolving unsecured operating line of credit and non-revolving unsecured credit facilities

The Trust is subject to certain key financial covenants pursuant to the agreement governing its unsecured operating credit facilities, which are calculated on a rolling twelve-month basis. As at and for the twelve months ended March 31, 2022, the Trust is in compliance with all applicable financial covenants.

The following table summarizes the Trust's performance relative to these key financial covenants:

As at	Key covenant	**March 31, 2022**
Total indebtedness (i) (vi)	< 60%	**47.3 %**
Secured indebtedness (ii) (vi)	< 40%	**19.1 %**
Debt service coverage (iii) (vi)	> 1.5x	**2.5x**
Minimum Unitholders' equity (in millions)	> $5,000	**$8,046**
Ratio of unencumbered property assets to unsecured indebtedness (iv) (v) (vi)	> 1.5x	**1.9x**
Properties held for development as a percentage of consolidated gross book value of assets	< 15%	**11.0 %**

(i) Total indebtedness consists of the contractual amounts outstanding on mortgages payable, lines of credit and other bank loans, debentures payable, lease liabilities, contingent liabilities and the maximum exposure to loss for all third-party debt where RioCan has provided a financial guarantee.

(ii) Secured indebtedness includes mortgages payable, secured construction lines and other bank loans and lease liabilities, which are secured against investment properties.

(iii) Debt service coverage includes regular mortgage principal and interest payments, including interest capitalized on properties under development.

(iv) Unsecured indebtedness includes the contractual amounts outstanding of the revolving unsecured operating line of credit, non-revolving unsecured credit facilities, debentures, contingent liabilities and any third-party debt amounts guaranteed by RioCan.

(v) Unencumbered property assets consist of properties that have not been pledged as security for debt. The unencumbered property assets to unsecured indebtedness ratio is calculated as unencumbered assets divided by unsecured indebtedness.

(vi) These ratios include inputs from proportionately consolidated equity-accounted investments.

23. SUPPLEMENTAL CASH FLOW INFORMATION

Investing activities

The following table provides a reconciliation of capital expenditures on income properties:

Three months ended March 31,	**2022**	2021
Recoverable and non-recoverable costs	**(2,421)**	(3,392)
Tenant improvements and external leasing commissions	**(11,802)**	(8,787)
Capital expenditures on income properties	**(14,223)**	(12,179)

Financing activities

Three months ended March 31,		**2022**		2021
Interest received	**$**	**2,770**	$	2,469
Interest paid		**53,781**		55,863
Distributions paid:				
Distributions declared during the period	**$**	**(77,467)**	$	(76,264)
Distributions declared in the prior period paid in the current period		**(24,781)**		(38,125)
Distributions declared in current period paid in the next period		**26,341**		25,418
Distributions paid	**$**	**(75,907)**	$	(88,971)

The following provides a reconciliation of liabilities arising from financing activities:

Three months ended March 31, 2022		Mortgages payable		Lines of credit and other bank loans		Debentures
Balance, beginning of period	$	2,334,016	$	1,285,910	$	2,990,692
Proceeds/advances, net		51,347		73,124		—
Repayments		(11,191)		(40,107)		—
Non-cash changes:						
Deferred financing costs and premiums and discounts		380		1,240		665
VTB mortgage or contractual principal assumed (disposed) on acquisition/disposition, net		24,150		—		—
Balance, end of period	**$**	**2,398,702**	**$**	**1,320,167**	**$**	**2,991,357**

24. RELATED PARTY TRANSACTIONS

RioCan's related parties include the following persons and/or entities:

(a) Associates, joint ventures or entities that are controlled or significantly influenced by the Trust; and

(b) Key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan.

Activity and transactions with associates and joint ventures are disclosed in Note 4.

Key management personnel are defined by the Trust as those individuals that have the authority and responsibility for planning, directing and controlling the Trust's activities, directly or indirectly.

Effective January 1, 2022, Mr. John Ballantyne was appointed as Chief Operating Officer of RioCan and included as key management personnel. As at March 31, 2022, the Trust’s key management personnel include each of the Trustees and the following individuals: President and Chief Executive Officer, Jonathan Gitlin; Chief Financial Officer, Dennis Blasutti; Chief Investment Officer, Andrew Duncan and Chief Operating Officer, John Ballantyne.

Remuneration of the Trust’s Trustees and Key Executives during the three months ended March 31, 2022 and 2021 is as follows:

	Trustees				Key Executives			
Three months ended March 31,		**2022**		2021		**2022**		2021
Compensation and benefits	**$**	**78**	$	33	**$**	**1,201**	$	3,507
Unit-based compensation		**229**		281		**810**		5,290
Post-employment benefit costs		**—**		—		**42**		33
	$	**307**	$	314	**$**	**2,053**	$	8,830

25. SEGMENTED INFORMATION

RioCan primarily owns, develops, manages and operates retail-focused properties and mixed-use developments located in Canada. In measuring its performance, the Trust does not distinguish or group its operations on a geographical or other basis and, accordingly, has a single reportable segment. Management has applied judgment by aggregating its operating segments into one reportable segment for disclosure purposes. Such judgment considers the nature of property operations, tenant mix and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. The Trust's President and Chief Executive Officer is the chief operating decision-maker and regularly reviews RioCan's operations and performance on an individual property basis. RioCan does not have any single major tenant or a significant group of tenants.

26. CONTINGENCIES AND OTHER COMMITMENTS

Third-party guarantees

As at March 31, 2022, RioCan is contingently liable, as guarantor for debt, for approximately $275.7 million (December 31, 2021 - $255.4 million), which expires between 2022 and 2030, and which includes guarantees of $245.8 million (December 31, 2021 - $225.4 million) on behalf of co-owners. Debt guaranteed by RioCan that relates to the assumption of mortgages on property dispositions is $29.8 million (December 31, 2021 - $30.0 million). There have been no defaults by the primary obligors for debts on which the Trust has provided its guarantees and no provision for expected losses on these guarantees has been recognized in the consolidated financial statements.

Letters of credit and surety bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling $110.1 million (December 31, 2021 - $94.9 million). As at March 31, 2022, the Trust’s outstanding letters of credit under these facilities were $60.6 million (December 31, 2021 - $58.1 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of $129.3 million (December 31, 2021 - $110.5 million).

Investment commitments

As at March 31, 2022, the Trust has total unfunded investment commitments of $105.3 million relating to equity-accounted investments (December 31, 2021 - $105.3 million).

Litigation

The Trust is involved with litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust’s consolidated financial statements.

27. EVENTS AFTER THE BALANCE SHEET DATE

Dispositions

On May 3, 2022, RioCan disposed 100% interest in a parcel of land located in Vaughan, Ontario for sale proceeds of $9.3 million.

Debenture issuance

On April 18, 2022, RioCan issued $250.0 million of Series AF senior unsecured debentures. These debentures were issues at a coupon rate of 4.628% per annum and will mature on May 1, 2029.

Bond forward settlement

On April 8, 2022, in conjunction with the offering of the Series AF debenture, the Trust settled $200.0 million of bond forward contracts entered into on February 1, 2022 and a $50.0 million portion of bond forward contracts entered into on December 14, 2021.

CORPORATE INFORMATION

SENIOR MANAGEMENT

Jonathan Gitlin, President & Chief Executive Officer
Dennis Blasutti, Chief Financial Officer
John Ballantyne, Chief Operating Officer
Andrew Duncan, Chief Investment Officer
Terri Andrianopoulos, Senior Vice President, People & Brand
Oliver Harrison, Senior Vice President, Operations
Jeff Ross, Senior Vice President, Leasing & Tenant Construction
Franca Smith, Senior Vice President, Finance
Jennifer Suess, Senior Vice President, General Counsel & Corporate Secretary

BOARD OF TRUSTEES

Edward Sonshine O.Ont., Q.C.
Chairman, RioCan Real Estate Investment Trust
Chairman, Chesswood Group Limited

Siim A. Vanaselja[(1)*,(2)]
Lead Trustee
Director & Chair of the Board of TC Energy Corporation
Director of Power Corporation
Director of Great-West Lifeco Inc.

Bonnie R. Brooks, C.M.[(3),(4)]
Executive Chair of the Board of Directors of Chico's FAS Inc. (CHS: NYSE)
Former CEO & President, Hudson's Bay Company and Chico's FAS Inc.

Richard Dansereau[(1),(2)*]
President, Global Head of Fiera Real Estate

Janice Fukakusa, C.M. [(1),(2)]
Chancellor, Toronto Metropolitan University and Corporate Director

Jonathan Gitlin
President & Chief Executive Officer, RioCan Real Estate Investment Trust

Dale H. Lastman, C.M., O.Ont.
Chair & Partner, Goodmans LLP

Jane Marshall [(2),(3),(4)*]
Trustee, Plaza Retail REIT
Former COO, Choice Properties REIT

Charles M. Winograd [(3)*,(4)]
President, Winograd Capital Inc. and Corporate Director

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: Trust Units – REI.UN

1 Member of the Audit Committee
2 Member of the People, Culture and Compensation Committee
3 Member of the Nominating and Environmental, Social and Governance Committee
4 Member of the Investment Committee
* Committee Chair

RIOCAN
REAL VISION, SOLID GROUND.

RIOCAN

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