

RioCan Reports Second Quarter Results - Strong Demand Continues to Drive Rents and Occupancy Higher, Preserving Stability and Fueling Growth for the Long-term

- All-time high new leasing spread of 52.5% drove blended leasing spread to 23.4%
- More than 1,150,000 square feet of leases completed, including 489,000 square feet of new leases
- Retail committed occupancy of 98.3%; commercial in-place occupancy improved 60 basis points sequentially
- Strategic leasing activity translated to an increase in grocery and essential uses, including three new grocery store leases, one of which transformed another open-air centre to grocery-anchored

Toronto, August 8, 2024 - RioCan Real Estate Investment Trust ("RioCan" or the "Trust") (TSX: REI.UN) announced today its financial results for the three and six months ended June 30, 2024.

"The demand for RioCan's well-located, open-air, necessity-based properties, coupled with our team's deep experience, continues to deliver positive outcomes for our business. The strength of our assets and favourable market conditions resulted in record-breaking leasing spreads as we strategically selected resilient tenants while achieving higher rents, further improving our portfolio quality and our future growth potential," said Jonathan Gitlin, President and CEO of RioCan. "RioCan is proud to have launched the Wellington Market at our flagship development, The Well. The remarkable success of this premier asset is delivering new income that continues to ramp up, strengthening our balance sheet and bolstering our growth trajectory."

Financial Highlights

<i>(in millions, except where otherwise noted, and per unit values)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
FFO ¹	\$ 127.8	\$ 131.6	\$ 263.7	\$ 263.0
FFO per unit - diluted ¹	\$ 0.43	\$ 0.44	\$ 0.88	\$ 0.88
Net income	\$ 122.4	\$ 112.0	\$ 251.0	\$ 230.0
Weighted average Units outstanding - diluted (in thousands)	300,463	300,500	300,461	300,524

As at	June 30, 2024	December 31, 2023
Net book value per unit	\$ 25.02	\$ 24.76

- FFO per unit was \$0.43, a decrease of \$0.01 per unit or 2.3% over the same period last year. Strong operating performance and completed developments increased NOI. In addition, higher residential inventory gains and higher interest income also added to FFO. This growth was offset by the loss of NOI related to the sale of lower quality commercial properties, higher interest expense and a higher provision reversal in the prior year.
- Net income of \$122.4 million was \$10.4 million higher than the same period last year. In addition to the items described above, net income included a \$16.5 million favourable change in the fair value on investment properties.
- Our FFO Payout Ratio¹ of 61.5%, Liquidity¹ of \$1.5 billion, Unencumbered Assets¹ of \$8.1 billion, floating rate debt at 8.1%¹ of total debt and staggered debt maturities, all contribute to our financial flexibility and balance sheet strength.

Outlook

- For 2024, we anticipate FFO per unit to be within the range of \$1.79 to \$1.82 and an FFO Payout Ratio of between 55% to 65%. Development Spending¹ on mixed-use projects is expected to be between \$250 million to \$300 million.
- Due to a purposeful approach to tenant selection, Commercial Same Property NOI excluding provision¹ growth is expected to be between 2.0% and 2.5%, for the full year 2024. Following previously disclosed tenant vacancies, we used the opportunity to replace transitional tenants with more relevant and resilient retailers at higher rents. The time required to build out space for this type of user is longer than we had assumed in our original guidance impacting this metric in the current year while our Commercial SPNOI growth target for future years remains at 3%.
- Spending for the retail in-fill projects is now expected to be between \$30 million to \$40 million compared with the \$50 million to \$60 million range disclosed in Q1 2024 as a result of timing delays related to the municipal permitting processes.

1. A non-GAAP measurement. For definitions, reconciliations and the basis of presentation of RioCan's non-GAAP measures, refer to the *Basis of Presentation and Non-GAAP Measures* section in this News Release.

Operational Highlights (i)

	Three months ended June 30		Twelve months ended June 30	
	2024	2023	2024	2023
Occupancy - committed (ii)	97.5 %	97.4 %	97.5 %	97.4 %
Retail occupancy - committed (ii)	98.3 %	98.0 %	98.3 %	98.0 %
Blended leasing spread	23.4 %	9.0 %	14.5 %	9.3 %
New leasing spread	52.5 %	11.3 %	29.8 %	13.2 %
Renewal leasing spread	10.7 %	8.2 %	10.4 %	8.4 %

(i) Includes commercial portfolio only.

(ii) Information presented as at respective periods then ended.

- Achieved a record new leasing spread of 52.5%, which drove the blended leasing spread to 23.4%. Renewal leasing spreads were also strong at 10.7%.
- 1.2 million square feet of space was leased in the quarter including 489 thousand square feet of new leases.
- Retail committed occupancy of 98.3% was up 40 basis points when compared to Q1 2024, rebounding to previous levels.
- Commercial in-place occupancy was 96.6%, which improved by 60 basis points compared to Q1 2024 due to move-ins of retail tenants as well as increased occupancy at our Yonge Eglinton Centre office.
- Strategic leasing activity further improved the resiliency of our income and NAV growth and included:
 - Three new grocery tenants, one of which converted an open-air centre into a grocery-anchored centre. This brings the total number of new grocery leases this year to six as of August 8, 2024, transforming three retail assets into highly valued grocery-anchored centres.
 - Pre-emptively leased a 135,000 square foot unit in the Greater Toronto Area to Canadian Tire which was due to become vacant later this year, moving to market rents that are more than double those paid in the legacy lease.
 - Completed a 35,000 square foot lease with Decathlon, a sporting goods retailer, at South Edmonton Common.
- As of August 8, 2024, eight of the 10 initial vacant units that resulted from tenant failures discussed in prior quarters have been leased, two leases of which were completed in the Second Quarter. Negotiations for the two remaining units are in the final stages. Tenants have taken possession of five units and are expected to commence paying cash rent in approximately 5 months from June 30, 2024, on a weighted average basis.
- Commercial Same Property NOI excluding provision¹ increased by 2.6%. This is an improvement of 2.5% compared to the first quarter of this year and we expect continued improvement as signed tenancies reach cash rent commencement.
- Strong and stable tenants comprised 87.9% of annualized net rent, improved 60 basis points year-over-year.

1. A non-GAAP measurement. For definitions, reconciliations and the basis of presentation of RioCan's non-GAAP measures, refer to the *Basis of Presentation and Non-GAAP Measures* section in this News Release.

RioCan Living Update ¹

- Total NOI generated from our residential rental operations was \$7.2 million, an increase of \$2.1 million or 40.7% over the same period last year. On a Residential Same Property NOI² basis, growth was 8.6% in the Second Quarter.
- RioCan Living™ has 14 buildings or 3,160 residential units in operation, 12 of which are stabilized.
- Construction of suites at FourFifty The Well™ is complete and, as at August 8, 2024, 75.8% of the units are leased at rents in-line with expectations. In the Second Quarter, due to completion of construction, we stopped capitalization of interest expense and other carrying costs relating to this property, which resulted in a short term negative impact of \$1.5 million on FFO for the Second Quarter. We expect that this will contribute positively as the NOI from the property ramps up.

1. Units at 100% ownership interest.

2. A non-GAAP measurement. For definitions, reconciliations and the basis of presentation of RioCan's non-GAAP measures, refer to the *Basis of Presentation and Non-GAAP Measures* section in this News Release.

Development Highlights

<i>(in millions except square feet)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Development Completions - sq. ft. in thousands (i)	53.0	110.0	107.0	176.0
Development Spending	\$ 102.9	\$ 103.0	\$ 192.3	\$ 191.3
Development Projects Under Construction - sq. ft. in thousands (ii)	1,074.0	1,850.0	1,074.0	1,850.0

- (i) At RioCan's ownership. Represents net leasable area (NLA) of property under development completions. Excludes NLA of residential inventory completions.
- (ii) Information presented as at the respective periods then ended, includes properties under development and residential inventory, equity-accounted joint ventures and represents gross floor area of the respective projects.
- During the Second Quarter, \$57.5 million or 53,000 square feet of properties under development were transferred to income producing properties.
 - Value recognized in the Trust's residential inventory and properties under development balances for zoned projects, excluding those under construction, is \$32.84 per square foot and \$19.06 per square foot for the total development pipeline.
 - We continue to take a disciplined approach to construction with no new mixed-use starts planned for the foreseeable future.
 - High foot traffic at The Well™ is exceeding expectations and gained significant momentum from the official opening of Wellington Market in Q2 2024. As at August 8, 2024, 97% of the total commercial space at The Well is leased with 92% or 1,383,000 square feet (at 100% ownership interest) in tenant possession. The retail component is 93% leased, with more than three quarters of the space open and operating. Additional retail tenants are expected to open in the coming months.

Investing and Capital Recycling

- As of August 8, 2024, closed, firm and conditional dispositions totalled \$91.3 million. Closed investment property dispositions in the first half of 2024 included a cinema-anchored property and two open-air centres for combined sales proceeds of \$21.2 million. Non-core residential inventory development land was sold in the Second Quarter for sales proceeds of \$12.0 million resulting in an inventory gain of \$5.0 million.
- Conditional transactions include the sale of an underutilized portion of an open-air retail site in Quebec. In this transaction, approximately half of the site will be sold to an industrial developer at a market capitalization rate that is in the low-3's based on current income. We will relocate certain high-value tenants to the remaining portion of the centre, improving the utilization and quality of the site. Proceeds from the sale less costs relating to tenant relocation and other items, results in net proceeds that are approximately 84% higher than IFRS carrying value. Any value creation from improvement of the remaining centre would be incremental value related to this transaction.
- RioCan issued \$55.6 million of new loans as part of its real estate lending program during the Second Quarter, bringing the year-to-date total of new loans advanced to \$123.7 million, earning an average interest rate of 11.5%. Repayment of existing loans totalled \$30.7 million on a year-to-date basis.

Capital Management Update

- On May 31, 2024, RioCan issued \$300.0 million Series AK senior unsecured debentures. These debentures were issued at a coupon rate of 5.455% per annum and will mature on March 1, 2031.
- On June 14, 2024, the Trust entered into bond forward contracts to sell on October 1, 2024 \$300.0 million of Government of Canada Bonds due June 1, 2031 with an effective bond yield of 3.228%.
- On June 26, 2024, the Trust amended its \$1.25 billion revolving unsecured operating line of credit. The maturity date was extended to May 31, 2029 and certain covenants were amended to be less restrictive. All other material terms and conditions remained the same.

Balance Sheet Strength

(in millions except percentages) As at	June 30, 2024	December 31, 2023
Liquidity (i) ¹	\$ 1,523	\$ 1,964
Adjusted Debt to Adjusted EBITDA (i) ¹	9.18x	9.28x
Unencumbered Assets (i) ¹	\$ 8,132	\$ 8,090

(i) At RioCan's proportionate share.

- Adjusted Debt to Adjusted EBITDA of 9.18x on a proportionate share basis as at June 30, 2024, compared to 9.28x as at the end of 2023 and 9.49x as at Q2 2023. The decrease was primarily due to higher Adjusted EBITDA, partially offset by higher Average Total Adjusted Debt balances. We expect to reach the high end of the 8.0x - 9.0x long-term target range by the end of this year.
- Weighted average term to maturity was 3.61 years, compared to 2.97 years as at December 31, 2023.
- As at June 30, 2024, Liquidity of \$1.5 billion included \$1.0 billion of revolving line of credit available and \$0.4 billion in undrawn construction lines and other bank loans. Liquidity decreased by \$440.6 million when compared to the prior year end, returning to more typical levels, mainly due to timing of capital recycling, investment and financing activities.
- Pursuant to the terms of its credit agreement, the Trust has an option to increase the commitment under its revolving line of credit by \$250.0 million.
- RioCan's Unencumbered Assets of \$8.1 billion generated 57.5% of Annual Normalized NOI¹.
- The Trust's exposure to floating rate debt was 8.1% of total debt as at June 30, 2024. Excluding construction loans, floating rate exposure was 4.3%.

1. A non-GAAP measurement. For definitions, reconciliations and the basis of presentation of RioCan's non-GAAP measures, refer to the *Basis of Presentation and Non-GAAP Measures* section in this News Release.

Conference Call and Webcast

Interested parties are invited to participate in a conference call with management on Friday, August 9, 2024 at 10:00 a.m. (ET). Participants will be required to identify themselves and the organization on whose behalf they are participating.

To access the conference call, click on the following link to register at least 10 minutes prior to the scheduled start of the call: [Pre-registration link](#). Participants who pre-register at any time prior to the call will receive an email with dial-in credentials including a login passcode and PIN to gain immediate access to the live call. Those that are unable to pre-register may dial-in for operator assistance by calling 1-833-950-0062 and entering the access code: 684427.

For those unable to participate in the live mode, a replay will be available at 1-866-813-9403 with access code: 596512.

To access the simultaneous webcast, visit RioCan's website at [Events and Presentations](#) and click on the link for the webcast.

About RioCan

RioCan is one of Canada's largest real estate investment trusts. RioCan owns, manages and develops retail-focused, mixed-use properties located in prime, high-density transit-oriented areas where Canadians want to shop, live and work. As at June 30, 2024, our portfolio is comprised of 187 properties with an aggregate net leasable area of approximately 33 million square feet (at RioCan's interest). To learn more about us, please visit www.riocan.com.

Basis of Presentation and Non-GAAP Measures

All figures included in this News Release are expressed in Canadian dollars unless otherwise noted. RioCan's unaudited interim condensed consolidated financial statements ("Condensed Consolidated Financial Statements") are prepared in accordance with International Financial Reporting Standards (IFRS). Financial information included within this News Release does not contain all disclosures required by IFRS, and accordingly should be read in conjunction with the Trust's Condensed Consolidated Financial Statements and MD&A for the three and six months ended June 30, 2024, which are available on RioCan's website at www.riocan.com and on SEDAR+ at www.sedarplus.com.

Consistent with RioCan's management framework, management uses certain financial measures to assess RioCan's financial performance, which are not in accordance with generally accepted accounting principles (GAAP) under IFRS. **Funds From Operations ("FFO"), FFO per unit, Net Operating Income ("NOI"), Same Property NOI, Commercial Same Property NOI ("Commercial SPNOI"), Commercial Same Property NOI excluding provision, Residential Same Property NOI ("Residential SPNOI"), Development Spending, Ratio of floating rate debt to total debt, Liquidity, Adjusted Debt to Adjusted EBITDA, RioCan's Proportionate Share, Unencumbered Assets and Percentage of Normalized NOI Generated from Unencumbered Assets**, as well as other measures that may be discussed elsewhere in this News Release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. RioCan supplements its IFRS measures with these Non-GAAP measures to aid in assessing the Trust's underlying performance and reports these additional measures so that investors may do the same. Non-GAAP measures 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 flow, and profitability. For full definitions of these measures, please refer to the "*Non-GAAP Measures*" section in RioCan's MD&A for the three and six months ended June 30, 2024.

The reconciliations for non-GAAP measures included in this News Release are outlined as follows:

RioCan's Proportionate Share

The following table reconciles the consolidated balance sheets from IFRS to RioCan's proportionate share basis as at June 30, 2024 and December 31, 2023:

As at	June 30, 2024			December 31, 2023		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Assets						
Investment properties	\$ 13,847,439	\$ 409,997	\$ 14,257,436	\$ 13,561,718	\$ 411,811	\$ 13,973,529
Equity-accounted investments	384,161	(384,161)	—	383,883	(383,883)	—
Mortgages and loans receivable	394,713	(5,337)	389,376	289,533	(6,707)	282,826
Residential inventory	266,677	382,178	648,855	217,186	407,946	625,132
Assets held for sale	8,850	—	8,850	19,075	—	19,075
Receivables and other assets	269,900	55,069	324,969	246,652	50,681	297,333
Cash and cash equivalents	50,789	7,321	58,110	124,234	14,506	138,740
Total assets	\$ 15,222,529	\$ 465,067	\$ 15,687,596	\$ 14,842,281	\$ 494,354	\$ 15,336,635
Liabilities						
Debentures payable	\$ 3,689,225	\$ —	\$ 3,689,225	\$ 3,240,943	\$ —	\$ 3,240,943
Mortgages payable	2,806,952	159,960	2,966,912	2,740,924	158,292	2,899,216
Lines of credit and other bank loans	645,092	215,015	860,107	879,246	231,963	1,111,209
Accounts payable and other liabilities	562,727	90,092	652,819	543,398	104,099	647,497
Total liabilities	\$ 7,703,996	\$ 465,067	\$ 8,169,063	\$ 7,404,511	\$ 494,354	\$ 7,898,865
Equity						
Unitholders' equity	7,518,533	—	7,518,533	7,437,770	—	7,437,770
Total liabilities and equity	\$ 15,222,529	\$ 465,067	\$ 15,687,596	\$ 14,842,281	\$ 494,354	\$ 15,336,635

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 and six months ended June 30, 2024 and 2023:

<i>(thousands of dollars)</i>	Three months ended June 30, 2024			Three months ended June 30, 2023		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	\$ 275,863	\$ 8,089	\$ 283,952	\$ 270,913	\$ 9,982	\$ 280,895
Residential inventory sales	12,866	6,914	19,780	—	517	517
Property management and other service fees	3,469	(348)	3,121	5,139	—	5,139
	292,198	14,655	306,853	276,052	10,499	286,551
Operating costs						
Rental operating costs						
Recoverable under tenant leases	91,021	806	91,827	93,622	905	94,527
Non-recoverable costs	7,889	638	8,527	3,594	451	4,045
Residential inventory cost of sales	7,600	5,412	13,012	—	261	261
	106,510	6,856	113,366	97,216	1,617	98,833
Operating income	185,688	7,799	193,487	178,836	8,882	187,718
Other income (loss)						
Interest income	10,839	438	11,277	5,701	665	6,366
Income from equity-accounted investments	2,115	(2,115)	—	5,830	(5,830)	—
Fair value gain (loss) on investment properties, net	5,887	(1,810)	4,077	(10,594)	(1,072)	(11,666)
Investment and other income (loss)	609	(1,378)	(769)	1,657	123	1,780
	19,450	(4,865)	14,585	2,594	(6,114)	(3,520)
Other expenses						
Interest costs, net	64,393	2,867	67,260	49,974	2,724	52,698
General and administrative	14,611	24	14,635	14,846	20	14,866
Internal leasing costs	3,092	—	3,092	3,018	—	3,018
Transaction and other costs	679	43	722	1,594	24	1,618
	82,775	2,934	85,709	69,432	2,768	72,200
Income before income taxes	\$ 122,363	\$ —	\$ 122,363	\$ 111,998	\$ —	\$ 111,998
Current income tax expense	—	—	—	31	—	31
Net income	\$ 122,363	\$ —	\$ 122,363	\$ 111,967	\$ —	\$ 111,967

RioCan's Proportionate Share (continued)

<i>(thousands of dollars)</i>	Six months ended June 30, 2024			Six months ended June 30, 2023		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	\$ 564,243	\$ 16,262	\$ 580,505	\$ 545,594	\$ 17,432	\$ 563,026
Residential inventory sales	23,334	77,931	101,265	—	2,880	2,880
Property management and other service fees	8,008	(597)	7,411	9,958	—	9,958
	595,585	93,596	689,181	555,552	20,312	575,864
Operating costs						
Rental operating costs						
Recoverable under tenant leases	202,220	1,731	203,951	192,430	1,786	194,216
Non-recoverable costs	16,640	1,343	17,983	11,043	1,145	12,188
Residential inventory cost of sales	14,622	62,934	77,556	—	1,387	1,387
	233,482	66,008	299,490	203,473	4,318	207,791
Operating income	362,103	27,588	389,691	352,079	15,994	368,073
Other income (loss)						
Interest income	19,786	1,075	20,861	12,742	1,268	14,010
Income from equity-accounted investments	18,821	(18,821)	—	11,344	(11,344)	—
Fair value gain (loss) on investment properties, net	9,138	(2,202)	6,936	(27,959)	(451)	(28,410)
Investment and other income (loss)	3,639	(1,831)	1,808	4,544	(213)	4,331
	51,384	(21,779)	29,605	671	(10,740)	(10,069)
Other expenses						
Interest costs, net	125,832	5,902	131,734	97,957	5,218	103,175
General and administrative	28,527	25	28,552	30,464	31	30,495
Internal leasing costs	6,685	—	6,685	5,743	—	5,743
Transaction and other costs	2,278	(118)	2,160	1,982	5	1,987
	163,322	5,809	169,131	136,146	5,254	141,400
Income before income taxes	\$ 250,165	\$ —	\$ 250,165	\$ 216,604	\$ —	\$ 216,604
Current income tax recovery	(794)	—	(794)	(13,367)	—	(13,367)
Net income	\$ 250,959	\$ —	\$ 250,959	\$ 229,971	\$ —	\$ 229,971

NOI and Same Property NOI

The following table reconciles operating income to NOI and Same Property NOI to NOI for the three and six months ended June 30, 2024 and 2023:

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Operating Income	\$ 185,688	\$ 178,836	\$ 362,103	\$ 352,079
<i>Adjusted for the following:</i>				
Property management and other service fees	(3,469)	(5,139)	(8,008)	(9,958)
Residential inventory gains	(5,266)	—	(8,712)	—
Operational lease revenue from ROU assets	1,783	1,571	3,478	3,428
NOI	\$ 178,736	\$ 175,268	\$ 348,861	\$ 345,549

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Commercial				
Commercial Same Property NOI	\$ 150,724	\$ 150,306	\$ 294,919	\$ 293,818
NOI from income producing properties:				
Acquired (i)	987	8	2,434	635
Disposed (i)	136	4,821	721	9,928
	1,123	4,829	3,155	10,563
NOI from completed commercial developments	11,070	7,946	20,634	13,840
NOI from properties under de-leasing (ii)	4,826	5,852	9,442	11,594
Lease cancellation fees	1,600	179	1,711	4,741
Straight-line rent adjustment	2,179	1,027	5,426	1,600
NOI from commercial properties	171,522	170,139	335,287	336,156
Residential				
Residential Same Property NOI	5,205	4,795	9,226	8,668
NOI from income producing properties:				
Acquired (i)	950	197	1,772	197
Disposed (i)	17	1	17	48
	967	198	1,789	245
NOI from completed residential developments	1,042	136	2,559	480
NOI from residential rental	7,214	5,129	13,574	9,393
NOI	\$ 178,736	\$ 175,268	\$ 348,861	\$ 345,549

(i) Includes properties acquired or disposed of during the periods being compared.

(ii) NOI from limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification.

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Commercial Same Property NOI	\$ 150,724	\$ 150,306	\$ 294,919	\$ 293,818
Residential Same Property NOI	5,205	4,795	9,226	8,668
Same Property NOI	\$ 155,929	\$ 155,101	\$ 304,145	\$ 302,486

Commercial Same Property NOI excluding provision

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Commercial Same Property NOI	\$ 150,724	\$ 150,306	\$ 294,919	\$ 293,818
<i>Add (exclude):</i>				
Same property (recovery) provision for credit losses	(600)	(4,036)	(863)	(3,876)
Commercial Same Property NOI excluding provision	\$ 150,124	\$ 146,270	\$ 294,056	\$ 289,942

<i>(thousands of dollars)</i>	Three months ended March 31	
	2024	2023
Commercial Same Property NOI	\$ 145,122	\$ 144,598
Add (exclude):		
Same property (recovery) provision for credit losses	(264)	177
Commercial Same Property NOI excluding provision	\$ 144,858	\$ 144,775

FFO

The following table reconciles net income attributable to Unitholders to FFO for the three and six months ended June 30, 2024 and 2023:

<i>(thousands of dollars, except where otherwise noted)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income attributable to Unitholders	\$ 122,363	\$ 111,967	\$ 250,959	\$ 229,971
Add back (deduct):				
Fair value (gains) losses, net	(5,887)	10,594	(9,138)	27,959
Fair value losses included in equity-accounted investments	1,810	1,072	2,202	451
Internal leasing costs	3,092	3,018	6,685	5,743
Transaction losses on investment properties, net (i)	1,508	176	1,457	112
Transaction gains on equity-accounted investments	—	—	(31)	—
Transaction costs on sale of investment properties	73	344	947	511
ERP implementation costs	1,874	2,454	4,410	6,408
ERP amortization	(409)	—	(409)	—
Change in unrealized fair value on marketable securities	142	(173)	1,260	813
Current income tax expense (recovery)	—	31	(794)	(13,367)
Operational lease revenue from ROU assets	1,427	1,196	2,772	2,550
Operational lease expenses from ROU assets in equity-accounted investments	(17)	(13)	(34)	(25)
Capitalized interest on equity-accounted investments (ii)	1,810	966	3,455	1,843
FFO	\$ 127,786	\$ 131,632	\$ 263,741	\$ 262,969
Add back:				
Restructuring costs	—	11	646	624
FFO Adjusted	\$ 127,786	\$ 131,643	\$ 264,387	\$ 263,593
FFO per unit - basic	\$ 0.43	\$ 0.44	\$ 0.88	\$ 0.88
FFO per unit - diluted	\$ 0.43	\$ 0.44	\$ 0.88	\$ 0.88
FFO Adjusted per unit - diluted	\$ 0.43	\$ 0.44	\$ 0.88	\$ 0.88
Weighted average number of Units - basic (in thousands)	300,463	300,386	300,461	300,374
Weighted average number of Units - diluted (in thousands)	300,463	300,500	300,461	300,524
FFO for last four quarters			\$ 532,053	\$ 525,415
Distributions paid for last four quarters			\$ 327,471	\$ 313,887
FFO Payout Ratio			61.5%	59.7%

- (i) Represents net transaction gains or losses connected to certain investment properties during the period.
- (ii) This amount represents the interest capitalized to RioCan's equity-accounted investment in 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, RC (Leaside) LP - Class B, PR Bloor Street LP and RC Yorkville LP. This amount is not capitalized to development projects under IFRS but is allowed as an adjustment under REALPAC's definition of FFO.

Development Spending

Total Development Spending for the three and six months ended June 30, 2024 and 2023 is as follows:

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Development expenditures on balance sheet:				
Properties under development	\$ 52,475	\$ 67,610	\$ 96,748	\$ 134,522
Residential inventory	33,108	31,640	63,592	49,191
RioCan's share of Development Spending from equity-accounted joint ventures	17,289	3,749	32,002	7,634
Total Development Spending	\$ 102,872	\$ 102,999	\$ 192,342	\$ 191,347

(thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Mixed-use projects	\$ 94,739	\$ 84,045	\$ 178,905	\$ 165,269
Retail projects	8,133	18,954	13,437	26,078
Total Development Spending	\$ 102,872	\$ 102,999	\$ 192,342	\$ 191,347

Total Contractual Debt

The following table reconciles total debt to Total Contractual Debt as at June 30, 2024 and December 31, 2023:

As at	June 30, 2024			December 31, 2023		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Debentures payable	\$ 3,689,225	\$ —	\$ 3,689,225	\$ 3,240,943	\$ —	\$ 3,240,943
Mortgages payable	2,806,952	159,960	2,966,912	2,740,924	158,292	2,899,216
Lines of credit and other bank loans	645,092	215,015	860,107	879,246	231,963	1,111,209
Total debt	\$ 7,141,269	\$ 374,975	\$ 7,516,244	\$ 6,861,113	\$ 390,255	\$ 7,251,368
Less:						
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(32,285)	(531)	(32,816)	(24,019)	(484)	(24,503)
Total Contractual Debt	\$ 7,173,554	\$ 375,506	\$ 7,549,060	\$ 6,885,132	\$ 390,739	\$ 7,275,871

Floating Rate Debt and Fixed Rate Debt

The following table summarizes RioCan's Ratio of floating rate debt to total debt as at June 30, 2024 and December 31, 2023:

As at	June 30, 2024			December 31, 2023		
(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 fixed rate debt	\$ 6,716,501	\$ 187,975	\$ 6,904,476	\$ 6,543,106	\$ 212,554	\$ 6,755,660
Total floating rate debt	424,768	187,000	611,768	318,007	177,701	495,708
Total debt	\$ 7,141,269	\$ 374,975	\$ 7,516,244	\$ 6,861,113	\$ 390,255	\$ 7,251,368
Ratio of floating rate debt to total debt	5.9%		8.1%	4.6%		6.8%

Liquidity

As at June 30, 2024, RioCan had approximately \$1.5 billion of Liquidity as summarized in the following table:

As at	June 30, 2024			December 31, 2023		
(thousands of dollars)	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	\$ 1,042,000	\$ —	\$ 1,042,000	\$ 1,250,000	\$ —	\$ 1,250,000
Undrawn construction lines and other bank loans	287,545	135,716	423,261	385,715	189,563	575,278
Cash and cash equivalents	50,789	7,321	58,110	124,234	14,506	138,740
Liquidity	\$ 1,380,334	\$ 143,037	\$ 1,523,371	\$ 1,759,949	\$ 204,069	\$ 1,964,018

Adjusted EBITDA

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

Twelve months ended <i>(thousands of dollars)</i>	June 30, 2024			December 31, 2023		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	\$ 59,790	\$ —	\$ 59,790	\$ 38,802	\$ —	\$ 38,802
<i>Add (deduct) the following items:</i>						
Income tax recovery:						
Current	(792)	—	(792)	(13,365)	—	(13,365)
Fair value losses on investment properties, net	413,311	15,874	429,185	450,408	14,123	464,531
Change in unrealized fair value on marketable securities (i)	1,312	—	1,312	865	—	865
Internal leasing costs	12,861	—	12,861	11,919	—	11,919
Non-cash unit-based compensation expense	10,007	—	10,007	10,154	—	10,154
Interest costs, net	236,823	12,023	248,846	208,948	11,339	220,287
Restructuring costs	1,390	—	1,390	1,368	—	1,368
ERP implementation costs	10,034	—	10,034	12,032	—	12,032
Depreciation and amortization	2,057	—	2,057	2,632	—	2,632
Transaction losses (gains) on the sale of investment properties, net (ii)	2,312	(114)	2,198	1,180	(83)	1,097
Transaction costs on investment properties	6,043	1	6,044	5,606	1	5,607
Operational lease revenue (expenses) from ROU assets	5,338	(64)	5,274	5,116	(55)	5,061
Adjusted EBITDA	\$ 760,486	\$ 27,720	\$ 788,206	\$ 735,665	\$ 25,325	\$ 760,990

(i) The fair value gains and losses on marketable securities may include both the change in unrealized fair value and realized gains and losses on the sale of marketable securities. By adding back the change in unrealized fair value on marketable securities, RioCan effectively continues to include realized gains and losses on the sale of marketable securities in Adjusted EBITDA and excludes unrealized fair value gains and losses on marketable securities in Adjusted EBITDA.

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

Adjusted Debt to Adjusted EBITDA Ratio

Adjusted Debt to Adjusted EBITDA is calculated as follows:

Twelve months ended <i>(thousands of dollars, except where otherwise noted)</i>	June 30, 2024			December 31, 2023		
	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	\$ 6,995,346	\$ 358,122	\$ 7,353,468	\$ 6,879,087	\$ 317,231	\$ 7,196,318
Less: average cash and cash equivalents	(103,374)	(10,911)	(114,285)	(120,952)	(11,408)	(132,360)
Average Total Adjusted Debt	\$ 6,891,972	\$ 347,211	\$ 7,239,183	\$ 6,758,135	\$ 305,823	\$ 7,063,958
Adjusted EBITDA ⁽ⁱ⁾	\$ 760,486	\$ 27,720	\$ 788,206	\$ 735,665	\$ 25,325	\$ 760,990
Adjusted Debt to Adjusted EBITDA	9.06		9.18	9.19		9.28

(i) Adjusted EBITDA is reconciled in the immediately preceding table.

Unencumbered Assets

The tables below summarize RioCan's Unencumbered Assets and Percentage of Normalized NOI Generated from Unencumbered Assets as at June 30, 2024 and December 31, 2023:

As at	June 30, 2024			December 31, 2023			
<i>(thousands of dollars, except where otherwise noted)</i>	Targeted Ratios	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Investment properties		\$ 13,847,439	\$ 409,997	\$ 14,257,436	\$ 13,561,718	\$ 411,811	\$ 13,973,529
Less: Encumbered investment properties		5,775,322	350,261	6,125,583	5,531,177	352,425	5,883,602
Unencumbered Assets		\$ 8,072,117	\$ 59,736	\$ 8,131,853	\$ 8,030,541	\$ 59,386	\$ 8,089,927
Annual Normalized NOI - total portfolio (i)		\$ 700,180	\$ 25,692	\$ 725,872	\$ 692,092	\$ 25,664	\$ 717,756
Annual Normalized NOI - Unencumbered Assets (i)		\$ 413,832	\$ 3,728	\$ 417,560	\$ 396,888	\$ 3,736	\$ 400,624
Percentage of Normalized NOI Generated from Unencumbered Assets	> 50.0%	59.1%		57.5%	57.3%		55.8%

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

<i>(thousands of dollars)</i>	Three months ended June 30, 2024			Three months ended December 31, 2023		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
NOI (i)	\$ 178,736	\$ 6,423	\$ 185,159	\$ 176,306	\$ 6,416	\$ 182,722
<i>Adjust the following:</i>						
Miscellaneous revenue	(704)	—	(704)	(874)	—	(874)
Percentage rent	(1,387)	—	(1,387)	(2,339)	—	(2,339)
Lease cancellation fees	(1,600)	—	(1,600)	(70)	—	(70)
Normalized NOI - total portfolio	\$ 175,045	\$ 6,423	\$ 181,468	\$ 173,023	\$ 6,416	\$ 179,439
Annual Normalized NOI - total portfolio (ii)	\$ 700,180	\$ 25,692	\$ 725,872	\$ 692,092	\$ 25,664	\$ 717,756
NOI from Unencumbered Assets	\$ 106,204	\$ 932	\$ 107,136	\$ 101,349	\$ 934	\$ 102,283
<i>Adjust the following for Unencumbered Assets:</i>						
Miscellaneous revenue	(554)	—	(554)	(796)	—	(796)
Percentage rent	(1,029)	—	(1,029)	(1,331)	—	(1,331)
Lease cancellation fees	(1,163)	—	(1,163)	—	—	—
Normalized NOI - Unencumbered Assets	\$ 103,458	\$ 932	\$ 104,390	\$ 99,222	\$ 934	\$ 100,156
Annual Normalized NOI - Unencumbered Assets (ii)	\$ 413,832	\$ 3,728	\$ 417,560	\$ 396,888	\$ 3,736	\$ 400,624

(i) Refer to the *NOI and Same Property NOI* table of this section for reconciliation from NOI to operating income.

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

Forward-Looking Information

This News Release contains forward-looking information within the meaning of applicable Canadian securities laws. This information reflects RioCan's objectives, our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates and intentions concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information can generally 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 News Release is qualified by these 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 in the "*Risks and Uncertainties*" section in RioCan's MD&A for the three and six months ended June 30, 2024 and in our most recent Annual Information Form, which could cause actual events or results to differ materially from the forward-looking information contained in this News Release. Although the forward-looking information contained in this News Release 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.

The forward-looking statements contained in this News Release are made as of the date hereof, and should not be relied upon as representing RioCan's views as of any date subsequent to the date of this News Release. 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.

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