

RioCan Reports Second Quarter 2023 Results With Strong Core Business and Development Deliveries Driving Growth in FFO per unit

- Solid Property Fundamentals with Retail Occupancy of 98.0% and New Leasing Spread of 11.3%
- Achieved zoning for 2.0 million square feet at RioCan Scarborough Centre in Toronto's Golden Mile

Toronto, Ontario (August 1, 2023) - 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, 2023 (the "Second Quarter").

"RioCan reported another quarter of operational excellence. Our quality portfolio maintained high occupancy and drove strong leasing spreads while our development completions continued to deliver new and diversified income," said Jonathan Gitlin, President and CEO of RioCan. "The consistent strength of our operating results are evidence that our business is set up to succeed in any environment. The RioCan team remains focused on delivering growing and sustainable value for the long-term while we pro-actively manage risk and improve our balance sheet."

Financial Highlights

(in millions, except where otherwise noted, and per unit values)	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
FFO ¹	\$ 131.6	\$ 131.7	\$ 263.0	\$ 262.2
FFO per unit - diluted ¹	\$ 0.44	\$ 0.43	\$ 0.88	\$ 0.85
Net income	\$ 112.0	\$ 78.5	\$ 230.0	\$ 238.5
Weighted average Units outstanding - diluted (in thousands)	300,500	308,537	300,524	309,324

As at	June 30, 2023	December 31, 2022
Net book value per unit	\$ 26.00	\$ 25.73

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.

FFO per Unit and Net Income

- FFO per unit for the Second Quarter was \$0.44, \$0.01 per unit higher than the same period last year.
 - Same Property NOI¹ growth of 5.2% contributed a \$0.03 *increase* in FFO per unit.
 - FFO from completed developments and residential rental ramp up drove FFO per unit *higher* by \$0.02.
 - Higher interest expense, net of higher interest income, *decreased* FFO per unit by \$0.02.
 - The reduction in FFO per unit from properties sold was partially offset by accretion from prior year unit buybacks, resulting in a net *reduction* of \$0.01 per unit.
 - A number of other items combined for a net *reduction* of \$0.01 in FFO per unit, including lower residential inventory gains, due to timing, and lower lease cancellation fees, partially offset by lower restructuring expenses and higher income from equity-accounted investments.
- Net income for the Second Quarter of \$112.0 million exceeded the comparable period last year by \$33.5 million, an increase of 42.7%, mainly due to lower fair value losses on investment properties in the current quarter.
- Our FFO Payout Ratio¹ of 59.7%, Liquidity¹ of \$1.7 billion, Unencumbered Asset¹ pool of \$8.6 billion, floating rate debt at 6.6%¹ of total debt and staggered debt maturities, all contribute to our financial flexibility and balance sheet strength.
- For 2023, we anticipate FFO per unit to be within the range of \$1.77 to \$1.80, SPNOI growth of 3%, and an FFO Payout Ratio of between 55% to 65%. Development Spending¹ is expected to be between \$400 million to \$450 million.

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.

Operation Highlights

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Operation Highlights (i)				
Occupancy - committed (ii)	97.4 %	97.2 %	97.4 %	97.2 %
Retail occupancy - committed (ii)	98.0 %	97.6 %	98.0 %	97.6 %
Blended leasing spread	9.0 %	10.5 %	10.3 %	9.8 %
New leasing spread	11.3 %	6.8 %	12.5 %	11.1 %
Renewal leasing spread	8.2 %	11.2 %	9.6 %	9.3 %

(i) Includes commercial portfolio only.

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

- In the context of strong fundamentals for our necessity-based retail portfolio, our team continued to deliver solid operating results in the Second Quarter. Same Property NOI grew by 5.2%, driven by increases in rent growth from contractual rent steps, rent upon renewal and a recovery of past pandemic-related provisions.
- A strong blended leasing spread of 9.0% resulted from new and renewal leasing spreads of 11.3% and 8.2%, respectively. Excluding fixed-rate renewals, the blended leasing spread would be 9.8% for the quarter and 11.1% for the year-to-date.
- Average net rent per occupied square foot of \$21.34 improved 4.7% over the same period last year while new leasing in the Second Quarter generated average net rent per square foot of \$26.90.
- Retail committed occupancy remained steady at 98.0%. In-place retail occupancy of 96.9% declined 40 basis points sequentially driven by temporary vacant units transitioning to new committed tenants taking physical occupancy in the coming quarters. We continue to improve quality of the tenant base with strong and stable tenants comprising 87.3% of annualized net rent, an increase of 50 basis points compared to the prior quarter.

RioCan Living Update¹

- As at August 1, 2023, 11 of the 12 RioCan Living™ buildings in operation are stabilized and are 99.0% leased. Total NOI generated from our residential rental operations for the Second Quarter was \$5.1 million, an increase of \$1.7 million or 50.8% over the same period last year. An increase of approximately 9% in average monthly rent per occupied square foot on a same property basis contributed to the year-over-year improvement.
- Approximately 20% of the 592 rental residential units at FourFifty The Well™ are pre-leased as of August 1, 2023, at rates in-line with or above expectations. Pre-leasing commenced in March 2023 in anticipation of the phased completion beginning in August 2023 and continuing through to early 2024.
- As of June 30, 2023, 2,575 condominium and townhouse units are under construction and are expected to generate combined sales revenue of over \$860.0 million between 2023 and 2026 that can be redeployed to fund our development pipeline. Of RioCan's six active condominium construction projects, 86% of the total units have been pre-sold, representing 96% of pro-forma total revenues. There were no residential inventory gains recognized during the first half of the year due to the timing of condominium/townhouse sales. We expect residential inventory gains in the second half of the year.

1. Units at 100% ownership interest.

Development Highlights

<i>(in millions except square feet)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Development Highlights				
Development Completions - sq. ft. in thousands (i)	110.0	69.0	176.0	214.0
Development Spending	\$ 103.0	\$ 139.6	\$ 191.3	\$ 231.5
Development Projects Under Construction - sq. ft. in thousands (ii)	1,850.0	2,320.0	1,850.0	2,320.0

(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.

- In the quarter, 110,000 square feet of NLA was completed, comprised mainly of commercial space at The Well™. For the full year, we expect to complete 640,900 square feet of development, which we expect to contribute \$25.6 million of stabilized NOI that will ramp up over the course of 2023 and 2024.
- As at August 1, 2023, approximately 1,229,000 square feet (at 100% ownership interest) of commercial space at The Well is in tenant possession with approximately 95% of the total commercial space leased. The retail component is 87% leased, as compared with 82% as at our prior quarterly release, with another 7% in late stage negotiations. The retail at The Well has been physically opening in phases and the majority of tenants are expected to be open by November 2023.
- During the Second Quarter, zoning was achieved for 2.0 million square feet for the first two phases at RioCan Scarborough Centre (Golden Mile) in Toronto, a Focus Five site and one of the premier development corridors in Toronto. Later phases of this site, an additional 2.3 million square feet, are expected to be zoned in the future. Completion of zoning is a significant value creation step. We will continue to exercise discipline as it relates to the commencement of physical construction.
- RioCan continues to revisit zoning applications to optimize density and use in order to improve project economics. We successfully amended zoning for 11YV during the quarter, resulting in an incremental three floors and expanding density to a site already underway.
- The 15.9 million of zoned square footage includes 1.9 million square feet of projects under construction and 1.5 million square feet of shovel ready projects, which can be commenced or delayed at RioCan's discretion.

Investing and Capital Recycling

- As of August 1, 2023, closed, firm or conditional dispositions totalled \$302.3 million.
- Firm dispositions include a non-grocery anchored Open Air Centre in Surrey, B.C., at a capitalization rate of 4.99%, which is expected to close in December 2023.
- Closed dispositions for the first half of 2023 were \$67.2 million at a weighted average capitalization rate of 7.69%, including the sale of non-core assets located in Calgary, Alberta and Orillia, Ontario, consistent with our strategy to improve portfolio quality.
- Year to date, Total Acquisitions¹ were \$104.9 million.
- Total Acquisitions in the Second Quarter included three phases of Bellevue, a residential rental complex in Montreal, Quebec for a gross purchase price of \$55.3 million. As part of this purchase, RioCan assumed \$42.2 million of pre-existing contractual debt at a blended contractual interest rate of 2.64% and remaining weighted average term to maturity of 8.4 years. The acquisition included 124 income producing units and an adjacent parcel of vacant land for future development. We agreed to acquire an additional 60 units, which are under construction, upon satisfaction of certain conditions.
- The remaining acquisitions related to land assembly activity and retail pads at an existing property.

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.

Capital Management Update

- On April 18, 2023, RioCan redeemed, in full, its \$200.0 million, 3.725% Series T unsecured debentures upon maturity.
- On June 26, 2023, RioCan issued \$300.0 million of Series AH senior unsecured debentures. These debentures were issued at a coupon rate of 5.962% per annum and will mature on October 1, 2029. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.284%.
- Over the last 12 months, the Trust has settled a total of \$1.0 billion of bond forward contracts, for total realized gains of \$57.3 million, which resulted in a weighted average interest rate reduction of 84 basis points or a weighted average hedged interest rate of 4.45% for \$1.0 billion of debt with a weighted average term of 6.3 years.

- On May 4, 2023, the Trust extended the maturity on its operating line of credit by a year to May 31, 2028. All other terms and conditions remain the same.
 - Subsequent to quarter end, we closed a \$15.0 million, at our share, CMHC mortgage with a 4.29% fixed rate and a 10-year term relating to our Strada™ residential rental property.
 - In addition to the bond forward hedging, the Trust's limited exposure to floating rate debt at 6.6% of total debt, serves to mitigate short-term interest rate volatility. Floating rate exposure increased sequentially, from 5.4% at the end of the first quarter of 2023, due to draws on our corporate revolving line of credit, which will fluctuate based on cash needs and timing of other financing activities. Excluding the balance of the revolving unsecured operating line of credit as at June 30, 2023, the majority of which was paid down subsequent to quarter end using proceeds from the Series AH debentures, the Ratio of floating rate debt to total debt¹ is 3.6%.
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.

Balance Sheet Strength

<i>(in millions except percentages)</i> As at	June 30, 2023	December 31, 2022
Balance Sheet Strength Highlights		
Liquidity (i) ¹	\$ 1,666	\$ 1,548
Adjusted Debt to Adjusted EBITDA (i) ¹	9.49x	9.51x
Total Adjusted Debt to Total Adjusted Assets (i) ¹	45.6 %	45.2 %
Unencumbered Assets (i) ¹	\$ 8,631	\$ 8,257
Unencumbered Assets to Unsecured Debt (i) ¹	207 %	218 %

(i) At RioCan's proportionate share.

- As at June 30, 2023, the Trust had \$1.7 billion of Liquidity in the form of a \$1.0 billion undrawn revolving line of credit, \$0.4 billion undrawn construction lines and other bank loans and \$0.3 billion cash and cash equivalents.
 - 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 million.
 - RioCan's unencumbered asset pool of \$8.6 billion, which can be used to obtain secured financing to provide additional liquidity at lower interest rates than unsecured debt, generated 58.1% of Annual Normalized NOI¹ and provided 2.07x coverage over Unsecured Debt¹. Subsequent to quarter end, the revolving line of credit was repaid with cash proceeds from the Series AH debenture, improving the coverage over Unsecured Debt to 2.18x. When compared to Q1 2023, Unencumbered Assets increased by \$356.1 million mainly from the repayment of mortgages payable.
 - Adjusted Debt to Adjusted EBITDA was 9.49x on a proportionate share basis, as at June 30, 2023, compared to 9.51x as at the end of 2022. The decrease was primarily due to higher Adjusted EBITDA, partially offset by higher Average Total Adjusted Debt balances.
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 Wednesday, August 2, 2023 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: 836769.

For those unable to participate in the live mode, a replay will be available at 1-866-813-9403 with access code: 976025.

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, increasingly mixed-use properties located in prime, high-density transit-oriented areas where Canadians want to shop, live and work. As at June 30, 2023, our portfolio is comprised of 193 properties with an aggregate net leasable area of approximately 33.5 million square feet (at RioCan's interest) including office, residential rental and 11 development properties. 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, 2023, which are available on RioCan's website at www.riocan.com and on SEDAR at www.sedar.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, Development Spending, Total Acquisitions, Ratio of floating rate debt to total debt, Liquidity, Adjusted Debt to Adjusted EBITDA, Total Adjusted Debt to Total Adjusted Assets, RioCan's Proportionate Share, Unencumbered Assets to Unsecured Debt 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, 2023.

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, 2023 and December 31, 2022:

As at	June 30, 2023			December 31, 2022		
<i>(in thousands of dollars)</i>	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Assets						
Investment properties	\$ 13,875,163	\$ 413,564	\$ 14,288,727	\$ 13,807,740	\$ 398,701	\$ 14,206,441
Equity-accounted investments	383,958	(383,958)	—	364,892	(364,892)	—
Mortgages and loans receivable	223,299	—	223,299	269,339	—	269,339
Residential inventory	327,596	238,732	566,328	272,005	214,536	486,541
Assets held for sale	155,000	—	155,000	42,140	—	42,140
Receivables and other assets	304,488	43,619	348,107	259,514	37,779	297,293
Cash and cash equivalents	253,944	13,324	267,268	86,229	8,001	94,230
Total assets	\$ 15,523,448	\$ 325,281	\$ 15,848,729	\$ 15,101,859	\$ 294,125	\$ 15,395,984
Liabilities						
Debentures payable	\$ 3,241,201	\$ —	\$ 3,241,201	\$ 2,942,051	\$ —	\$ 2,942,051
Mortgages payable	2,643,007	182,941	2,825,948	2,659,180	172,100	2,831,280
Lines of credit and other bank loans	1,202,628	102,723	1,305,351	1,141,112	89,187	1,230,299
Accounts payable and other liabilities	626,624	38,814	665,438	630,624	32,838	663,462
Total liabilities	\$ 7,713,460	\$ 324,478	\$ 8,037,938	\$ 7,372,967	\$ 294,125	\$ 7,667,092
Equity						
Unitholders' equity	7,809,988	803	7,810,791	7,728,892	—	7,728,892
Total liabilities and equity	\$ 15,523,448	\$ 325,281	\$ 15,848,729	\$ 15,101,859	\$ 294,125	\$ 15,395,984

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, 2023 and 2022:

<i>(in thousands of dollars)</i>	Three months ended June 30, 2023			Three months ended June 30, 2022		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	\$ 270,913	\$ 9,982	\$ 280,895	\$ 267,302	\$ 7,363	\$ 274,665
Residential inventory sales	—	517	517	35,005	—	35,005
Property management and other service fees	5,139	—	5,139	6,112	—	6,112
	276,052	10,499	286,551	308,419	7,363	315,782
Operating costs						
Rental operating costs						
Recoverable under tenant leases	93,622	905	94,527	92,129	661	92,790
Non-recoverable costs	3,594	451	4,045	5,521	575	6,096
Residential inventory cost of sales	—	261	261	29,857	—	29,857
	97,216	1,617	98,833	127,507	1,236	128,743
Operating income	178,836	8,882	187,718	180,912	6,127	187,039
Other income (loss)						
Interest income	5,701	665	6,366	4,885	574	5,459
Income from equity-accounted investments	5,830	(5,830)	—	1,165	(1,165)	—
Fair value loss on investment properties, net	(10,594)	(1,072)	(11,666)	(42,270)	(3,476)	(45,746)
Investment and other income (loss)	1,657	123	1,780	(1,379)	(149)	(1,528)
	2,594	(6,114)	(3,520)	(37,599)	(4,216)	(41,815)
Other expenses						
Interest costs, net	49,974	2,724	52,698	43,659	1,807	45,466
General and administrative	14,846	20	14,866	16,400	16	16,416
Internal leasing costs	3,018	—	3,018	2,825	—	2,825
Transaction and other costs	1,594	24	1,618	1,517	88	1,605
	69,432	2,768	72,200	64,401	1,911	66,312
Income before income taxes	\$ 111,998	\$ —	\$ 111,998	\$ 78,912	\$ —	\$ 78,912
Current income tax expense	31	—	31	452	—	452
Net income	\$ 111,967	\$ —	\$ 111,967	\$ 78,460	\$ —	\$ 78,460

RioCan's Proportionate Share (continued)

<i>(in thousands)</i>	Six months ended June 30, 2023			Six months ended June 30, 2022		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	\$ 545,594	\$ 17,432	\$ 563,026	\$ 539,433	\$ 14,301	\$ 553,734
Residential inventory sales	—	2,880	2,880	50,974	936	51,910
Property management and other service fees	9,958	—	9,958	11,993	—	11,993
	555,552	20,312	575,864	602,400	15,237	617,637
Operating costs						
Rental operating costs						
Recoverable under tenant leases	192,430	1,786	194,216	192,251	1,284	193,535
Non-recoverable costs	11,043	1,145	12,188	11,577	1,163	12,740
Residential inventory cost of sales	—	1,387	1,387	43,793	422	44,215
	203,473	4,318	207,791	247,621	2,869	250,490
Operating income	352,079	15,994	368,073	354,779	12,368	367,147
Other income (loss)						
Interest income	12,742	1,268	14,010	8,946	1,144	10,090
Income from equity-accounted investments	11,344	(11,344)	—	5,255	(5,255)	—
Fair value loss on investment properties, net	(27,959)	(451)	(28,410)	(6,838)	(4,266)	(11,104)
Investment and other income (loss)	4,544	(213)	4,331	(1,563)	(207)	(1,770)
	671	(10,740)	(10,069)	5,800	(8,584)	(2,784)
Other expenses						
Interest costs, net	97,957	5,218	103,175	85,425	3,648	89,073
General and administrative	30,464	31	30,495	27,863	31	27,894
Internal leasing costs	5,743	—	5,743	5,810	—	5,810
Transaction and other costs	1,982	5	1,987	2,692	105	2,797
	136,146	5,254	141,400	121,790	3,784	125,574
Income before income taxes	\$ 216,604	\$ —	\$ 216,604	\$ 238,789	\$ —	\$ 238,789
Current income tax (recovery) expense	(13,367)	—	(13,367)	271	—	271
Net income	\$ 229,971	\$ —	\$ 229,971	\$ 238,518	\$ —	\$ 238,518

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, 2023 and 2022:

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Operating Income	\$ 178,836	\$ 180,912	\$ 352,079	\$ 354,779
<i>Adjusted for the following:</i>				
Property management and other service fees	(5,139)	(6,112)	(9,958)	(11,993)
Residential inventory gains	—	(5,148)	—	(7,181)
Operational lease revenue from ROU assets	1,571	1,386	3,428	2,731
NOI	\$ 175,268	\$ 171,038	\$ 345,549	\$ 338,336

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Same Property NOI	\$ 157,215	\$ 149,430	\$ 308,260	\$ 295,385
NOI from income producing properties:				
Acquired (i)	170	80	366	226
Disposed (i)	597	8,228	1,562	18,373
	767	8,308	1,928	18,599
NOI from completed properties under development	8,020	4,055	14,027	8,244
NOI from properties under de-leasing under development	2,931	2,813	5,600	5,531
Lease cancellation fees	179	2,671	4,741	3,554
Straight-line rent adjustment	1,027	359	1,600	1,274
NOI from residential rental	5,129	3,402	9,393	5,749
NOI	\$ 175,268	\$ 171,038	\$ 345,549	\$ 338,336

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

FFO

The following table reconciles net income attributable to Unitholders to FFO for the three and six months ended June 30, 2023 and 2022:

<i>(thousands of dollars, except where otherwise noted)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Net income attributable to Unitholders	\$ 111,967	\$ 78,460	\$ 229,971	\$ 238,518
<i>Add back/(Deduct):</i>				
Fair value losses, net	10,594	42,270	27,959	6,838
Fair value losses included in equity-accounted investments	1,072	3,476	451	4,266
Internal leasing costs	3,018	2,825	5,743	5,810
Transaction losses on investment properties, net (i)	176	353	112	736
Transaction costs on sale of investment properties	344	713	511	1,314
ERP implementation costs	2,454	—	6,408	—
Change in unrealized fair value on marketable securities	(173)	1,401	813	1,401
Current income tax expense (recovery)	31	452	(13,367)	271
Operational lease revenue from ROU assets	1,196	985	2,550	1,930
Operational lease expenses from ROU assets in equity-accounted investments	(13)	(11)	(25)	(23)
Capitalized interest on equity-accounted investments (ii)	966	733	1,843	1,169
FFO	\$ 131,632	\$ 131,657	\$ 262,969	\$ 262,230
<i>Add back:</i>				
Restructuring costs	11	3,170	624	3,780
FFO Adjusted	\$ 131,643	\$ 134,827	\$ 263,593	\$ 266,010
FFO per unit - basic	\$ 0.44	\$ 0.43	\$ 0.88	\$ 0.85
FFO per unit - diluted	\$ 0.44	\$ 0.43	\$ 0.88	\$ 0.85
FFO Adjusted per unit - diluted	\$ 0.44	\$ 0.44	\$ 0.88	\$ 0.86
Weighted average number of Units - basic (in thousands)	300,386	308,312	300,374	309,070
Weighted average number of Units - diluted (in thousands)	300,500	308,537	300,524	309,324
FFO for last 4 quarters			\$ 525,415	\$ 535,661
Distributions paid for last 4 quarters			\$ 313,887	\$ 306,986
FFO Payout Ratio			59.7%	57.3%

(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 and PR Bloor Street LP. This amount is not capitalized to properties under development 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, 2023 and 2022 is as follows:

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Development expenditures on balance sheet:				
Properties under development	\$ 67,610	\$ 96,106	\$ 134,522	\$ 157,271
Residential inventory	31,640	35,363	49,191	63,708
RioCan's share of Development Spending from equity-accounted joint ventures	3,749	8,136	7,634	10,510
Total Development Spending	\$ 102,999	\$ 139,605	\$ 191,347	\$ 231,489

Total Acquisitions

Total Acquisitions for the three and six months ended June 30, 2023 and 2022 are as follows:

<i>(thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Income producing properties	\$ 70,271	\$ —	\$ 70,271	\$ 89,948
Properties under development	5,736	—	34,583	11,946
Residential inventory	—	—	—	19,440
RioCan's share of acquisitions from equity-accounted joint ventures	—	—	—	66,497
Total Acquisitions	\$ 76,007	\$ —	\$ 104,854	\$ 187,831

Total Adjusted Debt and Total Contractual Debt

The following tables reconcile total debt to Total Adjusted Debt, total assets to Total Adjusted Assets, and total debt to Total Contractual Debt as at June 30, 2023 and December 31, 2022:

As at	June 30, 2023			December 31, 2022		
<i>(thousands of dollars, except where otherwise noted)</i>	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Debentures payable	\$ 3,241,201	\$ —	\$ 3,241,201	\$ 2,942,051	\$ —	\$ 2,942,051
Mortgages payable	2,643,007	182,941	2,825,948	2,659,180	172,100	2,831,280
Lines of credit and other bank loans	1,202,628	102,723	1,305,351	1,141,112	89,187	1,230,299
Total debt	\$ 7,086,836	\$ 285,664	\$ 7,372,500	\$ 6,742,343	\$ 261,287	\$ 7,003,630
Cash and cash equivalents	253,944	13,324	267,268	86,229	8,001	94,230
Total Adjusted Debt	\$ 6,832,892	\$ 272,340	\$ 7,105,232	\$ 6,656,114	\$ 253,286	\$ 6,909,400
Total assets	\$ 15,523,448	\$ 325,281	\$ 15,848,729	\$ 15,101,859	\$ 294,125	\$ 15,395,984
Cash and cash equivalents	253,944	13,324	267,268	86,229	8,001	94,230
Total Adjusted Assets	\$ 15,269,504	\$ 311,957	\$ 15,581,461	\$ 15,015,630	\$ 286,124	\$ 15,301,754
Total Adjusted Debt to Total Adjusted Assets	44.7%		45.6%	44.3%		45.2%

As at	June 30, 2023			December 31, 2022		
<i>(thousands of dollars)</i>	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total debt	\$ 7,086,836	\$ 285,664	\$ 7,372,500	\$ 6,742,343	\$ 261,287	\$ 7,003,630
Less:						
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(23,343)	(601)	(23,944)	(15,634)	(690)	(16,324)
Total Contractual Debt	7,110,179	286,265	7,396,444	6,757,977	261,977	7,019,954

Floating Rate Debt and Fixed Rate Debt

As at	June 30, 2023			December 31, 2022		
<i>(thousands of dollars, except where otherwise noted)</i>	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total fixed rate debt	\$ 6,683,145	\$ 200,612	\$ 6,883,757	\$ 6,301,054	\$ 141,720	\$ 6,442,774
Total floating rate debt	403,691	85,052	488,743	441,289	119,567	560,856
Total debt	\$ 7,086,836	\$ 285,664	\$ 7,372,500	\$ 6,742,343	\$ 261,287	\$ 7,003,630
Ratio of floating rate debt to total debt	5.7%		6.6%	6.5%		8.0%
Total floating rate debt	\$ 403,691	\$ 85,052	\$ 488,743	\$ 441,289	\$ 119,567	\$ 560,856
Less:						
Revolving unsecured operating line of credit	224,770	—	224,770	131,601	—	131,601
Total floating rate debt (excluding revolving unsecured operating line of credit)	\$ 178,921	\$ 85,052	\$ 263,973	\$ 309,688	\$ 119,567	\$ 429,255
Ratio of floating rate debt to total debt (excluding revolving unsecured operating line of credit)	2.5%		3.6%	4.6%		6.1%

Liquidity

As at June 30, 2023, RioCan had approximately \$1.7 billion of Liquidity as summarized in the following table:

As at	June 30, 2023			December 31, 2022		
<i>(thousands of dollars)</i>	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	\$ 1,023,000	\$ —	\$ 1,023,000	\$ 1,116,351	\$ —	\$ 1,116,351
Undrawn construction lines and other bank loans	283,110	92,273	375,383	267,562	70,094	337,656
Cash and cash equivalents	253,944	13,324	267,268	86,229	8,001	94,230
Liquidity	\$ 1,560,054	\$ 105,597	\$ 1,665,651	\$ 1,470,142	\$ 78,095	\$ 1,548,237

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, 2023			December 31, 2022		
	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	\$ 228,225	\$ —	\$ 228,225	\$ 236,772	\$ —	\$ 236,772
<i>Add (deduct) the following items:</i>						
Income tax expense (recovery):						
Current	(12,717)	—	(12,717)	921	—	921
Fair value losses on investment properties, net	262,249	12,393	274,642	241,128	16,208	257,336
Change in unrealized fair value on marketable securities (i)	3,195	—	3,195	3,783	—	3,783
Internal leasing costs	12,137	—	12,137	12,204	—	12,204
Non-cash unit-based compensation expense	9,766	—	9,766	9,056	—	9,056
Interest costs, net	192,897	9,812	202,709	180,365	8,242	188,607
Restructuring costs	1,134	—	1,134	4,289	—	4,289
ERP implementation costs	6,408	—	6,408	—	—	—
Depreciation and amortization	4,201	—	4,201	4,774	—	4,774
Transaction losses on the sale of investment properties, net (ii)	400	—	400	1,024	—	1,024
Transaction costs on investment properties	4,935	—	4,935	5,734	3	5,737
Operational lease revenue (expenses) from ROU assets	4,706	(48)	4,658	4,086	(46)	4,040
Adjusted EBITDA	\$ 717,536	\$ 22,157	\$ 739,693	\$ 704,136	\$ 24,407	\$ 728,543

(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, 2023			December 31, 2022		
	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	\$ 6,872,987	\$ 268,708	\$ 7,141,695	\$ 6,756,628	\$ 251,888	\$ 7,008,516
Less: average cash and cash equivalents	(112,497)	(10,092)	(122,589)	(74,871)	(8,791)	(83,662)
Average Total Adjusted Debt	\$ 6,760,490	\$ 258,616	\$ 7,019,106	\$ 6,681,757	\$ 243,097	\$ 6,924,854
Adjusted EBITDA ⁽ⁱ⁾	\$ 717,536	\$ 22,157	\$ 739,693	\$ 704,136	\$ 24,407	\$ 728,543
Adjusted Debt to Adjusted EBITDA	9.42		9.49	9.49		9.51

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

Unencumbered Assets

The tables below summarize RioCan's Unencumbered Assets to Unsecured Debt and Percentage of Normalized NOI Generated from Unencumbered Assets as at June 30, 2023 and December 31, 2022:

As at	June 30, 2023			December 31, 2022			
<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
Unencumbered Assets		\$ 8,570,191	\$ 60,966	\$ 8,631,157	\$ 8,200,280	\$ 56,228	\$ 8,256,508
Total Unsecured Debt		\$ 4,177,000	\$ —	\$ 4,177,000	\$ 3,783,649	\$ —	\$ 3,783,649
Unencumbered Assets to Unsecured Debt	> 200%	205%		207%			218%
<i>Subsequent to quarter end:</i>							
Change in Unencumbered Assets		—	—	—			
Repayment of Unsecured Debt on July 4, 2023		(210,000)	—	(210,000)			
Proforma Unencumbered Assets		\$ 8,570,191	\$ 60,966	\$ 8,631,157			
Proforma Unsecured Debt		\$ 3,967,000	\$ —	\$ 3,967,000			
Proforma Unencumbered Assets to Unsecured Debt		216%		218%			
Annual Normalized NOI - total portfolio (i)		\$ 688,892	\$ 33,648	\$ 722,540	\$ 646,540	\$ 23,488	\$ 670,028
Annual Normalized NOI - Unencumbered Assets (i)		\$ 415,972	\$ 3,644	\$ 419,616	\$ 370,804	\$ 3,440	\$ 374,244
Percentage of Normalized NOI Generated from Unencumbered Assets	> 50.0%	60.4%		58.1%			55.9%

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

	Three months ended June 30, 2023			Three months ended December 31, 2022		
<i>(thousands of dollars)</i>	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
NOI (i)	\$ 175,268	\$ 8,412	\$ 183,680	\$ 166,062	\$ 5,872	\$ 171,934
<i>Adjust the following:</i>						
Miscellaneous revenue	(1,134)	—	(1,134)	(802)	—	(802)
Percentage rent	(1,732)	—	(1,732)	(3,234)	—	(3,234)
Lease cancellation fees	(179)	—	(179)	(391)	—	(391)
Normalized NOI - total portfolio	\$ 172,223	\$ 8,412	\$ 180,635	\$ 161,635	\$ 5,872	\$ 167,507
Annual Normalized NOI - total portfolio(ii)	\$ 688,892	\$ 33,648	\$ 722,540	\$ 646,540	\$ 23,488	\$ 670,028
NOI from unencumbered assets	\$ 105,983	\$ 911	\$ 106,894	\$ 94,957	\$ 860	\$ 95,817
<i>Adjust the following for Unencumbered Assets:</i>						
Miscellaneous revenue	(629)	—	(629)	(518)	—	(518)
Percentage rent	(1,198)	—	(1,198)	(1,430)	—	(1,430)
Lease cancellation fees	(163)	—	(163)	(308)	—	(308)
Normalized NOI - Unencumbered Assets	\$ 103,993	\$ 911	\$ 104,904	\$ 92,701	\$ 860	\$ 93,561
Annual Normalized NOI - Unencumbered Assets (ii)	\$ 415,972	\$ 3,644	\$ 419,616	\$ 370,804	\$ 3,440	\$ 374,244

(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, 2023 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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