AHEAD OF THE CURVE

RIOCAN
REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT 2014

EDWARD SONSHINE, O.ONT.,Q.C. | Chief Executive Officer

AHEAD OF THE CURVE

With a market capitalization of more than $9 billion, RioCan is the largest real estate investment trust in Canada. RioCan has ownership interests in 340 retail properties in some of North America's most desired markets. Your REIT has 15 major properties under development, coming on stream over the next several years. RioCan's strength is assured with a seasoned management team, disciplined financial focus, and a quality balance sheet.

CEO'S LETTER TO UNITHOLDERS

RioCan is a pre-eminent North American REIT with a retail focus. Your REIT comprises a dominant Canadian retail platform, and a leading retail portfolio in select markets in the United States. To assure future growth, RioCan is redeveloping existing core assets of key retail sites in major Canadian cities. This report showcases select properties that will transform the lives of customers and communities alike.

Ahead of the Curve... | characterizes RioCan's strategic thinking and operational practices. As an example, a decade ago, RioCan identified, and then acquired, a portfolio of properties in Canada's six major markets. This strategy was prescient: today, almost 75% of annual revenue in Canada is derived from these six major markets. To further enhance these sites, RioCan has commenced intensifying them.

With RioCan's tenant profile of national and anchor retailers, risk is balanced – and diversified. Of note, 86.5% of our annualized Canadian revenue as at December, 31 2014 is generated by these high-profile tenants. Stable cash flows from these brand-name tenants result in successful, and enduring tenancies. Accordingly, RioCan's occupancy rate was 97.0% at December 31, 2014. Such success is based on mutually profitable partnerships between RioCan and its leading tenants.

RioCan is thinking ahead of the curve in densely populated urban areas that often lack high-quality shopping centres. Brand-name national retailers are also typically under-represented in these markets.

Because of the popularity of individuals working, living and enjoying recreational activities in the core of the city, RioCan's mixed-use properties hold widespread appeal. Instead of a "one-size" fits all template, your REIT develops site-specific solutions, according to neighbourhood, need, desired retail mix, and zoning. RioCan configures innovative spaces that invite the perfect blend of tenants and customers alike.

RioCan's development platform now encompasses a portfolio of properties that will include a residential component. In some cases, RioCan's residential spaces include condominium units. In others, RioCan will provide rental residential apartments.

RioCan has identified fifty of its properties that hold the potential for additional intensification opportunities. These properties are located in our six core Canadian markets primarily in the Greater Toronto Area, and are typically located in the vicinity of substantive transit infrastructure. This intensification and residential development represents the next stage of growth for your Trust.

We believe that the addition of a residential component to certain properties will enhance the value of the underlying real estate. These developments will feature a modern design, ideal for customers to visit, shop in, eat at, and in some instances live in. RioCan's residential platform will offer professional property management, security of tenure, and a host of amenities. A flexible and creative approach to site development for shopping, and living, ensures that RioCan stays ahead of the curve.

The residential sector provides a steady and continuous income stream with a growth profile that will serve as a hedge against inflation. The residential component will also provide additional diversification to RioCan's retail portfolio. In total, RioCan's objective is to develop as many as 19,000 units over the next ten years. We have identified an initial eight projects that will provide about 3,369 units where zoning applications have been filed or will be in the next several months, the details of which can be found further on in this report.

Given the extent of this initiative, RioCan will possess a scale that will result in numerous efficiencies going forward. RioCan owns the underlying land, often at irreplaceable locations, thus giving it the unique opportunity to create a tremendous amount of value. RioCan has established a team to carry forward the residential rental initiative, drawing from its existing areas of expertise. The team is comprised of existing RioCan executives as well as third-party consultants. As this initiative matures, additional resources will be added to the platform to facilitate such growth.

In the United States, RioCan operates in the highly populated, northeast, and in four robust markets in Texas: Dallas-Fort Worth, Houston, Austin and San Antonio.

RioCan's business and prospects are strong. Your REIT's operating FFO increased 5.1% to $517 million for the year ended December 31, 2014 compared to $492 million for 2013. In Canada, RioCan's leasing team renewed 4.2 million square feet and averaged an 11.4% rental rate increase, amounting to $1.84/sq. foot in 2014. Our management team and the strength of your Trust's portfolio are designed to address challenges as they arise.

As always, I thank you for your continued trust and confidence in RioCan.

Edward Sonshine, O.Ont., Q.C.

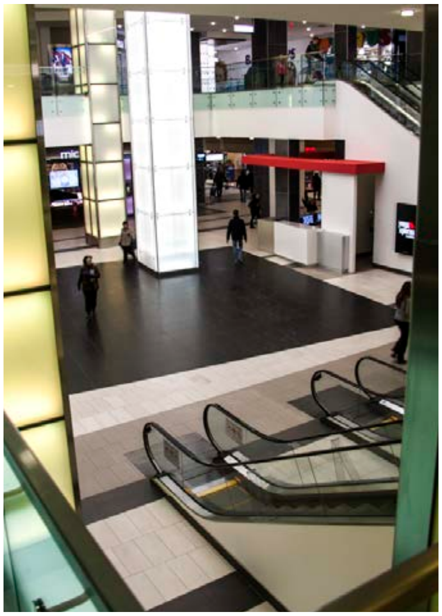
Chief Executive Officer,
RioCan Real Estate Investment Trust

AHEAD OF THE CURVE

URBAN MARKETS

Ahead of the Curve
Urban Markets

In urban markets, RioCan's properties are popular attractions designed for convenient shopping, working, eating, and other recreational activities. RioCan's high-profile sites are often situated at bustling, transit-accessible intersections.



RioCan Yonge Eglinton Centre, Toronto, Ontario | Extensive renovations have been completed at the Yonge Eglinton Centre. A 45,000 sq. foot addition is underway and is expected to be completed mid 2015. New retailers will include Cineplex VIP Theatres and Winners.

RioCan Yonge Eglinton Centre, Toronto, Ontario | This popular, midtown Toronto mixed-use complex includes leading retailers such as Indigo Books, Metro Grocery, Pickle Barrel and Urban Outfitters.

College and Bathurst, Toronto, Ontario | This conveniently located 1.3 acre site will be developed into a 145,000 sq. foot three storey urban mixed-use building. It includes 300 underground parking spots.

Sage Hill, Calgary, Alberta | This large-scale 34-acre site in northwest Calgary is expected to be completed in 2016. Currently, the site is 72% pre-leased. Anchor tenants are Walmart and Loblaws.

Northeast Yonge and Eglinton, Toronto, Ontario | This striking development incorporates a 58 floor condominium tower, a 36 floor residential rental tower, and 54,000 sq. feet of retail and commercial space, including a flagship Toronto Dominion Bank branch.

AHEAD OF THE CURVE

MIXED USE DEVELOPMENT

Ahead of the Curve
Mixed Use Development

Accommodating space constraints in densely populated urban centres, RioCan designs its mixed-use properties to fulfill an array of shopping needs, and diverse eating and recreational activities. Designated sites combine office and living spaces too.

Queen & Portland, Toronto, Ontario | Three storeys of this development are devoted to retail while the other four storeys are residential. Major tenants include Loblaws, Winners and Joe Fresh.

Yonge & Sheppard, Toronto, Ontario | Positioned at the bustling intersections of Sheppard Avenue and Yonge Street, major retailers include Longos and LA Fitness. The Sheppard Centre includes two office properties, with three adjacent RioCan retail properties.

King & Portland, Toronto, Ontario | This 400,000 sq. foot mixed-use complex features 20,000 sq. feet of retail, a 200,000 sq. foot office space, and 170,000 sq. feet of residential space.

East Village, Calgary, Alberta | This 2.75 acre site in downtown Calgary features almost 270,000 sq. feet of retail including a key anchor: a 100,000 sq. foot Loblaws. This site features easy LRT and Skyway access, and 300 dedicated parking spots.

Ahead of the Curve
Mixed Use Development

With disciplined financial management and decades of experience in large-scale real estate, RioCan is perfectly positioned to co-manage large-scale projects like The Well, from conception through to completed project.

The Well, Toronto, Ontario | Toronto is abuzz with The Well, a transformative new development situated on 7.7 acres of prime real estate in downtown Toronto. This is the epitome of a mixed-use project, as it combines world-class shopping, living, working and recreation.

The Well, Toronto, Ontario | The Well features 1.6 million sq. feet of retail and office space, 940,000 sq. feet of residential rental units, and 466,000 sq. feet of condominium space. RioCan has partnered with Allied Properties REIT and Diamond Corporation.

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OUTLET CENTRES

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Outlet Centres

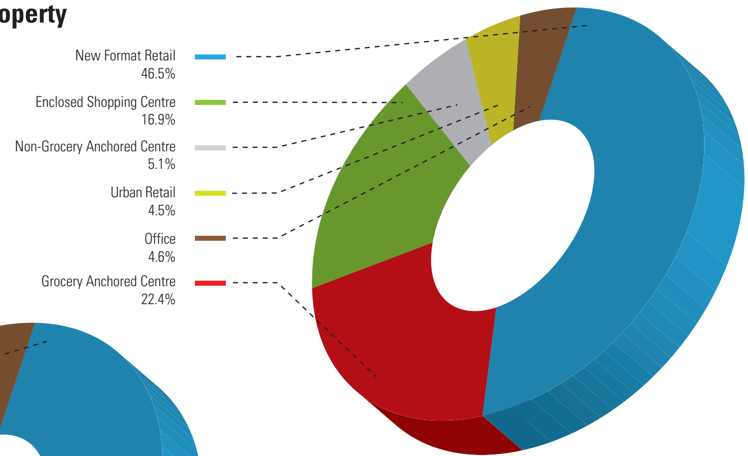
RioCan's Outlet Centres are popular destinations, providing easy access and ample parking for diverse retail including high fashion at discount prices, food, sporting goods, health and beauty, and home furnishings. RioCan's Outlet Centres are frequently visited, and help satisfy the needs of value-conscious consumers.

Tanger Outlets, Ottawa, Ontario | Ottawa's sole outlet centre is a much frequented regional draw. This 300,000 sq. foot site is prominently located beside Highway 417. Development of Phase II is underway, with completion expected in 2016.

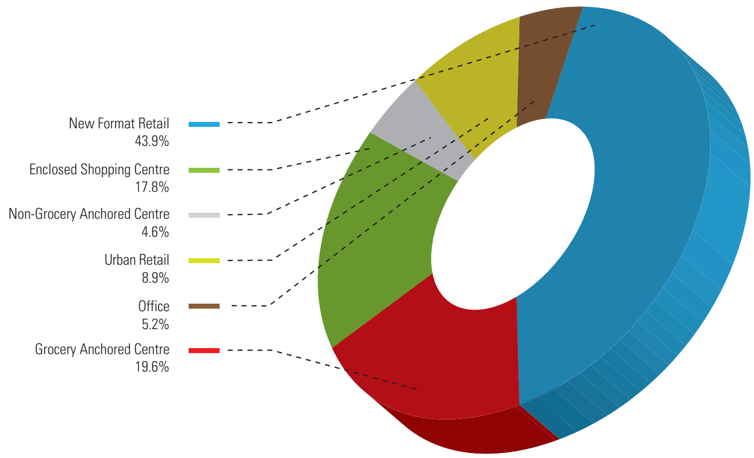
Tanger Outlets, Cookstown, Ontario | Easily seen from Highway 400, this dynamic complex houses 41 top-tier retailers, including the Coach Factory, Danier Leather Factory Outlet, and Royal Doulton Outlet.

Ahead of the Curve in Canada

NLA of the Canadian portfolio by property type at December 31, 2014



Annualized rental revenue of the Canadian portfolio by property type at December 31, 2014



Top 10 Tenants – Canadian Portfolio

As at December 31, 2014, RioCan's 10 largest tenants in Canada, as measured by annualized gross rental revenue, have the following profile:

	Tenant name	Percentage of annualized rental revenue	Number of locations	NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
1	Loblaws/Shoppers Drug Mart (i)	4.9%	84	2,024	5.1%	7.4
2	Canadian Tire Corporation (ii)	4.3%	89	2,020	5.0%	7.9
3	Walmart	4.0%	28	3,119	7.8%	11.5
4	Metro/Super C/Loeb/Food Basics	3.9%	57	2,119	5.3%	6.3
5	Cineplex/Galaxy Cinemas	3.7%	29	1,336	3.3%	9.3
6	Winners/HomeSense/Marshalls	3.1%	69	1,537	3.8%	7.0
7	Target Corporation (iii)	2.3%	26	2,184	5.5%	12.7
8	Sobey's Inc.	1.9%	36	991	2.5%	10.4
9	Cara/Prime Restaurants	1.9%	110	472	1.2%	6.5
10	Staples/Business Depot	1.7%	41	810	2.0%	5.3
		31.7%	569	16,612	41.5%	8.5

* Weighted average remaining lease term based on gross annualized rental revenue.

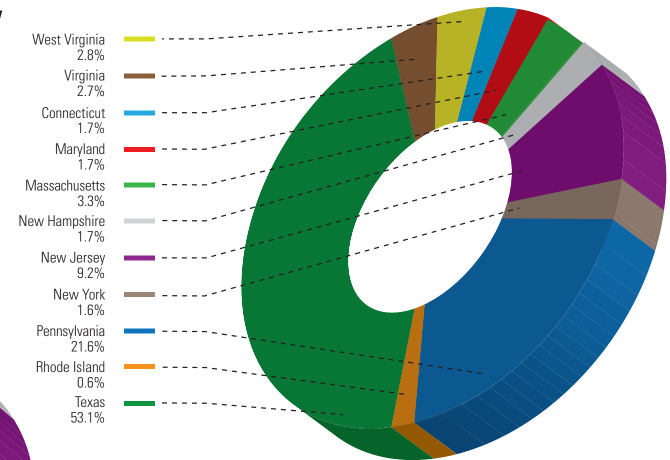
(i) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs and Maxi. During 2014, Loblaws acquired Shoppers Drug Mart. Upon closing, Loblaws became RioCan's largest tenant by gross revenue. Comparative period information has not been restated for this acquisition.

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

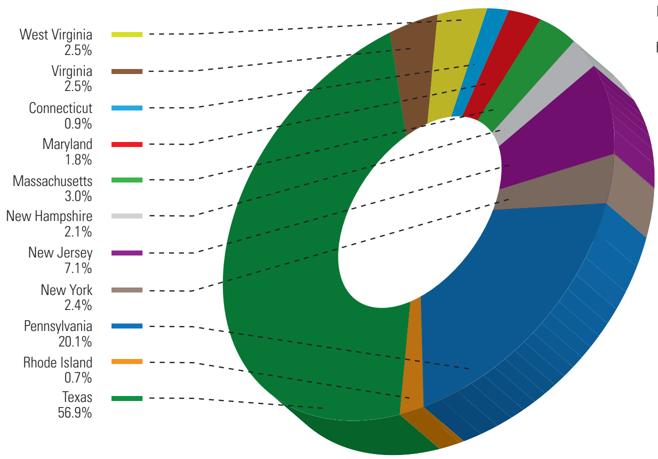
(iii) On January 15, 2015, Target Corporation announced plans to discontinue its Canadian operations. See "About RioCan - Overview of the Business".

Ahead of the Curve in the U.S.

NLA of the U.S. portfolio by property type at December 31, 2014



Annualized rental revenue of the U.S. portfolio by State at December 31, 2014



Top 10 Tenants – U.S. Portfolio

As at December 31, 2014, RioCan's 10 largest tenants in the U.S., as measured by annualized gross rental revenue, have the following profile:

	Tenant name	Percentage of annualized rental revenue	Number of locations	NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
1	Giant Food Stores/Stop & Shop (Royal Ahold)	**9.9%**	**24**	**1,113**	**11.1%**	**11.4**
2	Best Buy	**3.7%**	**11**	**359**	**3.6%**	**5.8**
3	PetSmart	**2.8%**	**14**	**295**	**2.9%**	**4.8**
4	Michaels	**2.6%**	**14**	**291**	**2.9%**	**4.3**
5	Walmart	**2.6%**	**5**	**880**	**8.8%**	**12.1**
6	Ross Dress	**2.0%**	**9**	**266**	**2.6%**	**4.4**
7	Office Depot/Office Max	**1.9%**	**11**	**215**	**2.1%**	**4.6**
8	Market Street	**1.9%**	**3**	**193**	**1.9%**	**8.9**
9	Bed Bath & Beyond	**1.9%**	**9**	**237**	**2.4%**	**5.7**
10	Lowes	**1.7%**	**3**	**476**	**4.7%**	**12.3**
		31.0%	**103**	**4,325**	**43.0%**	**8.3**

* Weighted average remaining lease term based on gross annualized rental revenue.

PROPERTY PORTFOLIO

CANADA

ALBERTA

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
17004 & 17008 107th Avenue NW, Edmonton, AB	100%	11,963	11,963	
5008 5020 97th Street NW, Edmonton, AB	100%	11,943	11,943	
Brentwood Village, Calgary, AB	50%	134,935	269,870	Safeway, London Drugs, Sears Whole Home, Bed Bath & Beyond
East Hills Shopping Centre, Calgary, AB	40%	52,041	130,102	Walmart
Edmonton Walmart Centre, Edmonton, AB	40%	127,714	370,895	Walmart, Golf Town, Totem Building Supplies*
Glenmore Landing, Calgary, AB	50%	73,356	146,711	Safeway
Jasper Gates Shopping Centre, Edmonton, AB	100%	94,243	149,243	London Drugs, Safeway*
Lethbridge Towne Square, Lethbridge, AB	100%	79,396	79,396	London Drugs
Lethbridge Walmart Centre, Lethbridge, AB	100%	276,760	328,260	Walmart, Shoppers Drug Mart, Totem Building Supplies*
Lowe's Sunridge Centre, Calgary, AB	100%	211,416	211,416	Lowe's, Golf Town
Mayfield Common, Edmonton, AB	50%	214,886	429,772	Winners, Save-On-Foods, Value Village, JYSK, World Health
Mill Woods Town Centre, Edmonton, AB	40%	236,274	585,705	Safeway (Co-op), Canadian Tire, Target, Goodlife Fitness
North Edmonton Cineplex Centre, Edmonton, AB	100%	75,836	75,836	Cineplex
Northgate Village Shopping Centre, Calgary, AB	100%	277,599	404,689	Safeway, Gold's Gym, JYSK, Staples, Home Depot*
RioCan Beacon Hill, Calgary, AB	50%	264,037	787,073	Canadian Tire, Winners, Future Shop, Sport Chek, Goodlife Fitness, Home Depot*, Costco*
RioCan Centre Grande Prairie, Grande Prairie, AB	100%	235,697	335,697	Rona, London Drugs, Cineplex, Staples, Walmart*
RioCan Centre Grande Prairie II, Grande Prairie, AB	50%	31,707	63,413	Winners, Michaels, JYSK
RioCan Meadows, Edmonton, AB	50%	154,608	409,215	Home Depot, Staples, Winners, Best Buy, Loblaws*
RioCan Shawnessy, Calgary, AB	50%	234,471	839,586	Target, Sport Chek, Future Shop, Canadian Tire*, Home Depot*, Co-op*, Walmart*
RioCan Signal Hill Centre, Calgary, AB	100%	473,373	588,373	Target, Winners, Michaels, Staples, Indigo, Loblaws*
Riverbend Square Shopping Centre, Edmonton, AB	100%	140,990	140,990	Safeway, Shoppers Drug Mart
Sage Hill Shopping Centre, Calgary, AB	50%	76,518	153,035	Walmart
Southbank Centre, Calgary, AB	50%	72,607	389,449	Winners, Michaels, Home Depot*, Costco*
South Edmonton Common, Edmonton, AB	50%	215,209	981,488	London Drugs, The Brick, Home Outfitters, Old Navy, Home Depot*, Walmart*, Loblaws*, Cineplex*, Staples*, Best Buy*

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
South Trail Crossing, Calgary, AB	100%	313,911	463,911	Co-op, Winners, Staples, Sport Chek, Walmart*, Safeway*
Southland Crossing Shopping Centre Calgary, AB	100%	132,063	132,063	Safeway
Summerwood Shopping Centre, Edmonton, AB	100%	83,980	83,980	Save-On-Foods, Shoppers Drug Mart
The Market at Citadel, Edmonton, AB	100%	50,968	50,968	Shoppers Drug Mart
Timberlea Landing, Fort McMurray, AB	100%	134,874	134,874	Regional Municipality of Wood Buffalo

BRITISH COLUMBIA

Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Abbotsford Power Centre, Abbotsford, BC	50%	109,946	459,892	Target, Winners, PetSmart, Costco*, Rona/Revy*
BMO-1225 Douglas St., Victoria, BC	100%	25,133	25,133	
BMO-2219 Oak Bay Ave., Victoria, BC	100%	3,541	3,541	
BMO-3290 Grandview Hwy., Vancouver, BC	100%	4,454	4,454	
BMO-5710 Victoria Dr., Vancouver, BC	100%	5,549	5,549	
BMO-585 England Ave., Courtenay, BC	100%	5,885	5,885	
BMO-7075 Kingsway, Burnaby, BC	100%	5,010	5,010	
Cambie Street, Vancouver, BC	100%	148,215	148,215	Canadian Tire, Best Buy
Chahko Mika Mall, Nelson, BC	100%	173,106	173,106	
Clearbrook Town Square, Abbotsford, BC	50%	94,481	188,962	Safeway, Staples
Cowichan Commons, Duncan, BC	100%	186,629	186,629	Walmart
Dilworth Shopping Centre, Kelowna, BC	100%	197,058	197,058	Safeway, Staples, JYSK
Grandview Corners, Surrey, BC	50%	262,944	610,887	Walmart, Future Shop, Indigo, Home Depot*
Impact Plaza, Surrey, BC	100%	133,068	133,068	T&T Supermarket
Parkwood Place, Prince George, BC	50%	186,362	372,724	The Bay, Overwaitea, London Drugs, Famous Players, Staples
Peninsula Village, South Surrey, BC	50%	85,354	170,707	Safeway, London Drugs
RioCan Langley Centre, Langley, BC	50%	190,285	380,569	Sears Whole Home, Chapters, HomeSense
Southwinds Crossing, Oliver, BC	100%	72,972	72,972	Canadian Tire, Buy-Low Foods
Strawberry Hill Shopping Centre, Surrey, BC	50%	168,905	337,810	Home Depot, Cineplex, Winners, Chapters, Sport Chek
The Junction, Mission, BC	50%	141,267	330,607	Save-On-Foods, Famous Players, London Drugs, Canadian Tire*
Tillicum Centre, Victoria, BC	50%	235,937	471,874	Target, Famous Players, Safeway, Winners, London Drugs
Vernon Square, Vernon, BC	100%	98,110	151,110	London Drugs, Safeway*

MANITOBA

Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Garden City, Winnipeg, MB	30%	86,341	380,408	Canadian Tire, Winners, Sears*
Kildonan Crossing Shopping Centre Winnipeg, MB	100%	179,029	179,029	Safeway, PetSmart

*Non-owned anchor

NEW BRUNSWICK

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Brookside Mall, Fredericton, NB	50%	140,604	281,207	Sobeys, The Province of New Brunswick, Goodlife Fitness
Corbett Centre, Fredericton, NB	100%	186,006	281,006	Winners, Home Depot*, Costco*
Northumberland Square, Miramichi, NB	100%	158,931	158,931	
Quispamsis Town Centre, Quispamsis, NB	100%	88,034	88,034	Shoppers Drug Mart, Goodlife Fitness

NEWFOUNDLAND

Shoppers on Topsail, St. John's, NFLD	100%	29,690	29,690	Shoppers Drug Mart
Trinity Conception Square, Carbonear, NFLD	100%	182,545	182,545	Metro, Walmart

NOVA SCOTIA

Halifax Walmart Centre, Halifax, NS	50%	68,995	137,990	Walmart

ONTARIO

12 Vodden Street, Brampton, ON	100%	32,294	32,294	
1208 & 1216 Dundas Street East, Whitby, ON	100%	7,697	7,697	
1650-1660 Carling Avenue, Ottawa, ON	100%	142,188	142,188	Canadian Tire
1910 Bank Street, Ottawa, ON	100%	6,425	6,425	
2422 Fairview Street, Burlington, ON	100%	6,221	6,221	
2950 Carling Avenue, Ottawa, ON	100%	10,442	10,442	Pharma Plus
2955 Bloor Street West, Toronto, ON	100%	8,777	8,777	
2990 Eglinton Avenue East, Toronto, ON	100%	6,140	6,140	
3736 Richmond Road, Ottawa, ON	100%	2,938	2,938	
404 Town Centre, Newmarket, ON	50%	133,924	267,848	Walmart, Metro
4055-4065 Carlingview Avenue, Ottawa, ON	100%	22,496	22,496	
410 King Street North, Waterloo, ON	100%	2,067	2,067	
410-444 Bathurst Street, Toronto, ON	100%	16,975	16,975	
506 & 510 Hespeler Road, Cambridge, ON	100%	12,515	12,515	
547-563 College Street, Toronto, ON	50%	74,388	74,388	LCBO
649 Queen Street West, Toronto, ON	100%	14,200	14,200	CB2
6666 Lundy's Lane, Niagara Falls, ON	100%	8,434	8,434	
735 Queenston Road, Hamilton, ON	100%	8,818	8,818	
740 Dupont Street, Toronto, ON	100%	25,000	25,000	
Adelaide Centre, London, ON	100%	80,998	80,998	Metro
Ajax Marketplace, Ajax, ON	100%	70,724	70,724	Food Basics, Pharma Plus

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Albion Centre, Etobicoke, ON	50%	188,246	376,491	Canadian Tire, Fortinos
Belleville Stream Centre, Belleville, ON	100%	89,237	89,237	Stream International
Belleville Walmart Centre, Belleville, ON	100%	275,410	275,410	Walmart
Bellfront Shopping Centre, Belleville, ON	100%	109,995	159,995	Bed Bath & Beyond, Canadian Tire*
BMO-1293 Bloor Street West, Toronto, ON	100%	5,683	5,683	
BMO-145 Woodbridge Avenue, Vaughan, ON	100%	5,860	5,860	
BMO-1556 Bank Street, Ottawa, ON	100%	4,835	4,835	
BMO-2 King Street West, Bowmanville, ON	100%	5,584	5,584	
BMO-200 Ouelette Avenue, Windsor, ON	100%	21,070	21,070	
BMO-270 Dundas Street, London, ON	100%	21,834	21,834	
BMO-297 King Street East, Kingston, ON	100%	10,079	10,079	
BMO-519 Brant Street, Burlington, ON	100%	5,190	5,190	
BMO-79 Durham Street, Sudbury, ON	100%	24,075	24,075	
BMO-81 King Street West, Hamilton, ON	100%	5,550	5,550	
BMO-945 Smyth Road, Ottawa, ON	100%	8,532	8,532	
Brant Street Power Centre, Toronto, ON	50%	57,539	115,077	Best Buy, PetSmart, Home Outfitters
Burlington Mall, Burlington, ON	50%	318,745	750,643	Canadian Tire, Target, Winners, HomeSense, The Bay*
Cambrian Mall, Sault Ste. Marie, ON	100%	134,803	316,634	Sport Chek, Winners, Canadian Tire*, Loblaws*
Campus Estates, Guelph, ON	100%	72,861	72,861	No Frills
Chapman Mills Marketplace, Ottawa, ON	75%	339,093	567,124	Walmart, Winners, Staples, PetSmart, Loblaws*
Cherry Hill Centre, Fergus, ON	100%	73,886	73,886	Zehrs
Churchill Plaza, Sault Ste. Marie, ON	100%	148,225	148,225	Metro
City View Plaza, Nepean, ON	100%	59,876	59,876	Pharma Plus, PartSource
Clarkson Crossing, Mississauga, ON	50%	106,535	213,069	Metro, Canadian Tire, Shoppers Drug Mart
Clarkson Village Shopping Centre Mississauga, ON	100%	63,844	63,844	HomeSense
Colborne Place, Brantford, ON	100%	70,406	70,406	No Frills
Coliseum Ottawa, Ottawa, ON	100%	109,260	109,260	Famous Players, Shoppers Drug Mart
Collingwood Centre, Collingwood, ON	100%	199,296	199,296	Fresh Co. (Sobeys), Canadian Tire, Sport Chek, Bed, Bath & Beyond
Commissioners Court Plaza, London, ON	100%	94,140	94,140	Food Basics
County Fair Mall, Smiths Falls, ON	100%	162,640	162,640	Target, Food Basics
Dufferin Plaza, Toronto, ON	100%	65,195	65,195	Staples
Dundas 427 Marketplace, Mississauga, ON	100%	97,860	97,860	Staples
Eagle's Landing, Vaughan, ON	100%	177,043	177,043	Metro (Yummy Market)
Eastcourt Mall, Cornwall, ON	100%	176,848	176,848	No Frills, Urban Planet, Dollarama, Shoppers Drug Mart
Elmvale Acres, Ottawa, ON	100%	146,696	146,696	Loblaws, Pharma Plus
Empress Walk, Toronto, ON	100%	180,626	238,626	Cineplex, Future Shop, Loblaws*
Fairlawn Plaza, Ottawa, ON	100%	8,322	8,322	Sleep Country Canada
Fallingbrook Shopping Centre, Orleans, ON	100%	97,145	97,145	Metro, Shoppers Drug Mart

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Five Points Shopping Centre, Oshawa, ON	100%	397,736	397,736	Target, Metro, Value Village, LA Fitness
Flamborough Power Centre Flamborough, ON	100%	181,694	181,694	Target, Value Village
Flamborough Walmart Centre Flamborough, ON	100%	303,590	303,590	Walmart, Rona, Staples
Frontenac Mall, Kingston, ON	30%	84,810	282,700	Food Basics, Value Village
Galaxy Centre, Owen Sound, ON	100%	91,563	91,563	No Frills, Cineplex
Garrard & Taunton, Whitby, ON	100%	146,835	146,835	Lowe's
Gates of Fergus, Fergus, ON	50%	52,983	105,965	Target
Glendale Marketplace, Pickering, ON	100%	53,963	53,963	Your Independent Grocer, Pharma Plus
Goderich Walmart Centre, Goderich, ON	100%	96,853	204,709	Walmart, Canadian Tire*, Loblaws*
Goodlife Plaza, St. Catharines, ON	100%	144,983	144,983	Goodlife Fitness, Canadian Tire (Call centre)
Grant Crossing, Ottawa, ON	60%	135,505	325,842	Winners, HomeSense, Michaels, Value Village, Lowe's*
Green Lane Centre, Newmarket, ON	33%	52,890	417,716	Bed Bath & Beyond, Michaels, PetSmart, Costco*, Loblaws*
Halton Hills Shopping Plaza Georgetown, ON	100%	75,724	75,724	Food Basics
Hamilton Highbury Plaza, London, ON	100%	5,269	5,269	
Hamilton Walmart Centre, Hamilton, ON	100%	312,993	312,993	Walmart, Winners, Staples
Hartsland Market Square, Guelph, ON	100%	108,719	108,719	Zehrs
Hawkesbury Centre, Hawkesbury, ON	50%	37,133	74,266	Price Chopper, Shoppers Drug Mart
Heart Lake Town Centre, Brampton, ON	100%	126,017	126,017	Metro
Herongate Mall, Ottawa, ON	75%	50,137	66,849	Food Basics, Pharma Plus
Highbury Shopping Plaza, London, ON	100%	70,981	70,981	LA Fitness
Hunt Club Centre, Ottawa, ON	100%	67,174	67,174	Metro
Hunt Club Centre II, Ottawa, ON	100%	141,820	141,820	Lowe's
Huron Heights, London, ON	50%	44,982	89,964	Shoppers Drug Mart
Innes Road Centre, Gloucester, ON	100%	47,512	167,512	PetSmart, Costco*
Kanata Centrum Shopping Centre Kanata, ON	100%	286,445	466,445	Walmart, Chapters, Loblaws, Canadian Tire*, Landmark Cinemas*
Kendalwood Park Plaza, Whitby, ON	50%	79,344	158,688	Price Chopper, Value Village, Shoppers Drug Mart
Kennedy Commons, Scarborough, ON	50%	169,846	420,691	The Brick, Metro, Sears Whole Home, Chapters, LA Fitness, Michaels
Keswick Walmart, Keswick, ON	75%	120,363	160,484	Walmart
King George Square, Belleville, ON	50%	35,993	71,985	Metro
King Plaza, Oshawa, ON	100%	34,202	34,202	Shoppers Drug Mart
King & Portland, Toronto, ON	50%	38,206	76,412	
Lawrence Square, Toronto, ON	100%	675,430	675,430	Target, Fortinos, Canadian Tire, Hudson Bay Company
Lincoln Fields Shopping Centre, Ottawa, ON	50%	143,739	287,478	Walmart, Loeb
London Plaza, London, ON	100%	122,183	122,183	Gold's Gym, Value Village
Markington Square, Scarborough, ON	100%	173,032	173,032	Metro, Goodlife Fitness

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Meadow Ridge Plaza, Ajax, ON	100%	111,762	111,762	Sobeys, Goodlife Fitness
Meadowlands Power Centre, Ancaster, ON	100%	145,605	589,209	HomeSense, Future Shop, Sport Chek, Costco*, Home Depot*, Sobeys*, Staples*
Merivale Market, Ottawa, ON	75%	59,136	78,848	Food Basics, Shoppers Drug Mart
Millcroft Shopping Centre, Burlington, ON	50%	159,112	370,456	Target, Metro , Canadian Tire*
Mississauga Plaza, Mississauga, ON	100%	176,305	176,305	FreshCo (Sobeys)
New Liskeard Walmart Centre New Liskeard, ON	100%	110,522	155,278	Walmart, Canadian Tire*
Niagara Falls Plaza, Niagara Falls, ON	100%	80,608	80,608	Foodland, LA Fitness
Niagara Square, Niagara Falls, ON	30%	121,247	404,155	Winners, Future Shop, JYSK, The Brick, Cineplex
Nortown Centre, Chatham, ON	50%	35,712	71,423	Food Basics
Norwest Plaza, Kingston, ON	100%	39,916	39,916	Goodlife Fitness
Oakridge Centre, London, ON	100%	34,024	139,524	Pharma Plus, CIBC, Loblaws*
Orillia Square Mall, Orillia, ON	100%	320,582	320,582	Target, Canadian Tire, No Frills, The Brick
Pine Plaza, Sault Ste. Marie, ON	100%	42,455	42,455	Food Basics
Queensway Cineplex, Toronto, ON	50%	61,259	122,518	Cineplex
RioCan Centre Barrie, Barrie, ON	100%	244,589	244,589	Mountain Equipment Co-op, Loblaws, Lowe's
RioCan Centre Belcourt, Orleans, ON	60%	153,479	397,798	Empire Theatres, Goodlife Fitness, Food Basics, Toys R Us, Lowe's*
RioCan Centre Burloak, Oakville, ON	50%	227,312	552,623	Cineplex, Home Outfitters, Longo's, Home Depot*
RioCan Centre Kingston, Kingston, ON	100%	632,777	753,822	Cineplex, Sears, Staples, Winners, HomeSense, Old Navy, Home Depot*
RioCan Centre London North, London, ON	100%	105,040	165,040	Chapters, PetSmart, Loblaws*
RioCan Centre London South, London, ON	100%	139,601	139,601	Metro
RioCan Centre Merivale, Nepean, ON	100%	201,632	201,632	Your Independent Grocer, Winners, Home Outfitters
RioCan Centre Milton, Milton, ON	100%	171,465	256,465	Cineplex, LA Fitness, Home Depot*
RioCan Centre Newmarket, Newmarket, ON	40%	26,688	66,721	Mark's Work Wearhouse, Staples
RioCan Centre Sudbury, Sudbury, ON	50%	201,899	669,193	Famous Players, Staples, Chapters, Sears, Old Navy, Costco*, Home Depot*
RioCan Centre Vaughan, Vaughan, ON	100%	262,336	262,336	Walmart
RioCan Centre Windsor, Windsor, ON	100%	239,321	349,321	Famous Players, Sears, The Brick, Staples, Costco*
RioCan Colossus Centre, Vaughan, ON	100%	460,643	590,643	HomeSense, Golf Town, Marshalls, Cineplex, Costco*
RioCan Durham Centre, Ajax, ON	100%	944,290	1,325,290	Walmart, Canadian Tire, Best Buy, Old Navy, Target, Cineplex, Value Village, Winners, Chapters, Sport Chek, HomeSense, Marshalls, Home Depot*, Loblaws*, Costco*
RioCan Elgin Mills Crossing Richmond Hill, ON	100%	320,325	441,325	Home Depot*
RioCan Fairgrounds, Orangeville, ON	100%	362,980	507,055	Walmart, Future Shop, Cineplex, Price Chopper, Winners, Canadian Tire*, Home Depot*
RioCan Georgian Mall, Barrie, ON	100%	510,119	626,634	Winners, Atmosphere, HomeSense, H&M, Victoria's Secret, Sears*

**Non-owned anchor*

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
RioCan Grand Park, Mississauga, ON	50%	59,319	118,637	Winners, Shoppers Drug Mart, Staples
RioCan Gravenhurst, Gravenhurst, ON	100%	149,548	149,548	Canadian Tire, Sobeys
RioCan Hall, Toronto, ON	100%	237,745	237,745	Famous Players, Marshalls, Goodlife Fitness, Michaels
RioCan Leamington, Leamington, ON	100%	192,889	192,889	Walmart, Metro
RioCan Leaside Centre, Toronto, ON	100%	133,035	133,035	Canadian Tire, PetSmart
RioCan Marketplace Toronto, Toronto, ON	33%	56,482	413,582	Winners, Loblaws*, Home Depot*
RioCan Niagara Falls, Niagara Falls, ON	100%	268,876	367,451	Target, Staples, Loblaws, Home Depot*
RioCan Oakville Place, Oakville, ON	100%	457,925	457,925	The Bay, Sears, H&M
RioCan Orleans, Cumberland, ON	100%	182,251	297,251	Metro, JYSK, Staples, Home Depot*
RioCan Renfrew Centre, Renfrew, ON	100%	53,099	127,099	Loblaws*
RioCan Scarborough Centre, Scarborough, ON	100%	320,014	320,014	Target, Staples, LA Fitness
RioCan St. Laurent, Ottawa, ON	50%	156,061	312,121	Target, Loeb, Winners
RioCan Thickson Ridge, Whitby, ON	50%	181,535	493,070	Home Outfitters, Winners, JYSK, Future Shop, PetSmart, HomeSense, Home Depot*
RioCan Thickson Ridge – Bed Bath & Beyond, Whitby, ON	16%	4,374	28,222	Bed Bath & Beyond
RioCan Victoria, Whitby, ON	50%	49,290	98,579	
RioCan Warden, Scarborough, ON	100%	232,542	232,542	Lowe's, Marshalls, Future Shop
RioCan West Ridge Place, Orillia, ON	100%	223,008	353,008	Sport Chek, Metro, Cineplex, Home Depot*
RioCan Yonge Eglinton Centre, Toronto, ON	100%	1,016,796	1,016,796	Famous Players, Indigo Books, Metro
RioCentre Brampton, Brampton, ON	100%	103,607	103,607	Food Basics
RioCentre Kanata, Ottawa, ON	100%	108,562	108,562	Sobeys, Pharma Plus
RioCentre Newmarket, Newmarket, ON	100%	118,819	118,819	Metro, Shoppers Drug Mart
RioCentre Oakville, Oakville, ON	100%	106,884	106,884	Metro, Shoppers Drug Mart
RioCentre Thornhill, Thornhill, ON	100%	140,370	140,370	No Frills, Winners, HomeSense
Sandalwood Square Shopping Centre Mississauga, ON	100%	107,060	107,060	Value Village
Sheppard Centre, Toronto, ON	50%	299,650	599,299	Winners, Goodlife Fitness, Aon Hewitt, BMO
Sherwood Forest Mall, London, ON	100%	218,203	218,203	Metro, Shoppers Drug Mart, Goodlife Fitness
Shoppers City East, Ottawa, ON	63%	77,574	123,525	Shoppers Drug Mart
Shoppers Drug Mart Pembroke Pembroke, ON	100%	17,020	17,020	Shoppers Drug Mart
Shoppers on Argyle, Caledonia, ON	100%	17,024	17,024	Shoppers Drug Mart
Shoppes on Avenue, Toronto, ON	100%	20,884	20,884	Bank of Montreal, Pharma Plus
Shoppes on Queen West, Toronto, ON	100%	89,690	89,690	Loblaws, Winners
Shoppers World Brampton, Brampton, ON	100%	689,840	689,840	Target, Canadian Tire, Winners, Staples, Oceans, Bad Boy, Medix
Shoppers World Danforth, Toronto, ON	50%	164,510	329,019	Target, Metro, Staples
Silver City Gloucester, Gloucester, ON	80%	181,778	287,223	Famous Players, Chapters, Future Shop, Old Navy, Loblaws*
South Cambridge Shopping Centre Cambridge, ON	100%	190,060	190,060	Zehrs, Home Hardware

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
South Hamilton Square, Hamilton, ON	100%	305,292	305,292	Target, Fortinos, Shoppers Drug Mart, Goodlife Fitness
Southgate Shopping Centre, Ottawa, ON	100%	72,774	72,774	Metro, Shoppers Drug Mart
Spring Farm Marketplace, Vaughn, ON	100%	73,077	73,077	Sobeys, Shoppers Drug Mart
Stratford Centre, Stratford, ON	100%	158,736	158,736	Target, Metro
Sudbury Place, Sudbury , ON	100%	144,442	200,186	Target, Your Independent Grocer*
Sunnybrook Plaza, Toronto, ON	100%	50,980	50,980	Pharma Plus, CIBC
Tanger Outlets Cookstown, Cookstown, ON	50%	152,161	304,321	Under Armour, Nike, Polo Ralph Lauren
Tanger Outlets Ottawa, Ottawa, ON	50%	133,452	266,903	Polo Ralph Lauren, Old Navy, Nike
The Stockyards, Toronto, ON	50%	259,053	518,106	Target, Sport Chek, PetSmart, Winners, HomeSense, Old Navy
Timiskaming Square, New Liskeard, ON	100%	160,777	160,777	Food Basics
Timmins Square OPS, Timmins, ON	30%	117,150	390,501	Sears, No Frills, Winners, Sport Chek, Urban Planet
Trafalgar Ridge Shopping Centre Oakville, ON	100%	131,251	131,251	Goodlife Fitness, HomeSense
Trenton Walmart Centre, Trenton, ON	100%	147,416	147,416	Walmart
Trinity Common Brampton, Brampton, ON	100%	662,185	877,185	Target, Famous Players, Metro, Winners, HomeSense, Future Shop, Staples, Sport Chek, Canadian Tire*, Home Depot*
Trinity Crossing, Ottawa, ON	100%	191,464	371,464	Michaels, HomeSense, Value Village, Loblaws*
University Plaza, Dundas, ON	100%	183,780	183,780	Metro, Shoppers Drug Mart
Upper James Plaza, Hamilton, ON	100%	126,252	126,252	Canadian Tire, Metro
Victoria Crossing, Scarborough, ON	100%	64,707	64,707	FreshCo (Sobeys)
Viewmount Centre, Ottawa, ON	50%	65,385	130,770	Metro, Best Buy, HomeSense
Walker Place, Burlington, ON	50%	34,929	69,857	FreshCo (Sobeys)
Walker Towne Centre, Windsor, ON	100%	39,788	39,788	
West Side Place, Port Colborne, ON	100%	93,123	93,123	No Frills
Westgate Shopping Centre, Ottawa, ON	100%	167,964	167,964	Shoppers Drug Mart
Wharncliffe Centre, London, ON	100%	60,711	60,711	No Frills
White Shield Plaza, Toronto, ON	100%	162,601	162,601	Lone Thai Grocery (Metro)
Woodview Place, Burlington, ON	100%	147,852	147,852	Metro, JYSK, Chapters
Yonge & Erskine Avenue, Toronto, ON	50%	3,578	7,156	TD Canada Trust

PRINCE EDWARD ISLAND

Charlottetown Mall, Charlottetown, PEI	50%	166,173	332,345	Target, Loblaws Atlantic Superstore, Winners, Sport Chek

QUEBEC

2335 Lapiniere Boulevard, Brossard, PQ	100%	2,259	2,259	
541 Saint-Joseph Boulevard Gatineau, PQ	100%	2,584	2,584	

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
BMO-279 Rue St Charles Ouest Longueuil, PQ	100%	6,714	6,714	
Centre Carnaval LaSalle, LaSalle, PQ	100%	209,788	209,788	Super C, L'Aubainerie
Centre Carnaval Montreal, Montreal, PQ	100%	67,815	67,815	Super C
Centre Carnaval Pierrefonds Pierrefonds, PQ	100%	129,417	129,417	Super C
Centre Carnaval Trois Rivieres Trois Rivieres, PQ	100%	112,888	112,888	Super C, Rossy
Centre Jacques Cartier, Longueuil, PQ	50%	109,095	218,189	IGA, Guzzo Cinema, Value Village
Centre La Prairie, La Prairie, PQ	50%	34,541	69,081	Sobeys
Centre Regional Chateauguay Chateauguay, PQ	50%	100,151	200,302	Super C
Centre Rene A. Robert Centre Ste. Therese, PQ	50%	37,587	75,173	Sobeys
Centre RioCan Kirkland, Kirkland, PQ	100%	320,088	320,088	Famous Players, Staples, Winners
Centre Sicard, Ste. Therese, PQ	100%	106,960	106,960	IGA, Jean Coutu
Centre St. Jean St. Jean Sur Richelieu, PQ	100%	103,278	103,278	Sobeys
Centre St. Julie, Ste. Julie, PQ	50%	30,389	60,778	Sobeys
Centre St. Martin, Laval, PQ	100%	245,338	245,338	Provigo, Pharmaprix, L'Aubainerie
Centre Concorde, Laval, PQ	50%	31,649	63,298	Sobeys
Desserte Ouest, Laval, PQ	50%	58,074	116,147	Target
Galeries Laurentides, St. Antoine, PQ	100%	451,784	451,784	Maxi
Galeries Mille-Iles, Rosemere, PQ	100%	255,915	255,915	Staples, Maxi
Granby, Granby, PQ	100%	49,556	49,556	L'Aubainerie
Lachute Walmart Centre, Lachute, PQ	100%	75,682	110,682	Walmart, Loblaws*
Les Factories Tanger Bromont Bromont, PQ	50%	81,208	162,415	Urban Planet, Atmosphere
Les Factories Tanger St. Sauveur Prevost, PQ	50%	57,849	115,697	Atmosphere, Nike
Les Galeries Lachine, Montreal, PQ	100%	171,667	171,667	Maxi, Rossy
Levis, Levis, PQ	100%	18,988	18,988	
Mega Centre Notre Dame Sainte Dorothée, PQ	100%	425,430	494,983	Winners, Sports Experts, Super C*, Shoppers Drug Mart*
Mega Centre Rive-Sud, Levis, PQ	100%	207,215	207,215	Walmart, Canadian Tire*, Home Depot*
Place Carnaval Laval, Laval, PQ	100%	108,339	108,339	Super C, Jean Coutu
Place Newman, LaSalle, PQ	100%	189,546	189,546	Maxi, Winners, Rossy
RioCan Gatineau, Gatineau, PQ	50%	143,254	286,507	Walmart, Canadian Tire, Super C
RioCan Greenfield, Greenfield Park, PQ	50%	188,106	376,211	Maxi, Winners, Staples, Guzzo Cinemas
RioCan La Gappe, Gatineau, PQ	100%	344,192	344,192	Walmart, Winners, Golf Town
Shoppers Drug Mart Repentigny Repentigny, PQ	100%	17,050	17,050	Shoppers Drug Mart
Silver City Hull, Hull, PQ	100%	84,590	469,590	Famous Players, Rona*, Walmart*, Maxi*, Staples*, Winners*

**Non-owned anchor*

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
St. Hyacinthe Walmart Centre Ste. Hyacinthe, PQ	100%	166,892	254,392	Walmart, Staples, Canadian Tire*
Vaudreuil Shopping Centre Vaudreuil-Dorion, PQ	100%	117,965	197,965	Golf Town, Staples, Canadian Tire*, Super C*

SASKATCHEWAN

Parkland Mall, Yorkton, SA	100%	267,358	267,358	Canadian Tire, Value Village

*Non-owned anchor

PROPERTY PORTFOLIO

UNITED STATES

CONNECTICUT

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Montville Commons, Montville, CT	100%	117,866	236,672	Stop & Shop, Home Depot*
Stop N Shop Plaza, Bridgeport, CT	100%	54,510	54,510	

MASSACHUSETTS

Northwoods Crossing, Taunton, MA	100%	159,562	159,562	BJ's Wholesale Club
Shaws Plaza, Raynham, MA	100%	175,842	175,842	Shaw's, Marshalls, PetSmart

MARYLAND

First Colony Center, California, MD	100%	98,186	357,383	Target*, Lowe's*
Marlboro Crossroads, Upper Marlboro, MD	100%	67,975	67,975	Giant Foods

NEW HAMPSHIRE

Village Shoppes at Salem, Salem, NH	100%	170,270	170,270	Sports Authority, PetSmart

NEW JERSEY

Cross Keys, Turnersville, NJ	100%	148,173	253,173	Sports Authority, Bed Bath & Beyond, AC Moore, Home Depot*
Deptford Landing, Deptford, NJ	100%	517,097	517,097	Walmart, Sam's Club, hhgregg, Michaels, PetSmart
Sunrise Plaza, Forked River, NJ	100%	260,895	260,895	Home Depot, Kohl's

NEW YORK

Beekman Stop N Shop, Beekman, NY	100%	40,415	40,415	Giant Foods
Huntington Square, East Northport, NY	100%	116,221	116,221	Stop & Shop, Best Buy

PENNSYLVANIA

Blue Mountain Commons, Harrisburg, PA	100%	123,353	123,353	Giant
Columbus Crossing, Philadelphia, PA	100%	142,166	142,166	Super Fresh, Old Navy, AC Moore
Creekview Center, Warrington, PA	100%	136,423	425,339	Giant, LA Fitness, Bed Bath & Beyond, Lowe's*, Target*
Exeter Commons, Exeter, PA	100%	361,095	493,965	Lowe's, Giant Foods Supermarket, Staples, Target*
Gettysburg Marketplace, Gettysburg, PA	100%	82,789	82,789	Giant Foods
Loyal Plaza, Williamsport, PA	100%	293,825	293,825	Kmart, Staples, Giant Foods
Monroe Marketplace, Selinsgrove, PA	100%	364,930	491,772	Giant Foods, Kohl's, Dick's Sporting Goods, Best Buy, Target*
Northland Center, State College, PA	100%	111,496	111,496	Giant Foods
Pitney Road, Lancaster, PA	100%	45,915	183,848	Best Buy, Lowe's*

*Non-owned anchor

As at December 31, 2014 Property and Location	Ownership Interest (%)	RioCan's Interests NLA (sq. ft.)	Total Site NLA (sq. ft.)	Major or Anchor Tenants
Sunset Crossing, Dickson City, PA	100%	74,142	74,142	Giant Foods
Town Square Plaza, Muhlenberg, PA	100%	127,678	254,678	Giant Foods, PetSmart, AC Moore, Target*
York Marketplace, York, PA	100%	305,410	305,410	Giant Foods, Lowe's, Office Max
RHODE ISLAND				
Super Stop & Shop Plaza, Richmond, RI	100%	60,488	60,488	Stop & Shop
TEXAS				
1890 Ranch, Austin, TX	100%	486,896	793,896	Cinemark, Gold's Gym, PetSmart, Ross Stores, Target*, Hobby Lobby*
Alamo Ranch, San Antonio, TX	100%	468,046	843,046	Dick's Sporting Goods, Best Buy, Ross Stores, Marshalls, PetSmart
Arbor Park, San Antonio, TX	100%	139,718	139,718	Ross Stores, Michaels, Sprouts
Bear Creek, Houston, TX	100%	87,912	87,912	HEB
Bird Creek, Temple, TX	100%	124,941	388,975	Best Buy, PetSmart, Target*, Home Depot*
Cinco Ranch, Dallas, TX	100%	97,761	271,761	SuperTarget*
Great Southwest Crossing, Grand Prairie, TX	100%	153,105	283,173	Office Depot, PetSmart, Kroger, Sam's Club*
Ingram Hills Shopping Center, San Antonio, TX	100%	80,347	80,347	La Fiesta
Las Colinas Village, Irving, TX	100%	104,741	104,741	Staples
Las Palmas Marketplace El Paso, TX	100%	637,290	717,290	Lowe's, Kohl's, Bed Bath & Beyond, Ross Stores, Cinemark*
Lincoln Square, Arlington, TX	100%	471,577	471,577	Ross Stores, PetSmart, Stein Mart, Bed Bath & Beyond
Louetta Central, Houston, TX	100%	179,995	391,995	Kohl's, Ross Stores, Walmart*
Market Street Colleyville, Dallas, TX	100%	72,617	72,617	Market Street
Market Street Stonebridge, Dallas, TX	100%	88,389	88,389	Market Street
Montgomery Plaza, Fort Worth, TX	80%	232,897	465,011	Marshalls, Ross Stores, PetSmart, SuperTarget*
Riverpark Shopping Center I, II Sugar Land, TX	100%	317,340	317,340	HEB, Walgreen's, LA Fitness, Dollar Tree, Gander Mountain
Riverwalk Market, Flower Mound, TX	100%	82,455	82,455	Market Street
Southpark Meadows I, II Austin, TX	100%	921,141	1,071,141	Walmart, PetSmart, J.C. Penny, Hobby Lobby, Sports Authority, Bealls, Best Buy, Ross Stores, Marshalls, Target*
Suntree Square, Southlake, TX	100%	99,269	99,269	Tom Thumb
Timber Creek, Dallas, TX	100%	473,924	473,924	Walmart, Sam's Club, JC Penny
VIRGINIA				
New River Valley, Christianburg, VA	100%	164,663	164,663	Best Buy, Ross Stores, Bed Bath & Beyond, Staples
Towne Crossing, Richmond, VA	100%	111,016	111,016	Bed Bath & Beyond, Michaels
WEST VIRGINIA				
The Commons, Martinsburg, WV	100%	277,296	405,119	Dick's Sporting Goods, Best Buy, TJ Maxx, PetSmart, Target*

*Non-owned anchor

REAL ESTATE PORTFOLIO KEY FACTS *as at December 31, 2014 (all metrics stated at RioCan's interest)*

	Canadian Properties			US Properties			
Net Leasable Area ("NLA") (sq.ft.):	Retail	Office	Total	Retail	Office	Total	Grand Total
Income Producing Properties	**38,165,713**	**1,828,189**	**39,993,902**	**10,030,675**	**—**	**10,030,675**	**50,024,577**
Properties Under Development	**3,896,248**	**—**	**3,896,248**	**—**	**—**	**—**	**3,896,248**
Total	**42,061,961**	**1,828,189**	**43,890,150**	**10,030,675**	**—**	**10,030,675**	**53,920,825**
Number of Tenancies							**7,771**

Portfolio Occupancy

	Canadian Properties	US Properties	Total
Retail	**97.0%**	**97.1%**	**97.0%**
Office	**97.5%**	**—**	**97.5%**
Total	**97.0%**	**97.1%**	**97.0%**

Geographic Diversification

		Number of properties		
	Percentage of annualized rental revenue	Income producing properties	Properties under development	Total
Ontario	**57.1%**	**179**	**11**	**190**
Quebec	**9.1%**	**41**	**—**	**41**
Alberta	**9.9%**	**29**	**4**	**33**
British Columbia	**5.2%**	**17**	**—**	**17**
Other Canada	**2.3%**	**11**	**—**	**11**
Northeastern United States	**7.1%**	**28**	**—**	**28**
Texas	**9.3%**	**20**	**—**	**20**
	100.0%	**325**	**15**	**340**

Anchor and National Tenants (including U.S.)

	Percentage of annualized rental revenue	Percentage of total NLA
	86.4%	**86.9%**

Top Ten Sources of Revenue by Tenant (including U.S.)

Rank	Tenant	Percentage of annualized rental revenue	Weighted average remaining lease term (yrs)
1	Loblaws/Shoppers Drug Mart (i)	**4.1%**	**7.4**
2	Walmart	**3.7%**	**11.5**
3	Canadian Tire Corporation (ii)	**3.5%**	**7.9**
4	Metro/Super C/Loeb/Food Basics	**3.1%**	**6.3**
5	Cineplex/Galaxy Cinemas	**3.0%**	**9.3**
6	Winners/HomeSense/Marshalls/TJ Max	**2.7%**	**6.9**
7	Target Corporation	**1.9%**	**12.7**
8	Staples/Business Depot	**1.6%**	**5.2**
9	Sobey's Inc.	**1.6%**	**10.4**
10	Cara/Prime Restaurants	**1.5%**	**6.5**
	Total	**26.7%**	**8.5**

(i) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs and Maxi.

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

REAL ESTATE PORTFOLIO KEY FACTS

RioCan's lease expiries for the Canadian, U.S. and total portfolio, at RioCan's interest, by property type for the next five years are as follows:

Lease Expiries - Canada

		Lease expiries (NLA)				
Retail Class	Total NLA	2015	2016	2017	2018	2019
New Format Retail	18,594,613	1,575,962	1,918,743	1,595,714	2,121,844	2,497,735
		8.5%	10.3%	8.6%	11.4%	13.4%
Grocery Anchored Centre	8,939,695	959,898	1,144,786	1,239,523	1,167,515	1,363,012
		10.7%	12.8%	13.9%	13.1%	15.2%
Enclosed Shopping Centre	6,771,285	895,095	971,163	564,304	618,792	627,916
		13.2%	14.3%	8.3%	9.1%	9.3%
Non-Grocery Anchored Centre	2,049,855	254,740	228,785	88,429	143,808	164,537
		12.4%	11.2%	4.3%	7.0%	8.0%
Urban Retail	1,810,265	67,110	78,381	112,664	272,984	275,948.5
		3.7%	4.3%	6.2%	15.1%	15.2%
Office	1,828,189	195,785	245,285	197,031	254,486	219,520
		10.7%	13.4%	10.8%	13.9%	12.0%
Total	39,993,902	3,948,590	4,587,143	3,797,665	4,579,429	5,148,669
		9.9%	11.5%	9.5%	11.5%	12.9%
Average net rent per square foot	$ 16.69	$ 17.54	$ 17.30	$ 18.82	$ 17.52	$ 17.19

Lease Expiries - U.S.

		Lease expiries (NLA)				
Retail Class	Total NLA	2015	2016	2017	2018	2019
New Format Retail	7,109,609	538,843	232,029	507,363	710,903	1,237,920
		7.6%	3.3%	7.1%	10.0%	17.4%
Grocery Anchored Centre	2,685,221	169,431	266,247	205,248	319,735	247,149
		6.3%	9.9%	7.6%	11.9%	9.2%
Non-Grocery Anchored Centre	235,845	27,495	3,508	18,150	28,269	41,500
		11.7%	1.5%	7.7%	12.0%	17.6%
Total	10,030,675	735,769	501,784	730,761	1,058,907	1,526,569
		7.3%	5.0%	7.3%	10.6%	15.2%
Average net rent per square foot (U.S. dollars)	$ 14.01	$ 19.34	$ 16.70	$ 17.45	$ 16.79	$ 15.11

Lease Expiries - Total

		Lease expiries (NLA)				
Retail Class	Total NLA	2015	2016	2017	2018	2019
New Format Retail	25,704,222	2,114,805	2,150,772	2,103,077	2,832,747	3,735,655
		8.2%	8.4%	8.2%	11.0%	14.5%
Grocery Anchored Centre	11,624,916	1,129,329	1,411,033	1,444,771	1,487,250	1,610,161
		9.7%	12.1%	12.4%	12.8%	13.9%
Enclosed Shopping Centre	6,771,285	895,095	971,163	564,304	618,792	627,916
		13.2%	14.3%	8.3%	9.1%	9.3%
Non-Grocery Anchored Centre	2,285,700	282,235	232,293	106,579	172,077	206,037
		12.3%	10.2%	4.7%	7.5%	9.0%
Urban Retail	1,810,265	67,110	78,381	112,664	272,984	275,949
		3.7%	4.3%	6.2%	15.1%	15.2%
Office	1,828,189	195,785	245,285	197,031	254,486	219,520
		10.7%	13.4%	10.8%	13.9%	12.0%
Total	50,024,577	4,684,359	5,088,927	4,528,426	5,638,336	6,675,238
		9.4%	10.2%	9.1%	11.3%	13.3%
Average net rent per square foot	$ 16.15	$ 17.82	$ 17.24	$ 18.60	$ 17.38	$ 16.70

AHEAD OF THE CURVE

RioCan
FINANCIAL REVIEW MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) relates to the year ended December 31, 2014, which reflects the 12-month period from January 1, 2014 to December 31, 2014 (2014). All references to "2013" refer to the 12-month period from January 1, 2013 to December 31, 2013. All references to "2012" refer to the 12-month period from January 1, 2012 to December 31, 2012. All references to "Q4 2014" refers to the three months ended December 31, 2014 and all references to "Q4 2013" refers to the three months ended December 31, 2013.

Unless the context indicates otherwise, all references to "RioCan" and "the Trust" in this MD&A refer to RioCan Real Estate Investment Trust and its consolidated operations. All references to the Trust's "units" refer collectively to RioCan common trust units, Cumulative Rate Reset Preferred Trust Units, Series A (Preferred Units, Series A) and Cumulative Rate Reset Preferred Trust Units, Series C (Preferred Units, Series C). All references to the Trust's "unitholders" refer collectively to holders of RioCan common trust units, holders of Preferred Units, Series A and holders of Preferred Units, Series C. All references to "Units" or "Unitholders" refer to RioCan's common trust units and holders thereof. All references to "Preferred Units" refer to the Preferred Units, Series A and the Preferred Units, Series C. All references to "management" refer to the trustees and senior officers of RioCan, unless otherwise stated.

This MD&A has been prepared with an effective date of February 12, 2015, and should be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2014 and 2013 (2014 Annual Financial Statements). These documents, as well as additional information relating to RioCan, including RioCan's Annual Information Form (AIF), can be accessed at *www.riocan.com* and at *www.sedar.com*. Certain comparative amounts have been reclassified to conform to the current period's presentation.

The Trust's Audit Committee has reviewed and approved this document and, prior to its release, the RioCan Board of Trustees (Board of Trustees) approved it, on the Audit Committee's recommendation.

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 "About RioCan", "2014 Financial Highlights", "Outlook and Strategy", "Asset Profile", "Capital Strategy and Resources", 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 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 under "Risks and Uncertainties" 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: liquidity and general market conditions; tenant concentrations and related risk of bankruptcy, occupancy levels and defaults; lease renewals and rental increases; retailer competition; access to debt and equity capital; interest rate and financing risk; joint ventures and partnerships; the relative illiquidity of real property; unexpected costs or liabilities related to acquisitions and dispositions; development risk associated with construction commitments, project costs and related approvals; environmental matters; litigation; reliance on key personnel; management information systems; unitholder liability; income and indirect taxes; U.S. investments, property management and foreign currency risk; and credit ratings.

RioCan currently qualifies as a real estate investment trust for tax purposes and intends to continue to qualify for future years. The *Income Tax Act* (Canada) contains provisions which potentially impose tax on publicly traded trusts which qualify as specified investment flow-through entities (the SIFT Provisions). However, the SIFT Provisions do not impose tax on a publicly traded trust which qualifies as a real estate investment trust (REIT). Should RioCan no longer qualify as a REIT under the SIFT Provisions, certain statements contained in this MD&A may need to be modified.

Other factors, such as general economic conditions, including interest rate and foreign exchange rate fluctuations, may also have an effect on RioCan's results of operations. 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 stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification in high growth and urban markets; access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable the Trust to refinance debts as they mature; and the availability of investment opportunities for growth in Canada and the U.S. For a description of additional risks that could cause actual results to materially differ from management's current expectations, see "Risks and Uncertainties" in this MD&A and "Risks and Uncertainties" 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 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.

Except as required by applicable law, management undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

ABOUT RIOCAN

RioCan is an unincorporated "closed-end" trust governed by the laws of the Province of Ontario and constituted pursuant to a declaration of trust dated November 30, 1993, as most recently amended and restated on June 5, 2013 (the Declaration). The Units are listed on the Toronto Stock Exchange (TSX) under the symbol REI.UN. The Preferred Units, Series A and Preferred Units, Series C are listed on the TSX under the symbols REI.PR.A and REI.PR.C, respectively.

Overview of the Business

RioCan is Canada's largest REIT, with a total enterprise value of approximately $15.1 billion as at December 31, 2014. RioCan owns and manages Canada's largest portfolio of shopping centres, with ownership interests in a portfolio of 340 retail properties in Canada and the United States (U.S.) combined, including 15 under development, containing an aggregate of 79.1 million square feet as at December 31, 2014 (53.9 million square feet at RioCan's interest).

RioCan's Canadian portfolio, as of December 31, 2014, comprises 292 shopping centres, including grocery anchored, new format retail, urban retail, mixed use, and non-grocery anchored centres. Of these properties, 199 are properties held through outright ownership (195 income properties and 4 properties under development), while 93 centres, including 11 under development, are co-owned with 22 partners through joint arrangements. RioCan's primary joint arrangements in Canada are with Allied Properties REIT (Allied), Canada Pension Plan Investment Board (CPPIB), Kimco Realty Corporation (Kimco), KingSett Capital (KingSett), Tanger Factory Outlet Centers, Inc. (Tanger), and Trinity Development Group (Trinity). RioCan's long-standing joint venture partner, Kimco, represents the Trust's largest Canadian joint venture partnership, comprising ownership of 46 income properties and total assets of over $2.6 billion, on a 100% basis. For further details on the Trust's joint venture relationships, refer to the section entitled "Joint Operations and Partnership Activities."

As of December 31, 2014, RioCan's U.S. portfolio is comprised of 48 shopping centres, predominantly grocery anchored and new format retail centres. All but one of these assets are 100% owned and operated by RioCan and this centre is held through a joint venture arrangement with Kimco.

On January 15, 2015, Target Corporation (Target) announced plans to discontinue its Canadian operations through its indirect wholly-owned subsidiary, Target Canada, and that it was utilizing the Companies' Creditors Arrangement Act (Canada) ("CCAA") to wind down its operations. As at December 31, 2014, RioCan has 26 locations under lease with Target Canada representing approximately 1.9% of RioCan's total annualized rental revenue with an average remaining lease term of approximately 12.7 years. All but one of these leases are guaranteed through an indemnity arrangement with Target, generally for the lesser of (i) the remaining term of each lease and (ii) ten years. The one lease that is not covered by the Target indemnity is guaranteed by Walmart Canada.

Under IFRS, the fair value measurement of properties reflect conditions inherent at the measurement date, but not conditions arising after the measurement date. Property valuation of these locations reflects inputs that market participants would consider applicable as of the date of the valuation, including appropriate assumptions about future occupancy rates, but would not reflect adjustments based on events arising after such date, such as the actual timing of departure of Target from the Canadian market and its related CCAA proceedings. The aggregate IFRS fair value of the real estate properties where Target Canada occupies a tenancy was reflected at December 31, 2014 at a value of approximately $2 billion. Consistent with past practice, RioCan will seek to re-lease vacant spaces that are ultimately created by Target's withdrawal from the Canadian market, which ability to re-lease will be subject to certain risks, including with respect to the ability to release the vacant spaces (subject to the CCAA proceedings), the timing of releasing and the terms of any such releasing which may or may not be more beneficial to RioCan than the existing lease terms with Target Canada. Some of RioCan's retail lease agreements include co-tenancy clauses which allow the tenant to pay a reduced rent amount and, in certain instances, terminate the lease if RioCan fails to maintain certain occupancy levels or retain certain anchor tenancies, including Target Canada. See "Risks and Uncertainties - Ownership of Real Estate - Tenant Bankruptcies and Lease Renewals and Rental Increases."

As of the date hereof, management cannot reasonably estimate the future financial impact to RioCan of Target's decision to exit the Canadian market for reasons including, but not limited to, the following: uncertainty with respect to the CCAA proceedings relating to the liquidation and wind-down of Target Canada; uncertainty pertaining to the nature and timing of the sale of Target Canada's real estate assets; and, more generally, the early stage of proceedings and communications amongst RioCan and its advisors, Target, tenants, the Court and other stakeholders following the recent announcement of Target's exit plan.

As such, the Trust has not adjusted any financial information contained in this MD&A related to the Target announcement or presented any pro-forma information, as of the date hereof, and for the years ended December 31, 2014, 2013 and 2012.

The Trust's purpose is to deliver to its Unitholders stable and reliable cash distributions that increase over the long term. The Trust accomplishes this goal by following a core strategy of owning, operating, and developing (including redeveloping and intensifying) retail properties consisting of all retail formats, as well as mixed use real estate (which includes retail, office and residential). RioCan has grown its business by using prudent strategies, core competencies, conservative financial leverage and capital management, long-term strategic partnerships and by adapting to trends in commercial real estate. Its investment strategy is to focus on stable, lower risk, retail properties in either stable or high growth urban markets in order to create stable and, over time, growing cash flows from the property portfolio.

At any given time, RioCan could be discussing the purchase of new properties or the disposition of existing properties, purchasing or holding marketable securities of real estate related entities and/or negotiating joint venture arrangements related to the acquisition, holding or development of real estate. Consistent with the foregoing, RioCan is regularly engaged in discussions with respect to possible acquisitions of new properties, disposition of existing properties in RioCan's portfolio and other real estate investment arrangements.

Due to RioCan's focus on major urban markets, RioCan has significant opportunities to redevelop and intensify urban properties. These activities can significantly increase cash flows and value where additional density is created. These activities will lead to increased ownership in urban mixed-use properties that will result in the development of residential property, as appropriate. Depending on the circumstances, RioCan may own the residential component as rental properties, or decide to sell the density to generate capital through transaction gains.

The specific retail assets in which RioCan currently invests are:

- *New format retail centres*

  New format retail centres (or power centres) are large aggregations of dominant retailers grouped together at high traffic and easily accessible locations. These unenclosed campus-style centres are generally anchored by supermarkets and/or junior department stores and may include entertainment (movie theatres and restaurants) and fashion components.
- *Neighbourhood convenience unenclosed centres*

  Neighbourhood convenience unenclosed centres are generally supermarket and/or junior department store anchored shopping centres, typically comprising between 60,000 to 250,000 square feet of leasable area. Other tenants generally include drug stores, restaurants, banks and other service providers.
- *Enclosed shopping centres*

  Enclosed shopping centres are generally large retail complexes containing stores, restaurants and other facilities with interior common areas with access to all retail units. Typically these centres have one or more anchor tenants and are located close to or in larger population centres.
- *Urban retail properties*

  Urban retail properties are high-quality, innovative, multi-level format retail centres located in major urban markets. The centres are situated in high-density locations and may sometimes be part of a multi-use complex, thereby including office space and/or a residential component as part of the property. The residential component includes either condominium buildings and/or rental apartments.
- *Outlet shopping centres*

  RioCan's joint venture arrangement with Tanger introduced the outlet shopping centre concept to RioCan's portfolio. Outlet shopping centres provide an opportunity for customers to purchase directly from the manufacturer at substantial savings. RioCan and Tanger own and are in the process of developing a number of outlet centres across Canada. The outlet centres will be similar in concept and design to those within Tanger's existing U.S. portfolio, which are characterized by a tenant mix of leading designer and brand-name manufacturers having a typical size of approximately 300,000 to 350,000 square feet. The locations of the planned centres are intended to be within close proximity to larger urban markets and tourist areas across Canada.

PRESENTATION OF FINANCIAL INFORMATION AND NON-GAAP MEASURES

Presentation of Financial Information

Unless otherwise specified herein, financial results, including related historical comparatives, contained in this MD&A are based on RioCan's 2014 Annual Financial Statements, which have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Canadian dollar is RioCan's reporting currency for purposes of preparing the Trust's 2014 Annual Financial Statements. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

Non-GAAP Measures

Consistent with RioCan's management framework, the Trust uses certain measures to assess its financial performance that are not generally accepted accounting principles (GAAP) measured under IFRS. These measures do not have any standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. Non-GAAP measures should not be considered as alternatives to net earnings or comparable metrics determined in accordance with IFRS as indicators of RioCan's performance, liquidity, cash flows and profitability. RioCan's management uses these measures to aid in assessing the Trust's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP measures described below, which supplement the GAAP disclosures, provides readers with a more comprehensive understanding of management's perspective on RioCan's operating results and performance.

The following discussion describes the non-GAAP measures RioCan uses in evaluating its operating results:

RioCan's Interest

On January 1, 2013, RioCan changed its accounting policy for certain joint arrangements as required by IFRS 11, *Joint Arrangements*. As a result, effective January 1, 2013, the Trust no longer proportionately consolidates certain joint arrangements and now accounts for these investments using the equity method of accounting. All references herein to "consolidated" refer to amounts as reported under IFRS. All references to "RioCan's interest" refer to a non-GAAP financial measure representing RioCan's proportionate share of the financial position and results of operations of its entire portfolio, taking into account the difference in accounting for joint ventures using proportionate consolidation versus equity accounting. Management considers results presented on a proportionate basis to be a meaningful measure because it is consistent with how RioCan and its partners manages the net assets and assesses operating performance of each of its co-owned properties. The Trust currently accounts for certain of its investments in joint ventures and associates using the equity method of accounting (RioKim Montgomery JV LP (Texas), Dawson Yonge LP (Canada), WhiteCastle New Urban Fund, LP and WhiteCastle New Urban Fund 2, LP).

For a reconciliation of the Trust’s results of operations and statement of financial position, please see "Results of Operations" in this MD&A.

Funds From Operations (FFO)

FFO is a non-GAAP financial measure of operating performance widely used by the real estate industry. Congruent with the Real Property Association of Canada’s (REALpac) intended use of FFO, RioCan considers FFO to be a meaningful measure of operating performance as it adjusts for items included in IFRS net earnings that do not necessarily provide an accurate depiction of the Trust’s past or recurring performance, such as unrealized changes in the fair value of real estate property, gains and losses on the disposal of income properties, acquisition and disposition transaction costs and other non-cash items.

FFO should not be construed as an alternative to net earnings or cash flows provided by operating activities determined in accordance with IFRS. RioCan’s method of calculating FFO is in accordance with REALpac’s recommendations but may differ from other issuers’ methods and, accordingly, may not be comparable to FFO reported by other issuers.

During 2014, REALpac issued a revision to the November 2012 FFO definition, which adds adjustments for:

1) incremental leasing costs of full-time or salaried staff and related costs accounted for under IAS 17, *Leases* (IAS 17) which were previously capitalized; and

2) property taxes expensed under International Financial Reporting Interpretations Committee Issue 21, *Levies* (IFRIC 21), for which the Trust had previously recorded ratably over the relevant reporting periods to match the timing around which operating costs were recovered from tenants. Please see "2014 Changes in Accounting Policy" for further details.

A reconciliation of IFRS net earnings attributable to unitholders (excluding the impacts of the adoption of IFRS 11, *Joint Arrangements* and IFRIC 21) to FFO, can be found under “Results of Operations.”

Operating Funds From Operations (Operating FFO)

Operating FFO is a non-GAAP measure of operating performance representing the recurring cash flow generated through the ownership and management of income properties or investments in arrangements or entities that generate their earnings through the ownership and management of income properties. In addition to the adjusting items to arrive at FFO, Operating FFO also excludes transaction gains and losses (net of tax) as well as expenditures related to development activities that, in management’s view, form part of the costs of its development projects. RioCan considers Operating FFO to be a meaningful measure because it adjusts for items included in FFO that management views as capital or transactional in nature and, therefore, not indicative of RioCan's core income producing activities. Operating FFO is also a key measure of business performance that the Trust uses to determine the level of its employee variable incentive-based compensation each year. There is no standard industry-defined measure of Operating FFO. As such, RioCan’s method of calculating Operating FFO will differ from other issuers’ methods and, accordingly, will not be comparable to such amounts reported by other issuers. Please see “Results of Operations” for a calculation of Operating FFO.

Adjusted Funds From Operations (Adjusted FFO)

Adusted FFO is a non-GAAP financial measure of operating performance widely used in the real estate industry. Management views Adjusted FFO (or "AFFO") as an alternative measure of cash generated from operations. Management also considers AFFO generated as one of its inputs in determining the appropriate level of distribution to unitholders. Adjusted FFO is calculated by adjusting Operating FFO for straight-line rent adjustments, non-cash compensation expenses, normalized costs for capital expenditures, and leasing costs for maintaining shopping centres and current lease revenues.

Capital expenditures and leasing costs can vary widely from quarter to quarter due to the lease expiry profile, vacancies and capital expenditure estimates due to the life cycle of the property resulting in volatility in Adjusted FFO. As well, the Trust reviews capital spending levels based on the performance of the portfolio. For these reasons, normalized capital expenditures and leasing costs have been estimated based on historical activity and management’s expectations on a normalized level of activity. Capital expenditures are further discussed in “Capital Expenditures on Income Properties” indicating the Trust’s expectation of such annualized expenditures.

In addition, non-recurring costs that impact operating cash flow may be adjusted. There is no standard industry-defined measure of Adjusted FFO. As such, RioCan’s method of calculating Adjusted FFO will differ from other issuers’ methods and, accordingly, will not be comparable to such amounts reported by other issuers. Please see “Results of Operations” for a calculation of Adjusted FFO.

A reconciliation of cash flows provided by operating activities (an IFRS measure) to AFFO is presented under the section "Capital Management - Distributions to Unitholders".

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-GAAP measure that is used as an input in several of the Trust’s debt metrics, providing information with respect to certain financial ratios that the Trust uses in measuring its debt profile and assessing the Trust’s ability to satisfy its obligations, including servicing its debt. Adjusted EBITDA is used in place of IFRS net earnings because it excludes major non-cash items (including amortization and depreciation, unit-based compensation costs and fair value gains and losses on investment properties), interest expense, transaction-related costs and other items that management considers non-operating in nature. Please see “Capital Strategy and Resources - Capital Structure” for a reconciliation of Adjusted EBITDA to IFRS net earnings and the debt metrics that utilize Adjusted EBITDA.

The Trust's definition of Adjusted EBITDA was amended in the first quarter of 2014 to exclude the impact of changes in accounting related to the adoption of IFRIC 21, *Levies* and certain additional interpretative guidance pertaining to IAS 17, *Leases*. Where applicable, prior period financial information has been restated by the Trust for comparative reporting purposes.

Operating EBITDA

Operating EBITDA is a non-GAAP measure that is used by the Trust in the computation of certain debt metrics, providing information with respect to certain financial ratios that the Trust uses in measuring its debt profile. In addition to the adjusting items to arrive at Adjusted EBITDA as defined above, Operating EBITDA also excludes the impact to EBITDA of transaction gains and losses as well as expenditures related to properties under development that, in management's view, form part of the capital cost of its development projects.

Net Consolidated Debt to Adjusted EBITDA

Net consolidated debt to adjusted EBITDA is a non-GAAP measure of the Trust's financial leverage calculated as RioCan's average debt outstanding at the reporting period date (net of cash) divided by Adjusted EBITDA (as defined above).

Net Debt to Adjusted EBITDA

Net debt to adjusted EBITDA is a non-GAAP measure of the Trust's financial leverage calculated as RioCan's proportionate share of average debt outstanding at the reporting period date (net of cash) divided by Adjusted EBITDA (as defined above).

Net Operating Debt to Operating EBITDA

Net operating debt to operating EBITDA is a non-GAAP measure of the Trust's financial leverage calculated as RioCan's proportionate share of its average debt outstanding at the reporting period date (net of cash) less its proportionate share of debt related to properties under development divided by Operating EBITDA (as defined above).

Net Operating Income (NOI)

NOI is a non-GAAP measure and is defined by RioCan as rental revenue from income properties less property operating costs. NOI is an important measure of the income generated from the income producing real estate portfolio 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 portfolio. RioCan's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. Effective January 1, 2014, NOI excludes the impact of a change in accounting policy for the Trust's adoption of IFRIC 21, *Levies* as it relates to the timing of the liability recognition of certain U.S. property taxes. Where applicable, prior period financial information has been restated by the Trust for comparative reporting purposes.

Same Store NOI

Same store NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of the same asset base having consistent leasable area in both periods, which includes the impact of acquisitions and dispositions on a pro rata basis. To calculate same store NOI growth, NOI for the period is adjusted to remove the impact of straight-line rents, lease cancellation fees, foreign exchange and other non-recurring items. Same store performance is a common measure of NOI growth used by the retail industry. RioCan considers this a meaningful measure because it allows management to determine what portion of its period-over-period rental income increase is attributed to rent growth and leasing activity.

The Trust's definition of same-store NOI was amended in first quarter of 2014 to exclude the impact of the changes in IFRS accounting policy for the adoption of IFRIC 21 and IAS 17 as discussed above. Where applicable, prior period financial information has been restated by the Trust for comparative reporting purposes.

Same Property NOI

Same property NOI is a non-GAAP financial measure that is consistent with the definition of same-store NOI above, except that same property includes the NOI impact of redevelopment or expansion of assets within the real estate portfolio. Same property performance is a meaningful measure of operating performance because it allows management to assess rent growth and leasing activity of its portfolio on a RioCan property basis and the impact of capital investments.

Total Enterprise Value

Total enterprise value is a non-GAAP measure calculated as the sum of RioCan's total debt measured on a proportionate basis, common unit market capitalization and preferred market unit capitalization.

2014 CHANGES IN ACCOUNTING POLICY

IFRIC 21

IFRIC 21 was issued by the IASB in May 2013 and provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is applied retrospectively. IFRIC 21 clarifies that an entity recognizes a levy liability when the activity that triggers payment occurs, as identified by the relevant legislation. It also clarifies that a levy liability is accrued ratably over a reporting period only if the activity that triggers payment occurs over such period, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached.

Property taxes are charged by a government in accordance with legislation and are based on underlying property value. As such, property taxes are within the scope of IFRIC 21. In the majority of the U.S. municipalities in which the Trust operates (other than in the State of Pennsylvania), the obligating event for property taxes is ownership of the property on January 1st of the year for which the tax is imposed. A person (or entity) is not relieved of this obligation because it no longer owns the property or changes its use during the period. As a result, the full liability to pay annual property taxes for the relative U.S. jurisdiction has been recorded in the Trust's consolidated financial statements as at and for the year ended December 31, 2014 and 2013.

Property tax legislation in various jurisdictions in Canada does not clearly define a single obligating event that gives rise to a liability to pay annual property taxes. As such, at any date within the year, the only amount of property taxes that an owner can reasonably estimate they are liable for is a pro rata estimate of annual property taxes based on the number of days of ownership. Ratable recognition of property taxes in Canada, therefore, continues to be appropriate under IFRIC 21.

Prior to the adoption of IFRIC 21, the Trust recorded all property taxes ratably over the relevant reporting periods to match the timing around which operating costs were recovered from tenants. Adoption of IFRIC 21 did not result in an impact to net earnings because the Trust recorded an offsetting fair value adjustment in consideration of the fact that the fair value of a property is adjusted for prepaid property taxes between a buyer and seller on property transactions. Adoption of IFRIC 21 also did not result in any impact to fair value gains and losses on investment property or net operating income on a full year basis due to the reversal of all accrued property taxes during first quarter of each of 2014 and 2013 over the remainder of each fiscal year.

Amendments to IAS 17

In March 2014, the IFRS Interpretations Committee ("IFRIC") issued a decision related to the meaning of "incremental costs" within the context of IAS 17. IFRIC determined that internal costs, such as salary costs of full-time staff involved in negotiating and arranging new leases, do not qualify as incremental costs within the context of IAS 17 and, therefore, should not be capitalized as initial direct leasing costs. The Trust has recorded the associated expense as leasing costs, which are reported as a separate line on the consolidated statement of earnings.

Impact of Accounting Changes

The following tables summarize the resulting impact of adoption of IFRIC 21 and the amendments to IAS 17 on the Trust's prior period financial results:

(thousands of dollars)	Consolidated				RioCan's Interest			
Selected Statement of Earnings Items for the three months ended December 31, 2013	As reported	IFRIC 21	IAS 17	Restated	As reported	IFRIC 21	IAS 17	Restated
Property operating costs - recoverable under tenant leases	98,734	(3,398)	—	95,336	99,121	(6,049)	—	93,072
Net operating income	—	—	—	—	196,398	6,049	—	202,447
Leasing costs	—	—	2,458	2,458	—	—	2,458	2,458
Earnings before fair value gains on investment property, net and income taxes	129,059	3,398	(2,458)	129,999	126,179	6,049	(2,458)	129,770
Fair value gain (loss) on investment property, net	135,560	(3,398)	2,458	134,620	137,699	(6,049)	2,458	134,108
Net earnings	265,489	—	—	265,489	264,748	—	—	264,748

(thousands of dollars)	Consolidated				RioCan's Interest			
Selected Statement of Earnings Items for the year ended December 31, 2013	As reported	IFRIC 21	IAS 17	Restated	As reported	IFRIC 21	IAS 17	Restated
Property operating costs - recoverable under tenant leases	375,797	—	—	375,797	388,683	—	—	388,683
Net operating income	—	—	—	—	757,889	—	—	757,889
Leasing costs	—	—	7,768	7,768	—	—	7,768	7,768
Earnings before fair value gains on investment property, net and income taxes	492,447	—	(7,768)	484,679	480,368	—	(7,768)	472,600
Fair value gain on investment property, net	220,641	—	7,768	228,409	228,803	—	7,768	236,571
Net earnings	713,368	—	—	713,368	709,451	—	—	709,451

OPERATIONAL AND FINANCIAL INFORMATION

Operational Information

(thousands of square feet, except where otherwise noted)

As at and for the years ended December 31,	**2014**			2013			2012		
	US	Canada	Total	US	Canada	Total	US	Canada	Total
Number of properties:									
Income properties	**48**	**277**	**325**	47	277	324	50	283	333
Under development (i)	**—**	**15**	**15**	—	16	16	—	11	11
Portfolio occupancy (committed)	**97.1%**	**97.0%**	**97.0%**	96.8%	96.9%	96.9%	98.1%	97.2%	97.4%
Net leasable area (NLA) at 100%*	**13,379**	**58,677**	**72,056**	13,295	57,929	71,224	13,579	60,962	74,541
Income property NLA at RioCan's interest:									
Total portfolio	**10,031**	**39,994**	**50,025**	9,882	39,358	49,240	8,816	40,674	49,490
Average in place rent	**$ 14.01**	**$ 16.69**	**$ 16.15**	$ 13.83	$ 16.63	$ 16.08	$ 14.02	$ 16.07	$ 15.70
Completed developments during the period ended	**—**	**1,002**	**1,002**	—	747	747	27	546	573
Acquired during the period ended	**146**	**518**	**664**	1,478	1,558	3,036	1,740	280	2,020
Dispositions during the period ended (v)	**—**	**(472)**	**(472)**	(479)	(2,784)	(3,263)	—	(245)	(311)
Development pipeline upon completion:									
RioCan's interest of project NLA	**—**	**3,896**	**3,896**	—	4,910	4,910	—	4,910	4,910
Total project NLA (ii)	**—**	**7,021**	**7,021**	—	10,500	10,500	—	9,948	9,948
Percentage of portfolio net rental revenue derived from:									
Six Canadian high growth markets (annualized) (iii)	**n/a**	**73.3%**	**73.3%**	n/a	71.7%	71.7%	n/a	67.5%	67.5%
US market (annualized)	**15.8%**	**n/a**	**15.8%**	15.0%	n/a	15.0%	13.6%	n/a	13.6%
National and anchor tenants (annualized)	**85.9%**	**86.5%**	**86.4%**	85.7%	86.3%	86.2%	86.3%	86.1%	86.1%
Largest tenant (annualized) (vi)	**9.9%**	**4.7%**	**4.1%**	10.1%	4.0%	3.7%	9.2%	4.9%	4.3%
Percentage of portfolio NLA anchored or shadow anchored by grocery stores	**60.4%**	**72.4%**	**70.0%**	60.1%	70.0%	69.8%	58.0%	70.5%	68.8%
Number of employees (excluding seasonal) (iv)			**747**			710			624

* Includes retail owned anchors.

n/a Not applicable.

(i) Includes active development projects.

(ii) Includes active and non-active projects in greenfield and urban intensification developments.

(iii) The six Canadian high growth markets include the following: Calgary, AB; Edmonton, AB; Montreal, QC; Ottawa, ON (includes Gatineau region); Toronto, ON; and Vancouver, BC.

(iv) Number of employees at December 31, 2014 includes 33 U.S.-based employees for RioCan's U.S. management platform.

(v) During the year ended December 31, 2014, RioCan disposed of two excess density land parcels with no NLA.

(vi) During 2014, Loblaws acquired Shoppers Drug Mart. Upon closing, Loblaws became RioCan's largest tenant by gross revenue. Comparative period information has not been restated for this transaction.

Financial Information (i)

(millions of dollars, except where otherwise noted) *As at and for the year ended December 31,*	**2014**	2013	2012***
Total revenue – Consolidated (ii)	**$ 1,233**	$ 1,153	$ 1,073
Total revenue – RioCan's interest (iii)	**$ 1,241**	$ 1,195	$ 1,114
Increase in fair value of investment properties – Consolidated *	**$ 147**	$ 228	$ 868
Increase in fair value of investment properties – RioCan's interest * (iv)	**$ 157**	$ 237	$ 905
Net earnings before taxes and fair value adjustment *	**$ 517**	$ 485	$ 491
Net earnings attributable to unitholders	**$ 663**	$ 709	$ 1,344
Net earnings per Unit attributable to common Unitholders – basic	**$ 2.11**	$ 2.30	$ 4.59
Net earnings per Unit attributable to common Unitholders – diluted	**$ 2.10**	$ 2.29	$ 4.57
Adjusted EBITDA (v) *	**$ 766**	$ 746	$ 702
FFO (vi) *	**$ 507**	$ 471	$ 427
FFO per Unit *	**$ 1.65**	$ 1.56	$ 1.47
Operating FFO (vi) *	**$ 517**	$ 492	$ 440
Operating FFO per Unit (vi) *	**$ 1.68**	$ 1.63	$ 1.52
AFFO (vii) *	**$ 464**	$ 447	$ 402
AFFO per Unit (vii) *	**$ 1.51**	$ 1.48	$ 1.39
Distributions as a percentage of AFFO	**93.4%**	95.3%	99.3%
Weighted average common Units outstanding – basic (in thousands)	**307,910**	302,324	289,950
Distributions to common Unitholders	**$ 434**	$ 426	$ 401
Distributions to common Unitholders per Unit	**$ 1.41**	$ 1.41	$ 1.38
Distributions per common Unit (annualized) (viii)	**$ 1.41**	$ 1.41	$ 1.38
Distributions to common Unitholders net of distribution reinvestment plan	**$ 313**	$ 316	$ 293
Distributions to common Unitholders net of distribution reinvestment plan per Unit (last twelve months)	**$ 1.02**	$ 1.04	$ 1.01
Common Unit issue proceeds under distribution reinvestment plan	**$ 121**	$ 110	$ 108
Distribution reinvestment plan (DRIP) participation rate (ix)	**27.9%**	25.8%	26.9%

(millions of dollars, except where otherwise noted) As at	**December 31, 2014**	December 31, 2013	December 31, 2012
Total enterprise value (x)	**$ 15,117**	$ 13,794	$ 14,274
Total assets – Consolidated	**$ 14,677**	$ 13,530	$ 12,619
Total assets – RioCan's interest (xi)	**$ 14,720**	$ 13,554	$ 12,888
Debt ** – Consolidated	**$ 6,444**	$ 5,959	$ 5,451
Debt ** – RioCan's interest (xii)	**$ 6,483**	$ 5,988	$ 5,717
Debt to total assets (net of cash) – Consolidated (xiii)	**43.7%**	43.9%	42.4%
Debt to total assets (net of cash) – RioCan's interest (xiii)	**43.8%**	44.0%	43.6%
Debt to total enterprise value – Consolidated (xiv)	**42.6%**	43.2%	38.2%
Debt to total enterprise value – RioCan's interest (xiv)	**42.9%**	43.4%	40.1%
Debt service coverage ratio – RioCan's interest (xv)	**2.20**	2.10	1.98
Interest coverage ratio – RioCan's interest (xvi)	**2.89**	2.83	2.69
Fixed charge coverage ratio – RioCan's interest (xvii)	**1.08**	1.06	1.04
Net consolidated debt to Adjusted EBITDA (xviii)	**8.05**	7.52	7.00
Net operating debt to Operating EBITDA – RioCan's interest (xix)	**7.67**	7.24	7.09
Unencumbered assets to unsecured debt (xx)	**149%**	142%	104%
Unencumbered assets	**$ 2,776**	$ 2,068	$ 1,353
Total unitholders' equity	**$ 7,868**	$ 7,261	$ 6,847
Common Units outstanding (in thousands)	**315,986**	304,075	300,099
Closing market price per common Unit	**$ 26.43**	$ 24.77	$ 27.56
Common Units – market capitalization (xxi)	**$ 8,352**	$ 7,532	$ 8,271
Preferred Units - Series A outstanding (in thousands)	**5,000**	5,000	5,000
Closing market price per Preferred Unit, Series A	**$ 25.32**	$ 24.90	$ 25.94
Preferred Units - Series C outstanding (in thousands)	**5,980**	5,980	5,980
Closing market price per Preferred Unit, Series C	**$ 25.95**	$ 25.00	$ 26.15
Preferred units – market capitalization (xxii)	**$ 282**	$ 274	$ 286

RioCan's method of calculating non-GAAP measures may differ from other issuers' methods and accordingly may not be comparable to such amounts reported by other issuers.

(i) During the first quarter of 2013, RioCan changed its accounting policy for certain joint arrangements as required by the new standard IFRS 11 “Joint Arrangements”. As a result, the Trust no longer proportionately consolidates certain joint arrangements and now accounts for these investments using the equity method of accounting. Where applicable, prior period financial information has been restated to reflect this change in accounting policy. An analysis of RioCan’s consolidated financial position and results of operations plus its interests in the equity accounted for investments’ financial position and results of operations may be found under “Results of Operations”.

(ii) Calculated as the sum of rental revenue, fees and other income and interest income (consolidated).

(iii) A non-GAAP measurement. Calculated as the sum of rental revenue, fees and other income and interest income, all at RioCan’s interest.

(iv) A non-GAAP measurement. Calculated as consolidated change in fair value of investment properties plus RioCan’s share of change in fair value of investment properties for its equity accounted for joint arrangements less non-controlling interests’ share of change in fair value of investment properties.

(v) A non-GAAP measurement. Adjusted EBITDA is defined as net earnings at RioCan’s interest before changes in fair value of income properties, net interest expense and income taxes as well as other one-time adjustments. A reconciliation of Adjusted EBITDA to net earnings can be found under “Capital Strategy and Resources”.

(vi) A non-GAAP measurement. A reconciliation to net earnings can be found under “Results of Operations”.

(vii) A non-GAAP measurement for which a reconciliation to AFFO from FFO can be found in RioCan’s discussion under “AFFO”.

(viii) Annualized amount is based on the latest quarter’s distribution.

(ix) RioCan’s DRIP ratio is defined as the ratio of Units that holders elect to participate in the DRIP to total Units outstanding.

(x) A non-GAAP measurement. Calculated by the Trust as debt at RioCan’s interest plus common Unit market capitalization plus total Preferred Unit market capitalization.

(xi) A non-GAAP measurement. Calculated as consolidated assets of the Trust and adding back RioCan’s share of liabilities for its equity accounted for joint arrangements and less non-controlling interests’ share of assets.

(xii) A non-GAAP measurement. Calculated as consolidated mortgages and debentures payable of the Trust plus RioCan’s share of mortgages and debentures payable for its equity accounted for joint ventures less non-controlling interests’ share of mortgages and debentures payable.

(xiii) A non-GAAP measurement. Calculated as debt net of cash divided by total assets net of cash.

(xiv) A non-GAAP measurement. Calculated by the Trust as debt divided by total enterprise value.

(xv) A non-GAAP measurement. Debt service coverage is calculated on a rolling twelve month basis and is defined as Adjusted EBITDA divided by total interest expense (including interest that has been capitalized) and scheduled mortgage principal amortization.

(xvi) A non-GAAP measurement. Interest coverage is calculated on a rolling twelve month basis and is defined as Adjusted EBITDA divided by total interest expense (including interest that has been capitalized), prepared at RioCan’s interest.

(xvii) A non-GAAP measurement. Fixed charge coverage ratio is calculated on a rolling twelve month basis and is defined as Adjusted EBITDA divided by total interest expense (including interest that has been capitalized) and distributions to common and preferred unitholders, prepared at RioCan's interest.

(xviii) A non-GAAP measurement. Net consolidated debt to Adjusted EBITDA is calculated on a rolling twelve month basis and is defined as: the average consolidated debt (net of cash) divided by Adjusted EBITDA.

(xix) A non-GAAP measurement. Net operating debt to Operating EBITDA is calculated on a rolling twelve month basis and is defined as the average debt outstanding (net of cash) less debt related to property under development (both at RioCan’s interest) divided by Operating EBITDA (as found under “Capital Strategy and Resources”).

(xx) Unencumbered assets to unsecured debt is defined as unencumbered assets at RioCan’s interest divided by unsecured debentures payable.

(xxi) A non-GAAP measurement. Calculated by the Trust as closing market price of the common Units trading on the Toronto Stock Exchange on the respective period end dates, multiplied by the number of common Units outstanding at such date.

(xxii) A non-GAAP measurement. Calculated by the Trust as the aggregate of the closing market price of each series of preferred units trading on the Toronto Stock Exchange on the respective period end dates, multiplied by the number of Preferred Units of such series outstanding at such date.

* Effective January 1, 2014, the Trust changed its accounting policies for the treatment of certain property taxes and leasing costs pursuant to IFRIC 21 and IAS 17, respectively. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

** Debt is defined as the sum of mortgages payable, lines of credit, and debentures payable.

*** December 31, 2012 numbers were not restated for the "2014 Change in Accounting Policy".

n/a Not applicable.

Top 50 Tenants – Total Portfolio

As at December 31, 2014, RioCan's 50 largest tenants in Canada and the U.S., as measured by annualized gross rental revenue, have the following profile:

Rank	Tenant name	Annualized rental revenue	Number of locations	NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
1	Loblaws/Shoppers Drug Mart (i)	**4.1%**	**84**	**2,024**	**4.0%**	**7.4**
2	Walmart	**3.7%**	**33**	**4,000**	**8.0%**	**11.5**
3	Canadian Tire Corporation (ii)	**3.5%**	**89**	**2,020**	**4.0%**	**7.9**
4	Metro/Super C/Loeb/Food Basics	**3.1%**	**57**	**2,119**	**4.2%**	**6.3**
5	Cineplex/Galaxy Cinemas	**3.0%**	**29**	**1,336**	**2.7%**	**9.3**
6	Winners/HomeSense/Marshalls/TJ Max	**2.7%**	**75**	**1,697**	**3.4%**	**6.9**
7	Target Corporation (iii)	**1.9%**	**26**	**2,184**	**4.4%**	**12.7**
8	Staples/Business Depot	**1.6%**	**48**	**946**	**1.9%**	**5.2**
9	Sobey's Inc.	**1.6%**	**36**	**991**	**2.0%**	**10.4**
10	Cara/Prime Restaurants	**1.5%**	**110**	**472**	**0.9%**	**6.5**
11	Giant Food Stores/Stop & Shop (Royal Ahold)	**1.5%**	**24**	**1,113**	**2.2%**	**11.4**
12	Future Shop/Best Buy	**1.5%**	**32**	**759**	**1.5%**	**5.1**
13	Dollarama	**1.3%**	**83**	**693**	**1.4%**	**6.8**
14	PetSmart	**1.2%**	**42**	**653**	**1.3%**	**5.4**
15	Reitmans/Penningtons/Smart Set/Addition-Elle/Thyme Maternity	**1.2%**	**106**	**440**	**0.9%**	**5.0**
16	Michaels	**1.0%**	**35**	**611**	**1.2%**	**6.0**
17	TD Bank	**0.9%**	**57**	**253**	**0.5%**	**5.8**
18	Bluenotes/Stitches/Suzy Shier/Urban Planet/West 49 (YM Inc.)	**0.9%**	**64**	**389**	**0.8%**	**5.5**
19	Lowes	**0.8%**	**8**	**1,138**	**2.3%**	**24.0**
20	GoodLife Fitness	**0.7%**	**23**	**439**	**0.9%**	**12.0**
21	Chapters/Indigo	**0.7%**	**25**	**266**	**0.5%**	**3.6**
22	The Bay/Home Outfitters	**0.7%**	**11**	**532**	**1.1%**	**6.3**
23	Sears	**0.6%**	**15**	**506**	**1.0%**	**5.6**
24	Old Navy/The Gap/Banana Republic	**0.6%**	**27**	**245**	**0.5%**	**5.0**
25	Ardene	**0.6%**	**51**	**222**	**0.4%**	**7.4**
26	LA Fitness	**0.5%**	**9**	**348**	**0.7%**	**10.3**
27	Rexall Pharma Plus	**0.5%**	**23**	**143**	**0.3%**	**10.1**
28	Liquor Control Board of Ontario (LCBO)	**0.5%**	**20**	**166**	**0.3%**	**7.9**
29	Bank of Montreal	**0.5%**	**30**	**111**	**0.2%**	**6.1**
30	Bank of Nova Scotia	**0.5%**	**31**	**129**	**0.3%**	**4.2**
31	Value Village	**0.5%**	**17**	**303**	**0.6%**	**5.7**
32	Bed Bath & Beyond	**0.5%**	**16**	**346**	**0.7%**	**6.6**
33	Leon's/The Brick	**0.4%**	**12**	**262**	**0.5%**	**6.5**
34	Bell/The Source	**0.4%**	**80**	**111**	**0.2%**	**5.6**
35	MTY Food Group Inc.	**0.4%**	**88**	**110**	**0.2%**	**6.1**
36	Laura	**0.4%**	**25**	**136**	**0.3%**	**3.3**
37	CIBC	**0.4%**	**29**	**108**	**0.2%**	**4.7**
38	London Drugs	**0.4%**	**11**	**198**	**0.4%**	**4.0**
39	The Shoe Company	**0.3%**	**26**	**138**	**0.3%**	**5.2**
40	Subway	**0.3%**	**93**	**100**	**0.2%**	**5.3**
41	Golf Town	**0.3%**	**12**	**151**	**0.3%**	**5.0**
42	Pier 1 Imports	**0.3%**	**18**	**137**	**0.3%**	**5.1**
43	Jysk Linen	**0.3%**	**11**	**194**	**0.4%**	**8.6**
44	TDL Group (Tim Hortons)	**0.3%**	**47**	**110**	**0.2%**	**6.5**
45	Royal Bank of Canada	**0.3%**	**24**	**88**	**0.2%**	**4.3**
46	Gold's Gym	**0.3%**	**5**	**251**	**0.5%**	**13.7**
47	Ross Dress	**0.3%**	**9**	**266**	**0.5%**	**4.4**
48	Rona/Revy/Reno	**0.3%**	**3**	**188**	**0.4%**	**12.4**
49	BouClair	**0.3%**	**18**	**131**	**0.3%**	**5.8**
50	Office Depot/Office Max	**0.3%**	**11**	**215**	**0.4%**	**4.6**
		50.4%	**1,858**	**30,488**	**60.9%**	**7.8**

* Weighted average remaining lease term based on annualized gross rental revenue.

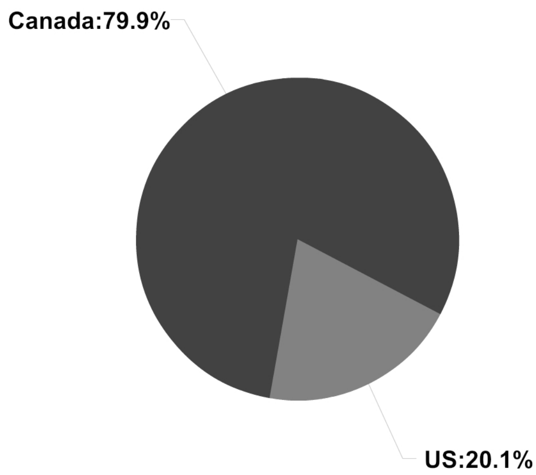
(i) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs and Maxi. During 2014, Loblaws acquired Shoppers Drug Mart. Upon closing, Loblaws became RioCan's largest tenant by gross revenue. Comparative period information has not been restated for this acquisition.

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

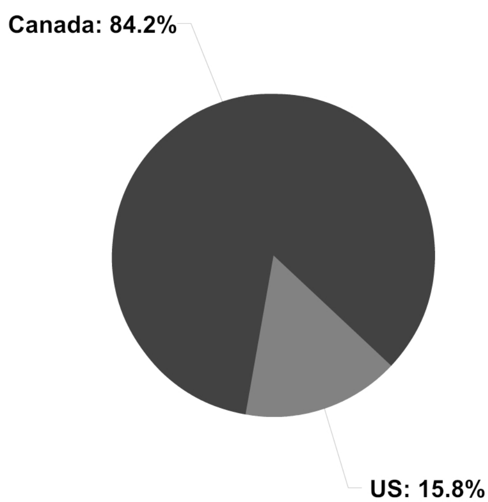
(iii) On January 15, 2015, Target Corporation announced plans to discontinue its Canadian operations. See "About RioCan - Overview of the business" on page 3 for further discussion.

As at December 31, 2014, the geographical diversification of RioCan’s total property portfolio is as follows:

Net leasable area (NLA) of the total portfolio at December 31, 2014



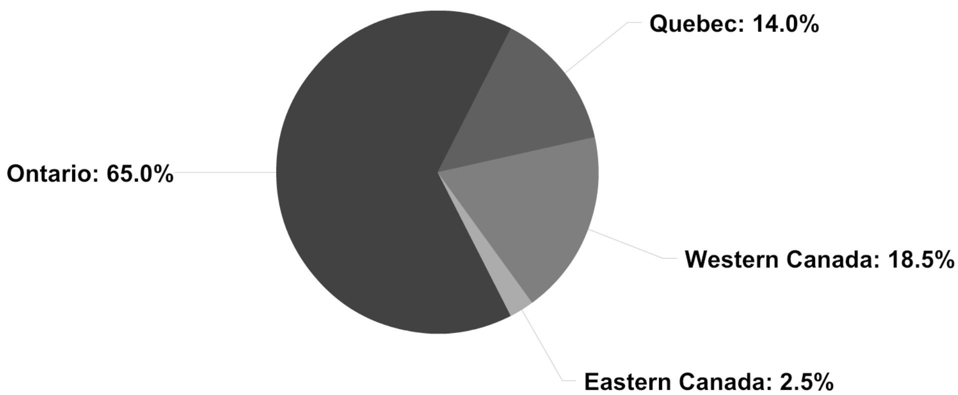
Annualized rental revenue denominated in Canadian dollars of the total portfolio at December 31, 2014



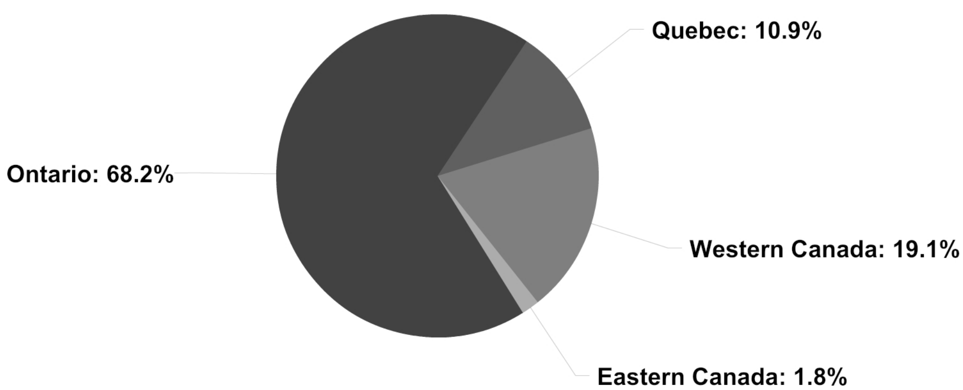
Canadian Portfolio

As at December 31, 2014, the geographical diversification of RioCan's Canadian property portfolio is as follows:

NLA of the Canadian portfolio at December 31, 2014

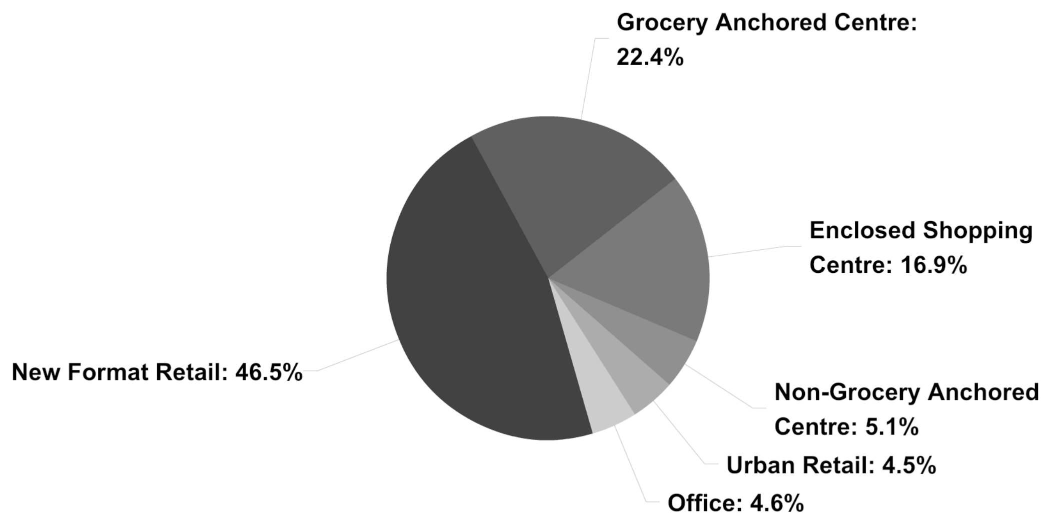


Annualized rental revenue of the Canadian portfolio at December 31, 2014

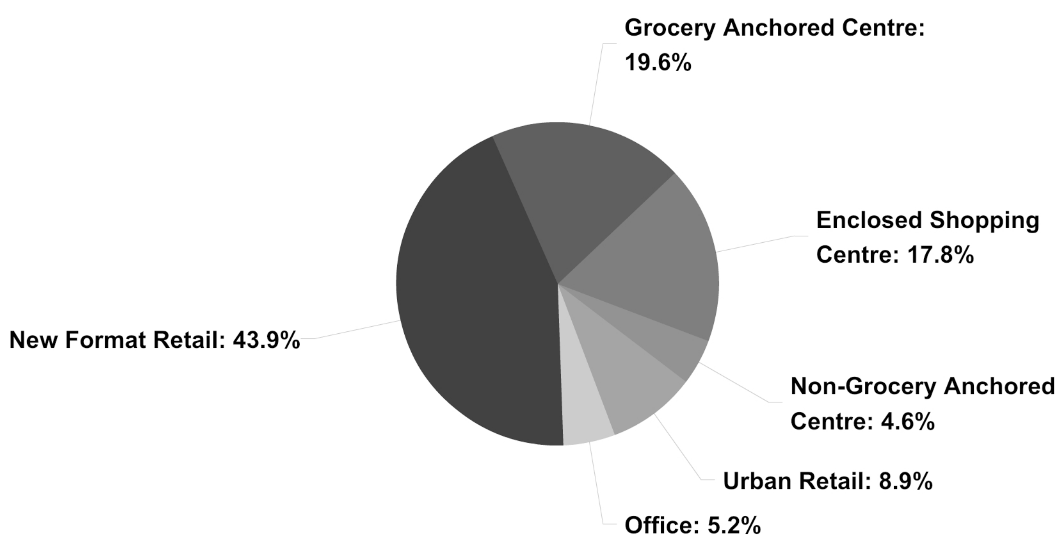


As at December 31, 2014, the diversification of RioCan's Canadian property portfolio by property type is as follows:

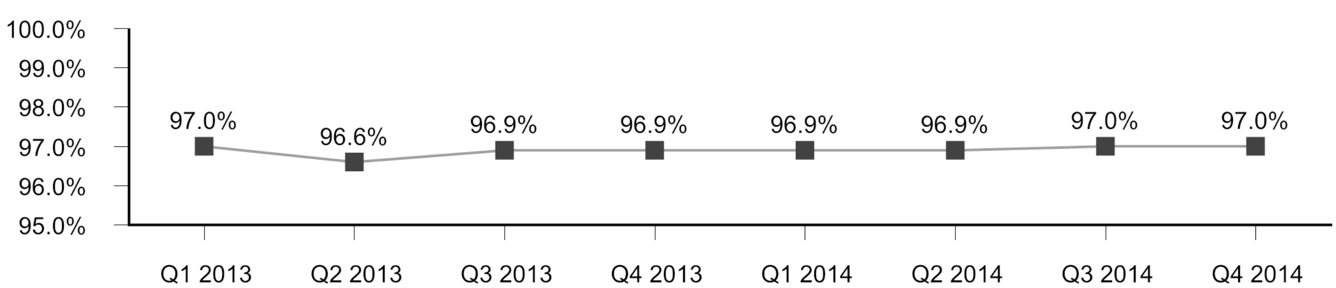
NLA of the Canadian portfolio by property type at December 31, 2014



Annualized rental revenue of the Canadian portfolio by property type at December 31, 2014



The committed occupancy rate of the Canadian portfolio has remained relatively stable over the most recent eight quarters:



Top 10 Tenants – Canadian Portfolio

As at December 31, 2014, RioCan's 10 largest tenants in Canada, as measured by annualized gross rental revenue, have the following profile:

Rank	Tenant name	Annualized rental revenue	Number of locations	NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
1	Loblaws/Shoppers Drug Mart (i)	**4.9%**	**84**	**2,024**	**5.1%**	**7.4**
2	Canadian Tire Corporation (ii)	**4.3%**	**89**	**2,020**	**5.0%**	**7.9**
3	Walmart	**4.0%**	**28**	**3,119**	**7.8%**	**11.5**
4	Metro/Super C/Loeb/Food Basics	**3.9%**	**57**	**2,119**	**5.3%**	**6.3**
5	Cineplex/Galaxy Cinemas	**3.7%**	**29**	**1,336**	**3.3%**	**9.3**
6	Winners/HomeSense/Marshalls	**3.1%**	**69**	**1,537**	**3.8%**	**7.0**
7	Target Corporation (iii)	**2.3%**	**26**	**2,184**	**5.5%**	**12.7**
8	Sobey's Inc.	**1.9%**	**36**	**991**	**2.5%**	**10.4**
9	Cara/Prime Restaurants	**1.9%**	**110**	**472**	**1.2%**	**6.5**
10	Staples/Business Depot	**1.7%**	**41**	**810**	**2.0%**	**5.3**
		31.7%	**569**	**16,612**	**41.5%**	**8.5**

* Weighted average remaining lease term based on gross annualized rental revenue.

(i) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs and Maxi. During 2014, Loblaws acquired Shoppers Drug Mart. Upon closing, Loblaws became RioCan's largest tenant by gross revenue. Comparative period information has not been restated for this acquisition.

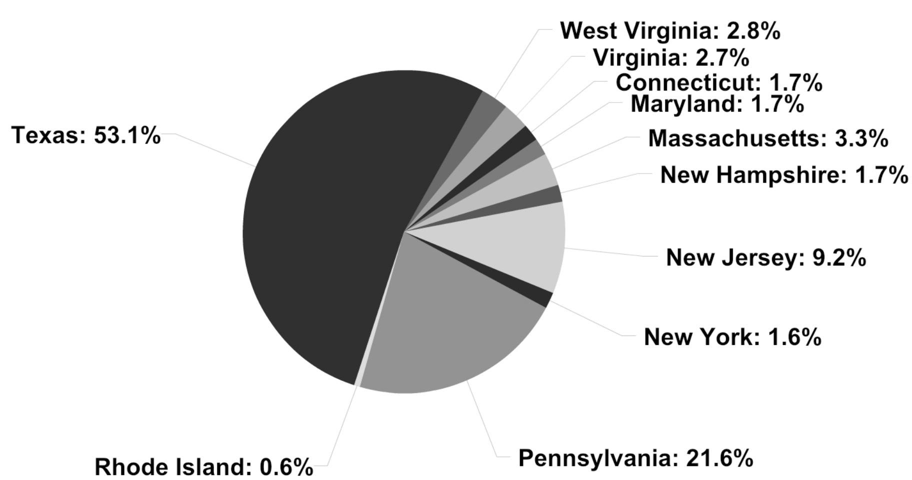
(ii) Canadian Tire Corporation includes Canadian Tire, PartSource, Mark's, Sport Mart, Sport Chek, Sports Experts, National Sports and Atmosphere.

(iii) On January 15, 2015, Target Corporation announced plans to discontinue its Canadian operations. See "About RioCan - Overview of the Business" on page 3 for further discussion.

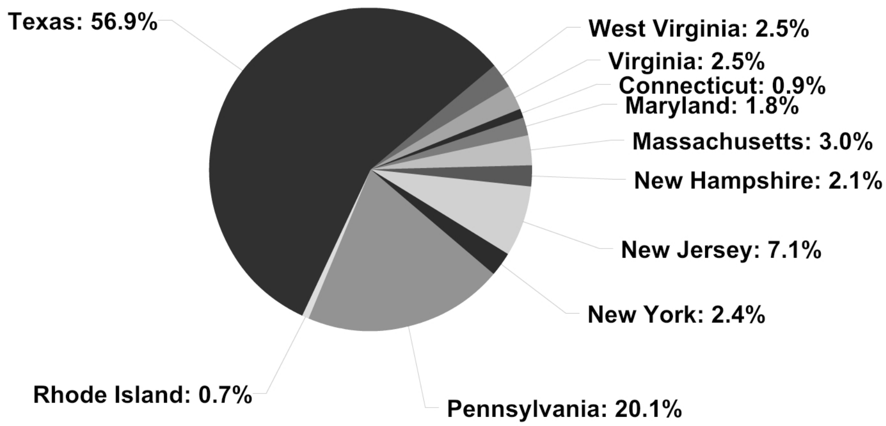
U.S. Portfolio

As at December 31, 2014, the geographical diversification of RioCan's U.S. property portfolio is as follows:

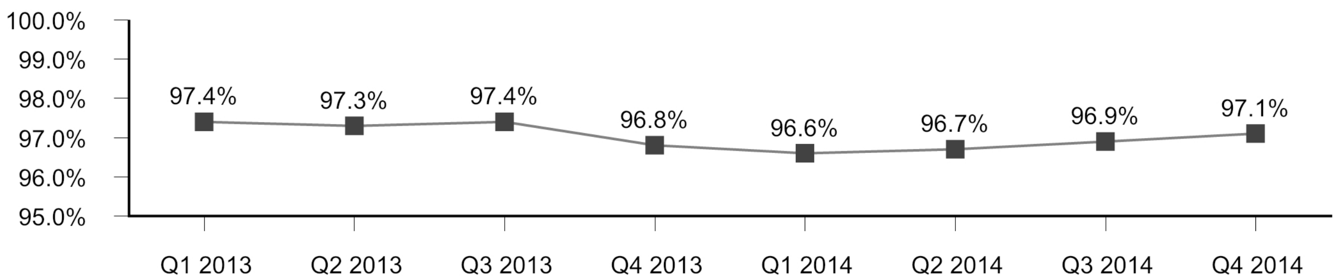
NLA of the U.S. portfolio at December 31, 2014



Annualized rental revenue of the U.S. portfolio by State at December 31, 2014



The committed occupancy rate of the U.S. portfolio for the most recent eight quarters is as follows:



Top 10 Tenants – U.S. Portfolio

As at December 31, 2014, RioCan's 10 largest tenants in the U.S., as measured by annualized gross rental revenue, have the following profile:

Rank	Tenant name	Annualized rental revenue	Number of locations	NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
1	Giant Food Stores/Stop & Shop (Royal Ahold)	**9.9%**	**24**	**1,113**	**11.1%**	**11.4**
2	Best Buy	**3.7%**	**11**	**359**	**3.6%**	**5.8**
3	PetSmart	**2.8%**	**14**	**295**	**2.9%**	**4.8**
4	Michaels	**2.6%**	**14**	**291**	**2.9%**	**4.3**
5	Walmart	**2.6%**	**5**	**880**	**8.8%**	**12.1**
6	Ross Dress	**2.0%**	**9**	**266**	**2.6%**	**4.4**
7	Office Depot/Office Max	**1.9%**	**11**	**215**	**2.1%**	**4.6**
8	Market Street	**1.9%**	**3**	**193**	**1.9%**	**8.9**
9	Bed Bath & Beyond	**1.9%**	**9**	**237**	**2.4%**	**5.7**
10	Lowes	**1.7%**	**3**	**476**	**4.7%**	**12.3**
		31.0%	**103**	**4,325**	**43.0%**	**8.3**

* Weighted average remaining lease term based on annualized gross rental revenue.

2014 FINANCIAL HIGHLIGHTS

(millions of dollars, except per unit amounts)	Three months ended December 31, 2014		2013	Increase/ (Decrease)	Year ended December 31, 2014		2013	Increase/ (Decrease)
Net earnings attributable to common and preferred unitholders	**$**	**172**	$ 265	(35.1)%	**$**	**663**	$ 709	(6.5)%
Net earnings per Unit attributable to common Unitholders – basic	**$**	**0.54**	$ 0.86	(37.2)%	**$**	**2.11**	$ 2.30	(8.3)%
Operating FFO	**$**	**130**	$ 124	4.5 %	**$**	**517**	$ 492	5.1 %
Operating FFO per Unit	**$**	**0.42**	$ 0.41	2.4 %	**$**	**1.68**	$ 1.63	3.1 %

Net earnings attributable to unitholders

Q4 2014

Net earnings attributable to common and preferred unitholders (presented on both an IFRS and RioCan interest basis) for the fourth quarter of 2014 was $172 million compared to $265 million for the same period in 2013, representing a decrease of $93 million. This decrease, as explained on a RioCan interest basis, was primarily due to the following:

- higher net operating income of $7.2 million mainly due to the following: acquisitions, net of dispositions (completed over the last 12 months); additional income property NLA resulting from completion of development projects; Canadian and U.S. same property NOI growth; higher U.S. realty tax recoveries of $1.8 million under IFRIC 21; and a $3.0 million higher foreign currency gain from U.S. operations as compared to the same period in 2013;
- higher fees and other income of $2.3 million due to higher investment income; offset by:
- lower fair value gains of $96 million primarily due to reduced pace, on a relative basis, of capitalization rate compression in major markets, and reduced valuations for certain properties located in secondary or tertiary markets. Net fair value gains on investment property for the fourth quarter of 2014 were $38 million at RioCan's interest compared to $134 million for the same period in 2013. Capitalization rates for the fourth quarter of 2014 decreased by nil and five basis points in Canada and the U.S., respectively, compared to the same period in 2013;
- lower interest income of $2.9 million due primarily to the impact of the settlement of certain mezzanine loans during the first quarter of 2014 in connection with the acquisition of interests in three development projects;
- higher general and administrative expenses of $1.8 million primarily due to increased information technology costs, depreciation and amortization associated with RioCan's expanded ERP platform as well as headcount increases associated with the increased complexity of operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of RioCan's ERP system project.

2014

Net earnings attributable to common and preferred unitholders (presented on both IFRS and RioCan interest basis) for the year ended December 31, 2014 was $663 million compared to $709 million for the same period in 2013, a decrease of $46 million. This decrease, as explained on a RioCan interest basis, was primarily due to the following:

- higher net operating income of $25 million primarily due to the following: acquisitions, net of dispositions (completed over the last 12 months); additional income property NLA resulting from completion of development projects (including the Tanger Cookstown expansion, Tanger Ottawa and The Stockyards openings); Canadian and U.S. same property NOI growth; and a $10 million higher foreign currency gain from U.S. operations as compared to the same period in 2013;
- higher fees and other income of $3.6 million due to an increase in investment income and financing fees on joint venture projects earned during 2014, partially offset by lower development fees generated on joint venture projects;
- lower interest expense of $7.0 million, net of $3.3 million unfavourable impact of foreign exchange;
- lower transaction costs of $1.1 million due to lower property disposition activity during 2014 compared to 2013; and
- lower expense associated with the early redemption of debentures of $12 million in the prior year; offset by:
- lower fair value gains of $80 million primarily due to reduced pace, on a relative basis, of capitalization rate compression in major markets, and reduced valuations for certain properties located in secondary or tertiary markets. Net fair value gains on investment property for the year ended December 31, 2014 were $157 million at RioCan's interest compared to $237 million for the same period in 2013. Capitalization rates for 2014 decreased by four and 26 basis points in Canada and the U.S., respectively, as compared to 2013.
- lower interest income of $6.4 million due primarily to the impact of the settlement of certain mezzanine loans during the first quarter of 2014 in connection with the acquisition of interests in three development projects;
- higher general and administrative expenses of $7.2 million primarily due to the following: increased information technology costs, depreciation and amortization associated with the launch of a new ERP platform in 2014; professional fees related to the introduction of a new senior executive incentive compensation plan and consulting fees related to certain activities undertaken to optimize the Trust's U.S. legal entity and tax structure; and headcount increases associated with the increased complexity of operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of RioCan's ERP system project.

Operating FFO

Q4 2014

Operating FFO at RioCan's interest for the fourth quarter of 2014 was $130 million or $0.42 per Unit compared to $124 million or $0.41 per Unit for the fourth quarter in 2013, representing an increase of $6 million or 4.5%. On a per Unit basis, Operating FFO increased by $0.01 per Unit or 2.4%. Please see the "Results of Operations - RioCan's Interest" section of this MD&A.

The $6 million increase in Operating FFO at RioCan's interest for the fourth quarter of 2014 compared to the same period in 2013 is primarily due to the following:

- an increase in NOI from rental properties of $5.6 million, which includes the impact of the following items: acquisitions, net of dispositions (completed over the last 12 months); additional income property NLA resulting from completion of development projects; Canadian and U.S. same property NOI growth; and a $3.0 million higher foreign currency gain from U.S. operations as compared to the same period in 2013;
- higher fees and other income of $2.3 million due to higher investment income;
- lower interest expense of $1.6 million driven by lower rates, net of $1.5 million unfavourable impact of foreign exchange; partly offset by:
- lower interest income of $2.9 million due primarily to the impact of the settlement of certain mezzanine loans during the first quarter of 2014 in connection with the acquisition of interests in three development projects; and
- an increase in general and administrative costs of $1.8 million primarily due to increased information technology costs, depreciation and amortization associated with RioCan's expanded ERP platform as well as headcount increases associated with the increased complexity of operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of RioCan's ERP system project.

2014

Operating FFO at RioCan's interest for the year ended December 31, 2014 was $517 million or $1.68 per Unit, compared to $492 million or $1.63 per Unit for the same period in 2013, representing an increase of $25 million or 5.1%. On a per Unit basis, Operating FFO increased by $0.05 per Unit or 3.1%. Please see the "Results of Operations - RioCan's Interest" section of this MD&A.

The $25 million increase in Operating FFO at RioCan's interest for the year ended December 31, 2014 as compared to the same period in 2013 is primarily due to the following:

- an increase in NOI from rental properties of $25 million, which includes the impact of the following items: acquisitions, net of dispositions (completed over the last 12 months); additional income property NLA resulting from completion of development projects (including the Tanger Cookstown expansion, Tanger Ottawa and The Stockyards openings); Canadian and U.S. same property NOI growth; and a $10 million higher foreign currency gain from U.S. operations as compared to the same period in 2013; and
- an increase in fees and other income of $3.6 million due to an increase in investment income and financing fees on joint venture projects earned during 2014, partially offset by lower development fees generated on joint venture projects;
- a decrease in interest expense of $8.4 million, net of $3.3 million unfavourable impact of foreign exchange; partly offset by:
- lower interest income of $6.4 million due primarily to the impact of the settlement of certain mezzanine loans during the first quarter of 2014 in connection with the acquisition of interests in three development projects; and
- an increase in general and administrative costs of $7.2 million due primarily to increased information technology costs, depreciation and amortization associated with the launch of a new ERP platform in 2014; professional fees related to the introduction of a new senior executive incentive compensation plan and consulting fees related to certain activities undertaken to optimize the Trust's U.S. legal entity and tax structure; and headcount increases associated with the increased complexity of operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of RioCan's ERP system project.

2014 OPERATING HIGHLIGHTS

Q4 2014

RioCan has remained focused on its core portfolio and continues to execute its growth strategy through acquisitions and development, along with organic growth. In addition, RioCan is selectively paring its portfolio in order to increase its focus on major urban markets.

Occupancy

- Committed occupancy of 97.0% at December 31, 2014, as compared to 97.0% at September 30, 2014 and 96.9% at December 31, 2013.
- Economic occupancy (occupied NLA for which tenants are paying rent) of 96.0% at December 31, 2014, as compared to 96.0% at September 30, 2014 and 95.8% at December 31, 2013. The annualized rental impact once these tenants take occupancy and commence paying rent is approximately $16 million.

Leasing

Rental rate increases on lease renewals continue to be positive, which is expected to contribute to future rental revenue growth. Operationally, RioCan continues to experience strong demand for space by tenants, especially in the major urban markets.

RioCan's revenue generated within Canada's six major markets totalled 73.3% as at December 31, 2014 (73.3% at September 30, 2014 and 71.7% at December 31, 2013).

Canada

During the quarter, RioCan renewed 603,000 square feet in the Canadian portfolio at an average rent increase of $2.45 per square foot, representing an increase of 11.8% and a renewal retention rate of 85.0%.

U.S.

During the quarter, RioCan renewed 62,000 square feet in the U.S. portfolio at an average rent increase of $1.69 per square foot, representing an increase of 7.1% and a renewal retention rate of 78.3%.

Change in NLA and Acquisitions and Dispositions Completed During the Quarter

Acquisitions and development activity during the fourth quarter led to an overall increase in owned NLA of 318,000 square feet to 50.0 million square feet, as compared to September 30, 2014. Compared to December 31, 2013, NLA has increased by 785,000 square feet or 1.6%. The following is a summary of acquisitions and dispositions during the quarter:

- Acquired interests in three income properties in Canada totalling $62 million, representing 194,000 square feet of additional NLA at a weighted average capitalization rate of 5.7%. $2 million of existing debt financing was assumed in connection with the acquisitions.
- Acquired interests in three development properties in Canada totalling $9 million. These acquisitions were completed free and clear of financing.
- No dispositions of investment properties took place during the fourth quarter of 2014.

Acquisitions and Dispositions Completed During 2014

- Acquired interests in ten income properties totalling $191 million (eight properties in Canada for $149 million and two properties in the U.S. for $42 million) representing 664,000 square feet of additional NLA at a weighted average capitalization rate of 5.9%. In connection with these acquisitions, RioCan assumed mortgage financing of $24 million on the Canadian properties and arranged mortgage financing of US$5 million on a U.S. property.
- Acquired interests in 11 development properties in Canada totalling $172 million. Included in this amount are acquisitions of interests from Trinity for $117 million. RioCan acquired Trinity's 25% interest in each of The Stockyards in Toronto, Ontario and McCall Landing in Calgary, Alberta, Trinity's 10% interest in East Hills in Calgary, Alberta and Trinity's 40% interest in the Bathurst Street and College Street land assembly in Toronto, Ontario. The consideration received by Trinity was used to repay, in full, the outstanding mezzanine financing principal and accrued interest in the amount of $82 million on the projects. In connection with the acquisition of Trinity's interest in The Stockyards, RioCan assumed third-party mortgage financing of $24 million, which was repaid during the year.
- Disposals of five properties in Canada for $53 million totalling NLA of approximately 472,000 square feet, primarily in the first quarter.

Acquisitions and Dispositions Completed Subsequent to December 31, 2014

- 19 income property acquisitions in Canada totalling $82 million, at a weighted average capitalization rate of 5.5%.
- One development property in Canada for $3 million.
- Five income property dispositions in Canada totalling $120 million, at a weighted average capitalization rate of 6.8%.

Acquisitions and Dispositions Under Contract

At any given time, RioCan could be discussing the purchase of new properties or the disposition of existing properties, purchasing or holding marketable securities of real estate related entities and/or negotiating joint venture arrangements relating to the acquisition, holding or development of real estate investments. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition, investment or disposition would be. RioCan expects to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

<u>Committed</u>

- There are no committed investment property acquisitions or dispositions as at the date of this report.

<u>Conditional</u>

- There are no income property acquisitions as at the date of this report.
- There are no development property acquisitions as at the date of this report.
- Land dispositions in Canada that would represent dispositions totalling $18 million.
- The above transactions are in various stages of due diligence and while efforts will be made to complete these transactions, no assurance can be given.

<u>Pipeline</u>

- Income property acquisitions in Canada that would represent acquisitions totalling $445 million.
- There are no development property acquisitions as at the date of this report.
- Income property dispositions in Canada with a fair value as at December 31, 2014 calculated in accordance with IFRS of $308 million.
- Land dispositions in Canada with a fair value as at December 31, 2014 calculated in accordance with IFRS of $41 million.

- The above transactions are in various stages of negotiations and while efforts will be made to complete these negotiations, no assurance can be given.

Development Projects Completed During 2014

During 2014, the Trust added approximately 1,002,000 square feet to its income producing NLA, which included the Stockyards development, the expansion of Tanger Outlets Cookstown and the successful grand opening of the nearly 300,000 square foot Tanger Outlet Ottawa shopping centre. Tanger Outlets Ottawa located in Kanata, Ontario is the first newly constructed outlet centre between RioCan and Tanger and contains more than 75 designer stores. Other notable expansion and redevelopment projects completed during the year included Collingwood Centre, Mississauga Plaza, Kennedy Commons and Niagara Falls Plaza.

CAPITAL MANAGEMENT

RioCan ended the quarter with a consolidated cash position of $56 million with available undrawn operating facilities of $565 million. Net of cash, the Trust's debt to total assets (at RioCan's interest) at December 31, 2014 is 43.8% (December 31, 2013 - 44.0%).

Debt

Mortgages Payable

During the quarter, RioCan had new fixed rate term mortgage borrowings of $98 million. As at December 31, 2014, total mortgages payable were $4.5 billion at RioCan's interest.

Debentures

On January 23, 2014, the Trust issued $150 million of Series U senior unsecured debentures, which mature on June 1, 2020 and carry a coupon rate of 3.62%.

On May 30, 2014, the Trust issued $150 million of Series V senior unsecured debentures, which mature on May 30, 2022 and carry a coupon rate of 3.746%.

On August 11, 2014, the Trust issued $100 million of Series V senior unsecured debentures, which was a re-opening of the May 30, 2014 Series V senior unsecured debentures issuance. The additional debentures carry the same coupon and maturity as the original issuance, but were issued at a premium to par for gross proceeds of $101.07 million resulting in an effective rate of 3.587%, making the effective rate on the full $250 million of Series V debentures 3.682%.

On February 3, 2015, RioCan announced that it is issuing a notice of redemption to holders of its US$100 million 4.10% Series N senior unsecured debentures due September 21, 2015 (the "Series N Debentures"), representing a redemption, in full, of all of the currently outstanding Series N Debentures. The Series N Debentures will be redeemed on March 9, 2015, in accordance with their terms, at a total redemption price of US$101.8 million, plus accrued and unpaid interest of US$1.9 million, up to but excluding the redemption date.

On February 3, 2015, RioCan also announced that it is issuing a notice of redemption to holders of its $225 million 4.499% Series O senior unsecured debentures due January 21, 2016 (the "Series O Debentures"), representing a redemption, in full, of all of the currently outstanding Series O Debentures. The Series O Debentures will be redeemed on March 11, 2015, in accordance with their terms, at a total redemption price of $231.8 million, plus accrued and unpaid interest of $1.4 million, up to but excluding the redemption date.

On February 12, 2015, the Trust issued $300 million of Series W senior unsecured debentures, which mature on February 12, 2024 and carry a coupon rate of 3.287%. A portion of the net proceeds will be used by RioCan to repay indebtedness, including the redemption of the Trust's $225 million Series O Debentures as described above, and the balance for general trust purposes.

Secured Operating Lines

As of February 12, 2015, RioCan's maximum borrowing capacity under its operating lines are as follows:

(in millions of dollars)	Spread (i)	Maturity
78	BA's/LIBOR +125 bps	December 2015
185	BA's/LIBOR +125 bps	December 2016 (ii)
250	BA's/LIBOR +125 bps	November 2016 (ii)
130	BA's/LIBOR +125 bps	June 2017 (ii)
75	BA's/LIBOR +125 bps	June 2017 (ii)
718		

(i) Lines are available in Canadian or U.S. dollars. Canadian draws are priced off of BA's or Prime and U.S. draws are priced off of U.S. Base Rate or LIBOR.

(ii) Subject to meeting certain conditions, these loans can be extended for a further year on same terms and conditions.

During the year ended December 31, 2014, RioCan renegotiated an existing operating facility and added two new operating lines. The existing facility was increased from $100 million to $130 million. The two new operating lines added during the year were the $78 million facility and $75 million facility as shown in the above table having maturities of December 2015 and June 2017, respectively. Both of these facilities have pricing similar to RioCan's other operating lines. The $78 million operating line represented a conversion of a non-revolving term loan into a revolving operating facility.

These lines provide an efficient and flexible source of liquidity for the Trust.

Unencumbered Assets

As at December 31, 2014, the Trust's debt strategy has resulted in approximately 22.2% of its income properties being unencumbered by debt on a NLA basis, providing RioCan with access to a pool of assets for obtaining additional secured debt. The fair value of the unencumbered income property assets as of December 31, 2014 is estimated at approximately $2.5 billion, comprising 89 properties, or 18.6% of the fair value of the Trust's income properties as compared to 86 properties with a fair value of $1.8 billion as at December 31, 2013. In addition to the unencumbered income property assets, the Trust has 11 unencumbered properties under development with a fair value of $295 million as at December 31, 2014, bringing the total fair value of unencumbered assets to approximately $2.8 billion.

Equity

RioCan's DRIP ratio is defined as the ratio of Units that holders elect to participate in the DRIP to total Units outstanding. The Trust raised additional capital of $32 million and reported a DRIP ratio of 29.0% for the quarter.

On November 24, 2014, the Trust issued an aggregate of 4.8 million common trust units at a price of $26.25 per unit for aggregate gross proceeds $126 million. Unit issue costs associated with the offering were $5 million.

OUTLOOK AND STRATEGY

RioCan's strong operating performance provided by its dominant Canadian retail platform, coupled with its U.S. platform, has facilitated its continued growth and position as a leading North American REIT with a retail focus. RioCan's prudent management of its balance sheet and access to capital has provided it with the ability to take advantage of opportunities in the current economic environment through same store rental income growth, acquisitions, greenfield development, redevelopments and asset intensification as well as investing in marketable securities of real estate related entities from time to time. RioCan conducts these activities either on its own or through strategic joint ventures and partner relationships. RioCan will continue to seek acquisitions in selected markets, with a focus on properties that meet the Trust's investment criteria in both Canada and the U.S. The Trust will continue to pursue a disciplined approach to the development of new properties and the redevelopment and intensification of existing properties in Canada, with a focus on major urban markets. A new initiative to incorporate residential intensification in the portfolio's transit oriented major market development properties will capitalize on opportunities for growth through the addition of residential assets, both condominium and rental residential, into RioCan's property portfolio. RioCan will also take advantage of dispositions in secondary and tertiary markets in order to recycle capital into developments and acquisitions in higher growth major markets. Consistent with the foregoing, RioCan is regularly engaged in discussions with respect to possible acquisitions of new properties, dispositions of existing properties in RioCan's portfolio and other real estate investment arrangements involving potential strategic joint ventures or the purchasing and holding of marketable securities of real estate related entities. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition, investment or disposition would be.

The current economy is unsettled, with the price of oil creating uncertainty in certain markets dependent on the oil industry, and European and emerging market economic issues causing significant concerns over the potential pace of the global economic recovery. The pace of economic recovery in both Canada and the U.S. has diverged somewhat as U.S. economic growth has been more favourable and continues to look to be more resilient. Both economies continue to face significant risks as volatility in the capital and energy markets has increased. The recent decline in energy prices is expected to have a negative impact on economic growth and the housing markets in Western Canada, and to a lesser extent in Texas, if energy prices remain depressed. However, the potential decline in growth from low energy prices is expected to be at least partially offset by increased consumer spending from energy savings. In addition, the decline in the Canadian dollar should contribute to improved economic conditions in Canada's manufacturing and export dependent sectors.

Demand from tenants in the near term is expected to remain steady with continued upward pressure on rental rates within Canada's major markets. It remains uncertain, however, what the full impact of Target's announcement to discontinue its operations in Canada will have on rental rates and tenant demand. RioCan will continue to carefully monitor the status of these locations for potential re-leasing opportunities throughout 2015. U.S. retailers considering expansion into Canada are doing so in a much more cautious and selective basis in their location decisions.

The current Canadian interest rate environment remains favourable and is expected to remain so throughout 2015, noting the recent Bank of Canada decision to lower its key overnight lending interest rate by 25 basis points. This will continue to provide interest savings on the Trust's maturing debt. RioCan will continue to monitor both the economy and real estate markets with a view to ensuring it has adequate access to capital, either by way of equity, debt, or selected asset dispositions to meet its business requirements and maximize opportunities that may become available to it.

RioCan's growth is expected to primarily come from organic growth from within the portfolio, along with asset intensification and development in Canada.

Given the competitive nature of the acquisition market and limited supply of acquisitions that meet RioCan's criteria, it is not currently expected that acquisitions will provide significant growth. The Trust is, however, taking advantage of this market environment to dispose of non-core, lower growth assets in order to improve its position in Canada's six major markets. RioCan is committed to remaining focused on its portfolio in order to preserve high occupancy levels through active management and leasing, which allows RioCan to maintain a stable stream of cash flows from long term assets which increase in value. The focus on active management led to RioCan's decision to establish its own management platform in the U.S.. Overall, RioCan believes that it is well positioned in the marketplace, due to the depth of its management team, its size, as well as its diversified and stable portfolio, significant development pipeline, solid tenant base, flexible capital structure, and conservative borrowing practices.

For 2015:

Canada

- Fundamentals in retail real estate in Canada are expected to remain steady, however there will be some disruption as a result of Target's announced departure from Canada and other recent bankruptcies, which has created a more cautious environment with retailers. The expected impact is difficult to estimate at this time, as many variables such as what will happen to the vacant space along with the impact on neighbouring tenants are yet to be determined. We do expect that there will be a negative impact in some markets, however, in certain situations there will be positive opportunities for repositioning and increased rental revenues. The Canadian market benefits from concentrated retail tenants who generally are financially strong, and a low level of development activity that is unlikely to create a supply imbalance.
- The Trust will continue to review its portfolio with a view towards selective dispositions of properties where appropriate as a further means of raising and recycling capital. The Trust evaluates the sale of selected assets as part of a process of actively managing its portfolio and a means of increasing the portfolio weighting in the six major markets in Canada, which was 73.3% of its Canadian revenue as at December 31, 2014.
- The Trust expects to realize organic growth from within the portfolio by way of contractual rental increases in existing leases, additional rental income that can be achieved from positive rental spreads on lease renewals and the potential for positive absorption in occupancy.

U.S.

- RioCan has established a management operating platform in the U.S. operating out of offices in Mount Laurel, New Jersey and Dallas, Texas to manage the Trust's assets that were previously managed by RioCan's partners. RioCan's operating platform in the U.S. has provided a basis for RioCan to expand its reach in the U.S. and provide the ability to realize additional economies of scale as the portfolio grows.
- Fundamentals in the U.S. markets within which RioCan operates is expected to remain steady as the U.S. economy grows. As a result of economic growth and little new supply over the past seven years, RioCan expects to continue to realize value in the portfolio through the leasing of currently vacant space and through rental growth in the small shop spaces at these centres.

Macro Economic and Market Trends

- The economic recovery in Canada continues to be slow, which has impacted retail sales and tenant activity. This economic environment, if it continues, may have an impact on the demand for retail space and rental rates. In addition, RioCan is actively monitoring the impact of oil prices on market conditions in Alberta along with overall consumer spending in Canada and the U.S.
- The Trust has been closely monitoring the impact of the Canadian dollar relative to the U.S. dollar on its business over the past year. In the near term, the Trust does not expect any significant direct impact other than the translation impact on U.S. earnings and its net U.S. dollar denominated assets.
- Interest expense savings derived from refinancing at current market interest rates are anticipated to continue due to the low Canadian interest rate environment, which is expected to remain for the rest of 2015.
- The Trust will continue to monitor the impact of online retail sales. RioCan believes that consumer trends will be towards increasingly greater sales in enclosed malls and shopping centres. As well, it is anticipated that there will be a higher proportion of sales generated from services versus products. Further, it is expected that existing retail models will be adapted to integrated sales depots for online sales. RioCan is well positioned for these trends based upon the depth and breadth of its portfolio, especially in urban markets. Grocery stores have been typically resilient against online sales and due to RioCan's strong portfolio of grocery anchored centres, the impacts are less severe.

Development Program

- Developments completed during 2014 along with future developments, are expected to contribute to Operating FFO growth. Strong fundamentals arising from growth in certain cities with strong economic and population growth, such as the Greater Toronto Area, and new retailers has allowed RioCan to increase its development activities. RioCan's joint venture with Tanger for the development of outlet shopping centres in Canada and RioCan's urban focused joint venture with Allied further expand the potential development and intensification opportunities available across multiple retail formats.
- Going forward, substantial activity and growth will be seen through a variety of formats in development and redevelopment of existing properties. Overall development spending, at RioCan's interest, over the next three years will range from $150 to $250 million per year. RioCan's development pipeline is expected to add approximately 7.0 million square feet (3.9 million square feet at RioCan's interest) of space upon completion over the next six years, with the majority of forecasted yields ranging from 6% to 10%. RioCan is committed to property development and redevelopment opportunities and is focused on completing the development pipeline currently underway. Development activity is primarily concentrated in the six high growth markets in Canada and serves as an important component of RioCan's organic growth strategy. The markets of Toronto, Calgary and Ottawa are a principal focus for development and intensification efforts where strong economic and population growth have afforded RioCan the opportunity to increase its development activity.
- In addition to RioCan's development program, the Trust contributes to portfolio growth through the intensification of existing properties. Within its portfolio, RioCan has identified strategic opportunities to increase density or add to an existing asset, particularly residential intensification at the Trust's transit oriented developments. This intensification of existing properties contributes to NOI growth in an efficient manner, leveraging the existing asset base.

Acquisitions and Dispositions

- RioCan has noted that there is currently greater competition for acquisitions as there exists a significant number of well-capitalized and high net worth investors seeking quality investments, especially due to the current low interest rate environment. Management will continue to maintain a disciplined approach to evaluating acquisition opportunities, while likely not at the same pace as the previous four years.
- RioCan will continue its focus on the enclosed mall and urban retail segment, particularly in major markets, as a means of leveraging its retail tenant base across Canada. There are additional opportunities for organic growth within the acquired shopping centres, which RioCan believes it can realize with its deep infrastructure and management strength.
- The Trust has selected two geographic areas of focus for acquisitions in the U.S. - the northeastern U.S. region and the four major urban markets in Texas (Dallas-Fort Worth, Houston, Austin and San Antonio), which offer a complementary mix of tenants to RioCan's Canadian portfolio of largely nationally branded tenants.
- The acquisitions that have been completed during the quarter and over a trailing 12 month basis, net of the impact of the Trust's dispositions program, will contribute to RioCan's Operating FFO growth. At the present time, RioCan anticipates the relatively slow pace of acquisitions to continue.
- RioCan continues to evaluate its portfolio in order to selectively dispose of assets as a means of recycling capital, and also to increase the portfolio weighting in the six major markets in Canada. During 2014, the Trust disposed of $53 million of properties in Canada (year ended December 31, 2013 - $616 million of property dispositions in Canada). As part of actively managing and improving the portfolio mix, RioCan will continue to identify properties for disposition, with $120 million already disposed of to date in 2015.

Partner Relationships

The Trust will continue to capitalize on the strength of its partner relationships in Canada to acquire property, enhance RioCan's development projects, and generate additional income for its unitholders pursuant to arrangements where RioCan earns fees for its services.

Capital Management Strategy

RioCan's capital management framework limits the Trust's maximum indebtedness to 60% of Aggregate Assets as defined by the Declaration. RioCan remains focused on preserving a strong balance sheet and continuing to maintain substantial liquidity. Based on the fair market value of its portfolio, its consolidated leverage ratio of 43.7% of Aggregate Assets is currently substantially lower than the specified limit of 60%. Furthermore, RioCan believes it has sufficient unencumbered assets (approximately $2.8 billion as of December 31, 2014) and assets with low loan-to-value ratios that can be financed and/or refinanced to generate capital to meet its capital requirements and grow its asset base. RioCan's ability to access such financing is dependent on the availability of debt in the market. A further source of capital is the Trust's distribution reinvestment and direct purchase plans. Unitholder distributions reinvested through such plans result in the issuance of Units, as opposed to a cash outlay, thereby providing an additional source of capital to fund RioCan's activities.

RioCan has developed other metrics regarding debt and leverage that are tracked and disclosed on a quarterly basis to help facilitate financial statement users' and stakeholders' understanding of RioCan's leverage and its ability to service such leverage. These metrics include net debt to adjusted EBITDA ratio, debt service coverage ratio, interest coverage ratio, fixed charge coverage ratio and unencumbered assets to unsecured debt which are outlined in the "Capital Strategy and Resources" section of this MD&A.

While having relatively low debt leverage exposure is important, the quality of the rental revenue available to service the Trust's debt and pay distributions to unitholders is equally important. The Trust strives to reduce its exposure to rental revenue risk in the shopping centre portfolio 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 its gross revenue and ensuring a considerable portion of its rental revenue is earned from national and anchor tenants geographic diversification (U.S. and Canada economy). In addition, RioCan staggers its debt maturities to reduce its exposure to potential volatility in availability of debt and interest rate movements. RioCan is able to access multiple sources of capital including, but not limited to, secured and unsecured debt, preferred units and Units, which provide the Trust with greater flexibility in raising capital and to manage its overall cost of capital.

CORPORATE SOCIAL RESPONSIBILITY

Corporate responsibility continues to be an area of focus for RioCan as it endeavours to maintain its role as one of Canada's corporate leaders. RioCan's corporate responsibility philosophy is based on three cornerstones: Environmental Responsibility, Corporate Philanthropy, and Responsibility to Employees.

Occupational Health and Safety

RioCan is committed to the mental and physical health and safety of all our employees. Protecting our employees from injury, occupational disease or workplace violence is a continuing objective. Managers and Supervisors are held accountable for the health and safety of employees under their supervision and ensure that equipment, machinery and working areas are safe, and that employees work in compliance with established safe work procedures. Workers receive training in their specific work tasks to safeguard their health and safety. Training courses to learn how to protect themselves from electrical hazards, chemical hazards, musculoskeletal disorders, slips, trips and falls are mandatory and occur during the employee orientation process and periodically afterwards to promote that working safely is always recognized as a priority at RioCan.

Programs, policies and training to support a worker's mental health are also an important part of the RioCan safety philosophy. Violence and Harassment in the Workplace, Emergency Preparedness and Employee Assistance Programs allow RioCan to provide a safe work environment and ensure that everyone knows what to do in case of any emergency.

Compliance to RioCan's health and safety standards is vigorously audited to verify that processes and policies set out by the company are being adhered to. Daily, weekly, monthly and annual audits are completed by Supervisors and Managers and a selection of property audits in every region are validated annually by certified auditors from the OHS&E Department.

Risk and Accident reduction is the core of the Occupational Health and Safety program at RioCan. As a result of the company's prevention programs, high level of safety compliance and a strong Early and Safe Return to Work Program the number of Lost Time Accidents was reduced to zero for 2014.

Environment

RioCan continuously makes efficiency improvements in its property portfolio and works with its tenants to facilitate their energy conservation needs, which contribute to lowered emissions and reduced energy use.

In addition, development projects are viewed through the lens of sustainable building with these factors being incorporated wherever possible. RioCan has worked with tenants as they customize their space to include geothermal heating and cooling, waste water collection and lower carbon footprint initiatives.

RioCan has also taken specific environmental initiatives at its properties such as the installation of recycling receptacles which reduce the amount of waste generated at RioCan properties across Canada. RioCan YEC is among the properties that have been certified BOMA BESt. RioCan has implemented a number of initiatives since acquiring the property at which its head office is located, to improve the efficiency and environmental footprint of the building. The property was certified in 2009 and RioCan continues to upgrade the property's efficiency. The company also plans to erect a "Living Wall" on site which will symbolize our commitment to the environment.

Burlington Mall was also certified BOMA BESt in 2014. RioCan's environmental initiatives resulted in an acknowledgment by the City of Burlington in the form of the Mayor's Sustainable Green Business Award.

Corporate Philanthropy

Corporate Philanthropy is a key facet of RioCan's profile as a good corporate citizen and one that RioCan has always viewed as a priority. RioCan regularly sponsors a number of charitable organizations with a focus towards children's and medical charities. RioCan views its participation in the community where it does business to be of great importance, whether it is through direct financial contributions, the donation of space for use by charitable organizations, or through the time taken by its employees through volunteering across Canada.

RioCan recognizes the importance of its dedication to the development of communities through civic involvement and the funding of vital programs. RioCan believes that support in fundraising efforts returns long-lasting benefits to society, its employees, and the Trust. In 2014, RioCan employees participated in a company-wide fundraising campaign for United Way. For fundraising, employees participated in the Real Estate stair climb and a kick-off lunch and learn. In addition, RioCan's corporate head office and satellite office participated in the Hospital for Sick Children annual Toy drive in which employees contributed more than 1,000 toys to this cause. RioCan was also a proud supporter of several other non-profit organizations including the Heart & Stroke Foundation, the Baycrest Foundation, the University Health Network, and Mount Sinai Hospital.

RioCan also sponsors a number of Educational Institutions with a focus towards Real Estate programs and Corporate Social Responsibility events. RioCan participates in career fairs and networking events to educate youth about best practices and workplace experiences.

Community Building Events

RioCan is committed to its communities in which it conducts business. In early 2015, RioCan will launch an anti-bullying campaign called "Red Dot Safe Spot" declaring all RioCan properties bully free zones. This campaign will further demonstrate RioCan's commitment to creating a safe hub for our neighbors and customers by supporting youth at risk and by participating in the fight to end bullying.

Responsibility to Employees

RioCan strives to provide its employees with a safe work environment, free from discrimination and harassment. RioCan has a number of employee-focused initiatives that are designed to improve workplace satisfaction.

Continuing Education and Training Policy

RioCan recognizes that proactive training, development and education initiatives are instrumental in ensuring that our people become more effective in their present positions, as well as preparing them for future advancement in the company. RioCan is dedicated to providing equal opportunities to employees with respect to training, development and education endeavours, through the provision of financial support. RioCan encourages employees to continue to develop their skills with tuition subsidies for job-related courses, a variety of in-house and online training programs, and subsidies for professional accreditation. Employees have a maximum of $2,000 per calendar year towards this initiative.

Employee Assistance Program

RioCan provides an Employee Assistance Program (EAP) that is a confidential and voluntary support service that can help employees resolve problems and challenges they may encounter in personal or professional life. This program is at no cost to the employee. The EAP is available 24 hours a day, seven days a week for immediate, confidential help. Employees can receive the support they need over the telephone, in person, online and through a variety of issue-based health and wellness resources.

Code of Conduct

All RioCan Personnel must conduct themselves according to the highest standards of integrity, which include respect for others, ethical principles, honesty, trust, fairness, openness, objectivity, and seek to avoid even the appearance of improper behaviour. Moreover, RioCan and RioCan Personnel owe a duty of good faith to each other in all of their dealings.

Fair and courteous treatment of tenants, fellow employees, suppliers and the public is mandatory. Honesty and trustworthiness are essential components of all interactions on behalf of or in connection with RioCan. It is also essential that a professional image be maintained at all times. RioCan Personnel must demonstrate a responsible attitude, appropriate demeanor and suitable attire at all times.

RioCan's Code of Business Conduct and Ethics ("Code") requires trustees, officers and employees to serve high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees are required to complete a yearly mandatory course to enhance understanding and ensure compliance.

Whistleblower Protection Policy

It is the responsibility of all trustees, officers and employees to comply with the Code and to report violations or suspected violations in accordance with the Whistleblower Protection Policy. The Whistleblower Protection Policy is intended to encourage and enable employees and others to raise serious concerns within RioCan. This Code reflects RioCan's open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly without fear of retaliation. If an employee prefers to make an anonymous report, they can utilize the third-party confidential reporting system that is available 24 hours a day 7 days a week.

Service Excellence

RioCan was recognized as one of the Top 100 Employers in the greater Toronto area for 2015. This special designation recognizes the Greater Toronto employers that lead their industries in offering exceptional places to work. RioCan's commitment to work life balance was one of the areas it was recognized for.

RioCan's Yonge and Eglinton Centre was recognized by the fire service department as being a model of how complex building should be managed during an emergency situation. In-depth training programs are provided to stakeholders with a careful look at best practices in emergency situations. RioCan provides a mixture of learning methodologies including classroom lectures, interactive presentations, workshops, reading materials, one-on-one coaching and role-playing events to aid understanding and ensure safety compliance. Designated fire wardens also receive specialized training to increase preparedness for a real emergency.

All RioCan employees who reach a work anniversary milestone are rewarded with a custom designed RioCan pin commemorating their years of service. RioCan believes it is of utmost importance to recognize longstanding employees for all the contributions and efforts made throughout their employment.

Employee Benefits

RioCan provides a competitive Employee Group Insurance Benefits Plan to all full-time employees and part-time hourly employees who work a minimum of 28 hour comprising of health and dental benefits, life insurance, retirement savings plan, pension plan and an employee unit purchase plan (EUPP).

Employee Statistics

RioCan is committed to providing equal opportunities to all our employees and candidates alike. Our success is due to the abilities of talented men and women from diverse backgrounds. As at December 31, 2014, RioCan's workforce is comprised of 51.14% females and 48.86% males. At the Manager level, we have almost an equal amount of men and women occupying these roles (50.9% females and 49.1% males). When assessing the gender representation for Manager Level and up, females represent 41.4% of these positions.

OCCUPANCY

RioCan's committed occupancy is 97.0% at December 31, 2014, as compared to 97.0% at September 30, 2014 and 96.9% at December 31, 2013. Included in the occupancy rate is 512,000 square feet of NLA that has been leased but is not yet generating rent, resulting in an economic occupancy rate of 96.0% (compared to 96.0% at September 30, 2014 and 95.8% at December 31, 2013), which represents the occupied NLA for which tenants are paying rent. The annualized rental impact once these tenants take occupancy and commence paying rent is approximately $16 million.

During the quarter, RioCan renewed 603,000 square feet (2013 - 1,408,000 square feet) in the Canadian portfolio at an average rent increase of $2.45 per square foot (2013 - $1.37 per square foot), representing an increase of 11.8% and a renewal retention rate of 85.0%.

Various operating and leasing metrics over the last eight quarters are as follows:

	2014				2013			
(thousands of square feet, millions of dollars, except where otherwise noted)	**Fourth quarter**	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Committed occupancy	**97.0%**	97.0%	96.9%	96.8%	96.9%	97.0%	96.7%	97.0%
Economic occupancy	**96.0%**	96.0%	95.9%	95.7%	95.8%	95.5%	95.4%	95.8%
NLA leased but not paying rent	**512**	488	520	519	542	716	642	615
Annualized rental impact	**$ 15.7**	$ 15.5	$ 15.3	$ 13.0	$ 14.0	$ 17.0	$ 15.0	$ 15.0
Retention rate – Canada (i)	**85.0%**	91.7%	88.8%	91.2%	97.0%	91.1%	95.9%	68.3%
% increase in average net rent per sq ft – Canada	**11.8%**	12.9%	13.9%	7.0%	8.8%	11.2%	12.0%	13.4%
Retention rate – U.S.	**78.3%**	92.2%	97.3%	86.4%	98.2%	98.4%	92.0%	98.8%
% increase in average net rent per sq ft – U.S.	**7.1%**	9.3%	7.0%	8.3%	4.8%	3.8%	4.3%	2.3%
Average in place rent	**$ 16.15**	$ 16.01	$ 16.00	$ 16.01	$ 16.08	$ 16.07	$ 15.77	$ 15.77
Same store growth (ii) – Canada	**0.6%**	1.9%	2.0%	3.1%	2.7%	2.2%	0.6%	0.1%
Same store growth (ii) – U.S.	**4.4%**	3.7%	1.4%	3.0%	1.7%	0.9%	1.4%	1.4%

(i) The first quarter of 2013 includes impact of the vacancy of Zellers totalling 188,000 sq ft at 100% (100,500 sq ft at RioCan's interest) during the quarter. The first quarter of 2013 retention rate excluding Zellers was 81.1%. The retention rate represents the percentage of tenants who have renewed their leases.

(ii) Refers to same store NOI growth on a year over year basis.

RioCan has consistently maintained high occupancy rates between 96.7% and 97.0% over the most recent eight quarters.

The historical portfolio occupancy rate broken down by property type is as follows:

	2014				2013			
(in percentages)	**Fourth quarter**	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Canada								
New format retail	**98.3**	98.3	98.3	98.4	98.6	98.5	98.4	98.5
Grocery anchored centre	**97.7**	97.6	97.7	97.2	98.0	97.9	96.9	97.1
Enclosed shopping centre	**91.8**	91.8	91.6	91.9	90.2	90.9	90.4	91.2
Non-grocery anchored centre	**97.2**	98.0	98.1	95.9	97.4	97.3	97.5	97.5
Urban retail	**98.5**	98.2	98.4	98.8	98.9	98.6	98.8	98.1
Office	**97.5**	96.7	97.3	97.2	97.3	97.3	97.8	98.1
Total Canada	**97.0**	97.0	97.0	96.9	96.9	96.9	96.6	97.0
U.S.								
New format retail	**96.5**	96.3	96.1	96.1	96.4	97.2	97.1	97.3
Grocery anchored centre	**98.5**	98.4	98.3	98.1	98.0	98.1	98.0	98.1
Non-grocery anchored centre	**96.6**	96.2	96.2	95.6	93.9	93.6	94.3	91.8
Total U.S.	**97.1**	96.9	96.7	96.6	96.8	97.4	97.3	97.4
Total Portfolio	**97.0**	97.0	96.9	96.8	96.9	97.0	96.7	97.0

Economic Occupancy

At December 31, 2014, RioCan's committed occupancy rate of the total portfolio is 97.0% which includes 512,000 square feet of NLA that has been leased but is not yet paying rent, resulting in an economic occupancy rate of 96.0%. A rent commencement timeline for the NLA which has been leased but is not currently open is as follows:

(in thousands, except percentage amounts)	Total	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2016
Square feet:						
NLA commencing	512	138	181	76	34	83
Cumulative NLA commencing	512	138	319	395	429	512
% of NLA commencing		27.0%	35.4%	14.8%	6.6%	16.2%
Cumulative % total		27.0%	62.4%	77.2%	83.8%	100.0%
Average net rent:						
Monthly rent commencing	$ 1,308	$ 365	$ 483	$ 177	$ 103	$ 180
Cumulative monthly rent commencing	$ 1,308	$ 365	$ 848	$ 1,025	$ 1,128	$ 1,308
% of rent for NLA commencing		27.9%	36.9%	13.5%	7.9%	13.8%
Cumulative % total rent commencing		27.9%	64.8%	78.3%	86.2%	100.0%

Small Shop Occupancy

At December 31, 2014, RioCan's small shop committed occupancy rate for the total portfolio is 92.6% (December 31, 2013 - 92.3%). RioCan defines small shops as retail tenants with less than 10,000 square feet of NLA. The following is a breakdown of total portfolio committed occupancy:

As at	**December 31, 2014**			December 31, 2013		
	Canada	U.S.	Total Portfolio	Canada	U.S.	Total Portfolio
Majors (≥10,000 sqft)	**98.9%**	**99.9%**	**99.1%**	98.8%	99.7%	99.0%
Small Shop (<10,000 sqft)	**93.2%**	**88.9%**	**92.6%**	93.1%	88.2%	92.3%
Total	**97.0%**	**97.1%**	**97.0%**	96.9%	96.8%	96.9%

Leasing Activity

RioCan's portfolio leasing activity during the three months and year ended December 31, 2014 are as follows:

(in thousands, except per sqft amounts) Three months ended December 31,	**2014** Square feet	**2014** Average net rent per sqft (i)	2013 Square feet	2013 Average net rent per sqft (i)
Canada				
New leasing	**429**	**$ 22.24**	375	$ 17.99
Renewals	**603**	**$ 23.20**	1,408	$ 16.88
U.S.				
New leasing	**40**	**$ 19.98**	4	$ 19.76
Renewals	**62**	**$ 25.61**	191	$ 12.06

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

(in thousands, except per sqft amounts) Year ended December 31,	**2014** Square feet	**2014** Average net rent per sqft (i)	2013 Square feet	2013 Average net rent per sqft (i)
Canada				
New leasing	**1,312**	**$ 22.19**	1,499	$ 18.97
Renewals	**4,192**	**$ 18.00**	3,880	$ 18.22
U.S.				
New leasing	**124**	**$ 21.34**	87	$ 21.96
Renewals	**396**	**$ 22.16**	633	$ 12.96

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

Renewal Leasing

A summary of RioCan's 2014 and 2013 renewal leasing is as follows:

(in thousands, except per sqft amounts)	**2014 Full year**	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Square feet renewed:						
Canada	**4,192**	603	1,133	1,174	1,282	1,408
U.S.	**396**	62	115	159	60	191
Average net rent per square foot:						
Canada	**$ 18.00**	$ 23.20	$ 17.57	$ 18.50	$ 15.47	$ 16.88
U.S.	**$ 22.16**	$ 25.61	$ 20.11	$ 22.17	$ 22.53	$ 12.06
Increase in average net rent per square foot:						
Canada	**$ 1.84**	$ 2.45	$ 2.01	$ 2.26	$ 1.02	$ 1.37
U.S.	**$ 1.60**	$ 1.69	$ 1.71	$ 1.44	$ 1.73	$ 0.55
Percentage increase in average net rent per square foot:						
Canada	**11.4%**	11.8%	12.9%	13.9%	7.0%	8.8%
U.S.	**7.8%**	7.1%	9.3%	7.0%	8.3%	4.8%
Retention rate:						
Canada	**90.2%**	85.0%	91.7%	88.8%	91.2%	97.0%
U.S.	**93.4%**	78.3%	92.2%	97.3%	86.4%	98.2%

Including anchor tenants, the components of renewal activity for the quarter and year ended December 31, 2014 by geography is as follows:

	For the three months ended December 31, 2014		**For the year ended December 31, 2014**	
(in thousands, except per sqft amounts)	Canada	U.S.	Canada	U.S.
Renewals at market rental rates:				
Square feet renewed	**482**	**29**	**2,223**	**242**
Average net rent per sqft	**$ 24.86**	**$ 28.05**	**$ 22.33**	**$ 20.99**
Increase in average net rent per sqft	**$ 2.75**	**$ 1.39**	**$ 2.79**	**$ 1.57**
Percentage increase in average net rent per sqft	**12.4%**	**5.2%**	**14.3%**	**7.4%**
Renewals at fixed rental rate options:				
Square feet renewed	**121**	**33**	**1,969**	**154**
Average net rent per sqft	**$ 16.55**	**$ 23.51**	**$ 13.11**	**$ 24.07**
Increase in average net rent per sqft	**$ 1.26**	**$ 1.94**	**$ 0.76**	**$ 1.65**
Percentage increase in average net rent per sqft	**8.2%**	**9.0%**	**6.2%**	**7.4%**
Total:				
Square feet renewed	**603**	**62**	**4,192**	**396**
Average net rent per sqft	**$ 23.20**	**$ 25.61**	**$ 18.00**	**$ 22.16**
Increase in average net rent per sqft	**$ 2.45**	**$ 1.69**	**$ 1.84**	**$ 1.60**
Percentage increase in average net rent per sqft	**11.8%**	**7.1%**	**11.4%**	**7.8%**

Including anchor tenants, the components of renewal activity for the Canadian portfolio for the three months ended December 31, 2014 by property type are as follows:

(in thousands, except per sqft amounts)	Total	New format retail	Grocery anchored centre	Enclosed shopping centre	Non-grocery anchored centre	Urban retail	Office
Renewals at market rental rates:							
Square feet renewed	**482**	**218**	**87**	**104**	**34**	**33**	**6**
Average net rent per sqft	**$ 24.86**	**$ 24.57**	**$ 22.20**	**$ 28.39**	**$ 19.01**	**$ 30.02**	**$ 18.55**
Increase in average net rent per sqft	**$ 2.75**	**$ 2.68**	**$ 2.87**	**$ 2.04**	**$ 1.48**	**$ 6.87**	**$ 0.80**
Renewals at fixed rental rate options:							
Square feet renewed	**121**	**93**	**—**	**26**	**—**	**—**	**2**
Average net rent per sqft	**$ 16.55**	**$ 19.30**	**$ —**	**$ 6.84**	**$ —**	**$ —**	**$ 18.00**
Increase in average net rent per sqft	**$ 1.26**	**$ 1.34**	**$ —**	**$ 1.05**	**$ —**	**$ —**	**$ —**
Total:							
Square feet renewed	**603**	**311**	**87**	**130**	**34**	**33**	**8**
Average net rent per sqft	**$ 23.20**	**$ 23.00**	**$ 22.20**	**$ 24.02**	**$ 19.01**	**$ 30.02**	**$ 18.44**
Increase in average net rent per sqft	**$ 2.45**	**$ 2.28**	**$ 2.87**	**$ 1.84**	**$ 1.48**	**$ 6.87**	**$ 0.64**
Percentage increase in average net rent per sqft	**11.8%**	**11.0%**	**14.8%**	**8.3%**	**8.4%**	**29.7%**	**3.6%**

Including anchor tenants, the components of renewal activity for the Canadian portfolio for the year ended December 31, 2014 by property type are as follows:

(in thousands, except per sqft amounts)	Total	New format retail	Grocery anchored centre	Enclosed shopping centre	Non-grocery anchored centre	Urban retail	Office
Renewals at market rental rates:							
Square feet renewed	**2,223**	**950**	**588**	**473**	**93**	**70**	**49**
Average net rent per sqft	**$ 22.33**	**$ 22.68**	**$ 20.78**	**$ 23.40**	**$ 21.81**	**$ 29.46**	**$ 14.78**
Increase in average net rent per sqft	**$ 2.79**	**$ 2.78**	**$ 2.51**	**$ 2.90**	**$ 3.18**	**$ 5.32**	**$ 0.98**
Renewals at fixed rental rate options:							
Square feet renewed	**1,969**	**863**	**589**	**315**	**24**	**176**	**2**
Average net rent per sqft	**$ 13.11**	**$ 16.32**	**$ 10.98**	**$ 9.27**	**$ 9.00**	**$ 11.84**	**$ 18.00**
Increase in average net rent per sqft	**$ 0.76**	**$ 0.97**	**$ 0.17**	**$ 1.60**	**$ 1.50**	**$ 0.11**	**$ —**
Total:							
Square feet renewed	**4,192**	**1,813**	**1,177**	**788**	**117**	**246**	**51**
Average net rent per sqft	**$ 18.00**	**$ 19.65**	**$ 15.88**	**$ 17.74**	**$ 19.24**	**$ 16.81**	**$ 14.89**
Increase in average net rent per sqft	**$ 1.84**	**$ 1.92**	**$ 1.34**	**$ 2.38**	**$ 2.84**	**$ 1.58**	**$ 0.95**
Percentage increase in average net rent per sqft	**11.4%**	**10.8%**	**9.2%**	**15.5%**	**17.3%**	**10.4%**	**6.8%**

Including anchor tenants, the components of renewal activity for the U.S. portfolio for the three months ended December 31, 2014 by property type are as follows:

(in thousands, except per sqft amounts)	Total	New format retail	Grocery anchored centre	Non-grocery anchored centre
Renewals at market rental rates:				
Square feet renewed	**29**	**24**	**2**	**3**
Average net rent per sqft	**$ 28.05**	**$ 28.67**	**$ 24.00**	**$ 26.13**
Increase in average net rent per sqft	**$ 1.39**	**$ 1.15**	**$ 2.50**	**$ 2.37**
Renewals at fixed rental rate options:				
Square feet renewed	**33**	**31**	**2**	**—**
Average net rent per sqft	**$ 23.51**	**$ 23.36**	**$ 26.45**	**$ —**
Increase in average net rent per sqft	**$ 1.94**	**$ 1.87**	**$ 3.45**	**$ —**
Total:				
Square feet renewed	**62**	**55**	**4**	**3**
Average net rent per sqft	**$ 25.61**	**$ 25.62**	**$ 25.07**	**$ 26.13**
Increase in average net rent per sqft	**$ 1.69**	**$ 1.56**	**$ 2.92**	**$ 2.37**
Percentage increase in average net rent per sqft	**7.1%**	**6.5%**	**13.2%**	**10.0%**

Including anchor tenants, the components of renewal activity for the U.S. portfolio for the year ended December 31, 2014 by property type are as follows:

(in thousands, except per sqft amounts)	Total	New format retail	Grocery anchored centre	Non-grocery anchored centre
Renewals at market rental rates:				
Square feet renewed	**242**	**163**	**75**	**4**
Average net rent per sqft	**$ 20.99**	**$ 22.23**	**$ 18.17**	**$ 27.26**
Increase in average net rent per sqft	**$ 1.57**	**$ 1.62**	**$ 1.46**	**$ 1.81**
Renewals at fixed rental rate options:				
Square feet renewed	**154**	**115**	**39**	**—**
Average net rent per sqft	**$ 24.07**	**$ 24.73**	**$ 21.92**	**$ —**
Increase in average net rent per sqft	**$ 1.65**	**$ 1.55**	**$ 1.91**	**$ —**
Total:				
Square feet renewed	**396**	**278**	**114**	**4**
Average net rent per sqft	**$ 22.16**	**$ 23.19**	**$ 19.45**	**$ 27.26**
Increase in average net rent per sqft	**$ 1.60**	**$ 1.59**	**$ 1.61**	**$ 1.81**
Percentage increase in average net rent per sqft	**7.8%**	**7.4%**	**9.0%**	**7.1%**

Tenant Vacancies

RioCan strives to diversify its tenant base by location, by property type, by anchor type and by minimizing the degree of reliance on any single tenant. In the regular course of business, RioCan will, however, encounter tenants that are subject to restructuring, insolvency or bankruptcy activities. In most cases, rental revenue continues to be paid to RioCan by, or on behalf of, the tenant. RioCan actively monitors such situations and, in those cases where vacancies result, RioCan endeavours to replace tenants as quickly as possible at economically similar or better lease terms. Such vacancies will, in certain instances, give rise to rights for adjacent tenants in the shopping centre that is the subject of the vacancy. Such right commonly referred to as a co-tenancy right, allows co-tenants rights ranging from rent reductions to lease terminations.

2014 Vacancy Activity

(thousands of square feet)				
For the three months ended December 31,	**2014**		2013	
	Total	RioCan's Interest	Total	RioCan's Interest
Total vacancies during the period (i)	**201**	**169**	235	189
Vacated space re-leased	**49**	**32**	91	86

(i) Excluding lease cancellation fees.

(thousands of square feet)

For the year ended December 31,	**2014**		2013	
	Total	RioCan's Interest	Total	RioCan's Interest
Total vacancies during the year (i)	**1,220**	**1,000**	1,460	1,212
Vacated space re-leased	**492**	**399**	711	608

(i) Excluding lease cancellation fees.

During the three months ended December 31, 2014, RioCan experienced vacancies of approximately 201,000 square feet, of which RioCan's interest was 169,000 square feet. The average gross rent on RioCan's ownership interest was $31.16 per square foot. Approximately 49,000 square feet of space vacated in Q4 2014 has been leased to new tenants, of which RioCan's interest was 32,000 square feet, at an average gross rent of $35.89 per square foot.

During the three months ended December 31, 2014, tenant vacancies for which lease cancellation fees of $0.2 million were recognized by RioCan totalled 16,329 square feet of vacated NLA (14,931 square feet at RioCan's interest) at an average net rent of $21.63 per square foot ($22.01 per square foot at RioCan's interest).

During the year ended December 31, 2014, RioCan experienced vacancies of approximately 1,220,000 square feet, of which RioCan's interest was 1,000,000 square feet. The average gross rent on RioCan's ownership interest was $30.08 per square foot. Approximately 492,000 square feet of space vacated in 2014 has been leased to new tenants, of which RioCan's interest was 399,000 square feet, at an average gross rent of $31.48 per square foot.

During the year ended December 31, 2014, tenant vacancies for which lease cancellation fees of $4.9 million were recognized by RioCan totalled 258,919 square feet of vacated NLA (218,359 square feet at RioCan's interest) at an average net rent of $12.04 per square foot ($12.39 per square foot at RioCan's interest). The lease cancellation fees include a $2.5 million net termination fee received from Big Lots on seven locations comprising 198,000 square feet.

On December 5th, 2014, fashion chain Mexx filed for creditor protection. Unsuccessful in trying to restructure its operations, Mexx Canada has begun to liquidate all of its 95 stores across Canada. RioCan previously had 18 Mexx locations under lease, the majority of which are located in primary markets. Of these 18 locations, 15 leases have been effectively disclaimed with the remainder set to close by the end of the first quarter of 2015. In anticipation of these store closures, RioCan has started to actively market these locations to various national retailers in order to replace the vacancy and minimize the disruption to rental income.

In addition to Mexx, RioCan has experienced higher than typical store closures during the first quarter of 2015 including the Cash Store (CCAA - 13 locations in RioCan's Canadian portfolio comprising 15,000 square feet); Radio Shack (Chapter 11 - 7 locations in RioCan's U.S. portfolio comprising 17,000 square feet); Sony (ceasing operations - 2 locations in RioCan's Canadian portfolio comprising 9,000 square feet); and Jones New York (ceasing operations - 2 locations in RioCan's Canadian portfolio comprising 19,000 square feet). While the Trust is confident that a large number of these locations will be assigned or re-leased to replacement tenants, RioCan's outlook for the retail market remains cautious.

On January 15, 2015, Target announced plans to discontinue its Canadian operations. As at December 31, 2014, RioCan has 26 Target locations under lease representing approximately 1.9% of RioCan's total annualized rental revenue with an average remaining lease term of approximately 12.7 years. As of the date hereof, management cannot reasonably estimate the future financial impact to RioCan of Target's decision to exit the Canadian market due to uncertainty with respect to the CCAA proceedings relating to the liquidation and wind-down process and the early stage of such proceedings.

New Leasing

Canadian Portfolio

For the quarter ended December 31, 2014, approximately 429,000 square feet of space was leased at an average net rent of $22.24 per square foot, compared to approximately 375,000 square feet of space that was leased at an average net rent of $17.99 per square foot during the fourth quarter of 2013.

Approximately 1,312,000 square feet (including 148,000 square feet pertaining to space leased at development sites) of space was leased in the Canadian portfolio during the year ended December 31, 2014 at an average net rent of $22.19 per square foot, compared to approximately 1,499,000 square feet of space that was leased at an average net rent of $18.97 per square foot during the year ended December 31, 2013.

A summary of RioCan's 2014 and 2013 new leasing on the existing Canadian portfolio by property type is as follows:

(in thousands, except per sqft amounts)	**2014 Full year**	**Q4 2014**	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Square feet leased:						
New format retail	**538**	**178**	161	86	113	153
Grocery anchored centre	**263**	**56**	56	67	84	109
Enclosed shopping centre	**283**	**71**	73	41	98	43
Non-grocery anchored centre	**36**	**3**	19	6	8	9
Urban retail	**172**	**114**	10	48	—	59
Office	**20**	**7**	8	3	2	2
Total	**1,312**	**429**	327	251	305	375
Average net rent per square foot:						
New format retail	**$ 22.23**	**$ 19.77**	$ 20.46	$ 28.88	$ 23.54	$ 13.78
Grocery anchored centre	**17.18**	**18.82**	17.42	20.14	13.55	16.94
Enclosed shopping centre	**24.59**	**26.35**	23.95	42.39	16.36	25.67
Non-grocery anchored centre	**15.99**	**22.00**	12.91	22.90	15.90	20.24
Urban retail	**27.91**	**25.88**	36.61	30.84	—	24.93
Office	**14.71**	**10.93**	15.73	17.03	20.00	19.00
Total	**$ 22.19**	**$ 22.24**	$ 20.65	$ 28.82	$ 18.30	$ 17.99

U.S. Portfolio

For the quarter ended December 31, 2014, RioCan achieved approximately 40,000 square feet of new leasing in the U.S. at an average rate of $19.98 per square foot. During the year ended December 31, 2014, RioCan achieved approximately 124,000 square feet of new leasing in the U.S. at an average rate of $21.34 per square foot.

A summary of RioCan's 2014 and 2013 new leasing on the existing U.S. portfolio by property type is as follows:

(in thousands, except per sqft amounts)	**2014 Full year**	**Q4 2014**	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Square feet leased:						
New format retail	**89**	**18**	15	42	14	1
Grocery anchored centre	**34**	**21**	3	5	5	3
Non-grocery anchored centre	**1**	**1**	—	—	—	—
Total	**124**	**40**	18	47	19	4
Average net rent per square foot (US dollars):						
New format retail	**$ 21.88**	**$ 22.92**	$ 23.71	$ 19.77	$ 24.78	$ 22.00
Grocery anchored centre	**19.98**	**17.54**	28.16	26.43	19.74	18.50
Non-grocery anchored centre	**18.00**	**18.00**	—	—	—	—
Total	**$ 21.34**	**$ 19.98**	$ 24.39	$ 20.44	$ 23.44	$ 19.76

Lease Expiries

RioCan's lease expiries for the Canadian portfolio, at RioCan's interest, by property type for the next five years are as follows:

(in thousands, except per sqft and percentage amounts)	Portfolio NLA (i)	Lease expiries for the years ending				
		2015	2016	2017	2018	2019
Square feet:						
New format retail	18,595	**1,576**	1,919	1,596	2,122	2,498
Grocery anchored centre	8,940	**960**	1,145	1,240	1,168	1,363
Enclosed shopping centre	6,771	**895**	971	564	619	628
Non-grocery anchored centre	2,050	**255**	229	88	144	165
Urban retail	1,810	**67**	78	113	273	276
Office	1,828	**196**	245	197	254	220
Total	39,994	**3,949**	4,587	3,798	4,580	5,150
Square feet expiring/Portfolio NLA		**9.9%**	11.5%	9.5%	11.5%	12.9%
Average net rent per occupied square foot:						
New format retail	17.05	**$ 18.15**	$ 17.45	$ 19.90	$ 19.03	$ 18.21
Grocery anchored centre	15.08	**16.19**	15.91	15.36	15.53	15.77
Enclosed shopping centre	16.82	**18.72**	18.81	20.67	16.46	16.88
Non-grocery anchored centre	16.02	**13.13**	15.09	21.48	19.70	17.83
Urban retail	24.59	**28.97**	25.83	38.18	17.63	18.58
Office	13.68	**15.64**	16.00	14.30	15.30	12.97
Total average net rent per square foot	16.69	**$ 17.54**	$ 17.30	$ 18.82	$ 17.52	$ 17.19

(i) Represents RioCan's proportionate ownership share.

RioCan's lease expiries for the U.S. portfolio, at RioCan's interest, by property type for the next five years are as follows:

(in thousands, except per sqft and percentage amounts)	Portfolio NLA (i)	Lease expiries for the years ending				
		2015	2016	2017	2018	2019
Square feet:						
New format retail	7,110	**539**	232	507	711	1,238
Grocery anchored centre	2,685	**169**	266	205	320	247
Non-grocery anchored centre	236	**27**	4	18	28	42
Total	10,031	**735**	502	730	1,059	1,527
Square feet expiring/Portfolio NLA		**7.3%**	5.0%	7.3%	10.6%	15.2%
Average net rent per occupied square foot (US dollars):						
New format retail	14.17	**$ 19.20**	$ 21.44	$ 17.96	$ 17.46	$ 15.30
Grocery anchored centre	14.22	**19.52**	12.46	16.84	15.20	14.91
Non-grocery anchored centre	11.05	**21.01**	25.47	10.08	17.80	10.54
Total average net rent per square foot	14.01	**$ 19.34**	$ 16.70	$ 17.45	$ 16.79	$ 15.11

(i) Represents RioCan's proportionate ownership share.

The components of RioCan's Canadian and U.S. lease expiries for 2015 by property type are as follows:

(in thousands, except per sqft amounts)	Total	New format retail	Grocery anchored centre	Enclosed shopping centre	Non-grocery anchored centre	Urban retail	Office
2015 expiries at market rental rates:							
Square feet expiring	3,290	1,317	922	610	195	67	179
Average net rent per sqft	$ 19.59	$ 19.99	$ 17.01	$ 23.64	$ 16.69	$ 28.92	$ 15.83
2015 expiries with fixed rental rate options:							
Square feet expiring	1,396	798	208	285	87	1	17
Average in-place net rent per sqft	$ 13.65	$ 15.82	$ 15.30	$ 8.16	$ 7.66	$ 35.00	$ 13.59
Average renewal net rent per sqft	$ 14.61	$ 16.92	$ 16.06	$ 8.84	$ 8.87	$ 35.00	$ 13.94
Increase in average net rent per sqft	$ 0.96	$ 1.10	$ 0.76	$ 0.68	$ 1.21	$ 0.00	$ 0.35
Total:							
Square feet expiring	4,686	2,115	1,130	895	282	68	196
Average net rent per sqft	$ 17.82	$ 18.41	$ 16.69	$ 18.72	$ 13.90	$ 28.97	$ 15.64

Contractual Rent Increases

Certain of RioCan's leases allow for periodic increases in rates during the term of the leases which contributed to growth in same store NOI. Contractual rent increases, including rent increases at time of renewal, in each year for the next five years are as follows:

(in millions) For the years ending	2015	2016	2017	2018	2019
Canadian Portfolio	$ 8.0	$ 6.0	$ 5.5	$ 5.9	$ 5.5
U.S. Portfolio	1.5	1.1	1.0	1.1	0.9
Net increase in contractual rent receipts	$ 9.5	$ 7.1	$ 6.5	$ 7.0	$ 6.4

RESULTS OF OPERATIONS

The following table shows the Trust's ownership interests in certain joint arrangements for the periods presented:

Partnership	Property	**December 31, 2014**	December 31, 2013
RPAI (Texas)	1890 Ranch	**100%**	100%
	Alamo Ranch	**100%**	100%
	Bear Creek	**100%**	100%
	Bird Creek Crossing	**100%**	100%
	Great Southwest Crossing	**100%**	100%
	Riverpark Shopping Center I, II	**100%**	100%
	Southpark Meadows (Phase I, II)	**100%**	100%
	Suntree Square	**100%**	100%
RioKim/Dunhill (Texas)	Las Palmas Marketplace	**100%**	100%
RioKim Montgomery JV LP (Texas)	Montgomery Plaza	**80%**	80%
Dawson Yonge LP (Canada)	RioCan Centre Newmarket	**40%**	40%
Dunhill (Texas)	Arbor Park	**100%**	100%
	Las Colinas Village	**100%**	100%
	Lincoln Square	**100%**	100%
	Louetta Central	**100%**	100%
	Timber Creek	**100%**	100%
Sterling (Texas)	Cinco Ranch	**100%**	100%
	Ingram Hills Shopping Center	**100%**	100%
RioCan White Shield LP (White Shield (Canada))	White Shield Plaza	**100%**	60%

RPAI (Texas)

These properties were equity accounted for between January 1, 2013 and September 30, 2013. The RPAI (Texas) properties, which show RioCan's interest at 100% at December 31, 2013 and December 31, 2014, were acquired from RPAI on October 1, 2013 and are fully consolidated as of October 1, 2013.

RioKim/Dunhill (Texas)

This property was accounted for under the equity method of accounting between January 1, 2013 and September 30, 2013. RioCan acquired interests from both Dunhill and Kimco during October 2013 resulting in RioCan's 100% ownership of this property.

RioKim Montgomery JV LP (Texas)

This is an 80/20 joint venture between RioCan and Kimco managed by Kimco and is accounted for under the equity method of accounting.

Dawson Yonge LP (Canada)

This is a partnership between RioCan (40%), Marketvest Corporation (40%) and Dale-Vest Corporation (20%). This property has been equity accounted for between January 1, 2013 and December 31, 2014.

Dunhill (Texas) and Sterling (Texas)

These properties were consolidated with a non-controlling interest allocation from January 1, 2013 to September 30, 2013. These properties were fully consolidated from October 1, 2013 to December 31, 2014.

White Shield (Canada)

On February 3, 2014, RioCan entered into an agreement to purchase the remaining 40% equity interest in White Shield (Canada).This property was consolidated with a non-controlling interest allocation from January 1, 2013 to February 3, 2014. This property was fully consolidated from February 4, 2014 to December 31, 2014.

Reconciliation of Net Earnings to Net Earnings at RioCan's Interest

The following tables provide a reconciliation from RioCan's IFRS financial statements to RioCan's financial statements utilizing its proportionate interest in all of its portfolio investments.

(thousands of dollars) **Three months ended December 31, 2014**	Consolidated (ii)	RioCan's Interest in Equity Accounted Investments and Joint Ventures (iii)	RioCan's Interest (i)
REVENUE:			
Base rent	**$ 205,830**	**$ 1,469**	**$ 207,299**
Percentage rent	**1,853**	**3**	**1,856**
Rent subject to tenants' sales thresholds	**1,041**	**—**	**1,041**
Property taxes and operating cost recoveries	**100,110**	**407**	**100,517**
	308,834	**1,879**	**310,713**
Lease cancellation fees	**210**	**—**	**210**
Rental revenue	**309,044**	**1,879**	**310,923**
PROPERTY OPERATING COSTS:			
Recoverable under tenant leases	**95,427**	**141**	**95,568**
Non-recoverable from tenants	**5,454**	**266**	**5,720**
	100,881	**407**	**101,288**
	208,163	**1,472**	**209,635**
Other income			
Share of net earnings in equity accounted joint ventures	**5,380**	**(5,380)**	**—**
Fees and other	**5,688**	**—**	**5,688**
Interest	**860**	**—**	**860**
	220,091	**(3,908)**	**216,183**
Other expenses			
Interest	**59,025**	**325**	**59,350**
General and administrative	**18,363**	**25**	**18,388**
Leasing costs	**3,593**	**—**	**3,593**
Foreign exchange loss	**128**	**—**	**128**
Demolition costs	**1,049**	**—**	**1,049**
Aborted deal costs	**26**	**—**	**26**
Transaction costs	**43**	**—**	**43**
Earnings before fair value gains on investment property, net and income taxes	**137,864**	**(4,258)**	**133,606**
Fair value gain on investment property, net	**33,654**	**4,258**	**37,912**
Deferred income tax recovery	**(250)**	**—**	**(250)**
Net earnings	**$ 171,768**	**$ —**	**$ 171,768**
Net earnings attributable to:			
Common and preferred unitholders	**$ 171,768**	**$ —**	**$ 171,768**
Non-controlling interests	**—**	**—**	**—**
	$ 171,768	**$ —**	**$ 171,768**
Net earnings per Unit attributable to common Unitholders – basic	**$ 0.54**		
Net earnings per Unit attributable to common Unitholders – diluted	**$ 0.54**		
Weighted average number of common Units outstanding – basic (in thousands)	**312,002**		
Weighted average number of common Units outstanding – diluted (in thousands)	**312,589**		

(i) Represents RioCan's proportionate share of the revenues and expenses of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(ii) Represents RioCan's consolidated statement of earnings prepared in accordance with IFRS.

(iii) Represents RioCan's proportionate share of the revenues and expenses of its joint ventures that are accounted for on the equity basis of accounting.

(thousands of dollars) Year ended December 31, 2014	Consolidated (ii)	Adjustments: Non-Controlling Interests (iii)	Adjustments: RioCan's Interest in Equity Accounted Investments and Joint Ventures (iv)	RioCan's Interest (i)
REVENUE:				
Base rent	$ 794,068	$ (54)	$ 5,788	$ 799,802
Percentage rent	5,796	—	14	5,810
Rent subject to tenants' sales thresholds	3,780	—	—	3,780
Property taxes and operating cost recoveries	395,484	(37)	1,636	397,083
	1,199,128	(91)	7,438	1,206,475
Lease cancellation fees	4,912	—	—	4,912
Rental revenue	1,204,040	(91)	7,438	1,211,387
PROPERTY OPERATING COSTS:				
Recoverable under tenant leases	406,115	(41)	2,855	408,929
Non-recoverable from tenants	19,381	(2)	311	19,690
	425,496	(43)	3,166	428,619
	778,544	(48)	4,272	782,768
Other income				
Share of net earnings in equity accounted joint ventures	12,905	—	(12,905)	—
Fees and other	21,525	—	(11)	21,514
Interest	7,554	—	—	7,554
	820,528	(48)	(8,644)	811,836
Other expenses				
Interest	234,900	—	1,292	236,192
General and administrative	52,666	—	94	52,760
Leasing costs	10,941	—	—	10,941
Foreign exchange loss	176	—	—	176
Demolition costs	2,208	—	—	2,208
Aborted deal costs	301	—	—	301
Transaction costs	2,753	—	—	2,753
Earnings before fair value gains on investment property, net and income taxes	516,583	(48)	(10,030)	506,505
Fair value gain on investment property, net	147,432	(659)	10,030	156,803
Deferred income tax expense	50	—	—	50
Net earnings	$ 663,965	$ (707)	$ —	$ 663,258
Net earnings attributable to:				
Common and preferred unitholders	$ 663,258	$ —	$ —	$ 663,258
Non-controlling interests	707	(707)	—	—
	$ 663,965	$ (707)	$ —	$ 663,258
Net earnings per Unit attributable to common Unitholders – basic	$ 2.11			
Net earnings per Unit attributable to common Unitholders – diluted	$ 2.10			
Weighted average number of common Units outstanding – basic (in thousands)	307,910			
Weighted average number of common Units outstanding – diluted (in thousands)	308,672			

(i) Represents RioCan's proportionate share of the revenues and expenses of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(ii) Represents RioCan's consolidated statement of earnings prepared in accordance with IFRS.

(iii) Represents the non-controlling interests' proportionate share of the revenues and expenses for those joint ventures that have been consolidated.

(iv) Represents RioCan's proportionate share of the revenues and expenses of its joint ventures that are accounted for on the equity basis of accounting.

(thousands of dollars) Three months ended December 31, 2013	Consolidated (ii)	Adjustments: Non-Controlling Interests (iii)	Adjustments: RioCan's Interest in Equity Accounted Investments and Joint Ventures (iv)	Adjustments: IFRIC 21 - Realty Taxes (v)	RioCan's Interest (i)
REVENUE:					
Base rent	$ 195,385	$ (226)	$ 1,102	$ —	$ 196,261
Percentage rent	1,508	0	—	—	1,508
Rent subject to tenants' sales thresholds	1,174	—	—	—	1,174
Property taxes and operating cost recoveries	95,853	(112)	554	—	96,295
	293,920	(338)	1,656	—	295,238
Lease cancellation fees	4,291	—	—	—	4,291
Rental revenue	298,211	(338)	1,656	—	299,529
PROPERTY OPERATING COSTS:					
Recoverable under tenant leases	95,336	(148)	535	(2,651)	93,072
Non-recoverable from tenants	4,006	(8)	12	—	4,010
	99,342	(156)	547	(2,651)	97,082
	198,869	(182)	1,109	2,651	202,447
Other income					
Share of net earnings in equity accounted joint ventures	3,596	—	(3,596)	—	—
Fees and other	3,342	—	—	—	3,342
Interest	3,778	1	0	—	3,779
	209,585	(181)	(2,487)	2,651	209,568
Other expenses					
Interest	60,292	(63)	248	—	60,477
General and administrative	16,598	(1)	28	—	16,625
Leasing costs	2,458	—	—	—	2,458
Foreign exchange loss	65	—	—	—	65
Demolition costs	850	—	—	—	850
Aborted deal costs	551	—	—	—	551
Transaction costs	(1,228)	—	—	—	(1,228)
Earnings before fair value gains on investment property, net and income taxes	129,999	(117)	(2,763)	2,651	129,770
Fair value gain on investment property, net	134,620	(624)	2,763	(2,651)	134,108
Deferred income tax expense	(870)	—	—	—	(870)
Net earnings	$ 265,489	$ (741)	$ —	$ —	$ 264,748
Net earnings attributable to:					
Common and preferred unitholders	$ 264,748	$ —	$ —	$ —	$ 264,748
Non-controlling interests	741	(741)	—	—	—
	$ 265,489	$ (741)	$ —	$ —	$ 264,748
Net earnings per unit attributable to common unitholders – basic	$ 0.86				
Net earnings per unit attributable to common unitholders – diluted	$ 0.85				
Weighted average number of common units outstanding – basic (in thousands)	303,544				
Weighted average number of common units outstanding – diluted (in thousands)	304,272				

(i) Represents RioCan's proportionate share of the revenues and expenses of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(ii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain U.S. property taxes and leasing costs pursuant to IFRIC 21 and IAS 17, respectively. Where applicable, certain prior period balances have been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

(iii) Represents the non-controlling interests' proportionate share of the revenues and expenses for those joint ventures that have been consolidated.

(iv) Represents RioCan's proportionate share of the revenues and expenses of its joint ventures that are accounted for using the equity method of accounting.

(v) Represents RioCan's proportionate share of the IFRIC 21 adjustments related to the Trust's joint ventures that are accounted for under the equity method.

(thousands of dollars) Year ended December 31, 2013	Consolidated (ii)	Adjustments Non-Controlling Interests (iii)	Adjustments RioCan's Interest in Equity Accounted Investments and Joint Ventures (iv)	Adjustments IFRIC 21 - Realty Taxes (v)	RioCan's Interest (i)
REVENUE:					
Base rent	$ 738,525	$ (3,166)	$ 34,759	$ —	$ 770,118
Percentage rent	5,051	(73)	3	—	4,981
Rent subject to tenants' sales thresholds	4,696	—	—	—	4,696
Property taxes and operating cost recoveries	363,162	(1,108)	11,858	—	373,912
	1,111,434	(4,347)	46,620	—	1,153,707
Lease cancellation fees	9,420	—	69	—	9,489
Rental revenue	1,120,854	(4,347)	46,689	—	1,163,196
PROPERTY OPERATING COSTS:					
Recoverable under tenant leases	375,797	(1,398)	14,284	—	388,683
Non-recoverable from tenants	16,224	(62)	462	—	16,624
	392,021	(1,460)	14,746	—	405,307
	728,833	(2,887)	31,943	—	757,889
Other income					
Share of net earnings in equity accounted joint ventures	31,870	—	(31,870)	—	—
Fees and other	17,871	—	21	—	17,892
Interest	13,970	6	(18)	—	13,958
	792,544	(2,881)	76	—	789,739
Other expenses					
Interest	234,336	(971)	9,849	—	243,214
Expense for early retirement of debentures	12,094	—	—	—	12,094
General and administrative	45,212	(46)	442	—	45,608
Leasing costs	7,768	—	—	—	7,768
Foreign exchange loss	170	—	—	—	170
Demolition costs	3,173	—	—	—	3,173
Aborted deal costs	1,272	—	—	—	1,272
Transaction costs	3,840	—	—	—	3,840
Earnings before fair value gains on investment property, net and income taxes	484,679	(1,864)	(10,215)	—	472,600
Fair value gain on investment property, net	228,409	(2,053)	10,215	—	236,571
Deferred income tax expense	(280)	—	—	—	(280)
Net earnings	$ 713,368	$ (3,917)	$ —	$ —	$ 709,451
Net earnings attributable to:					
Common and preferred unitholders	$ 709,451	$ —	$ —	$ —	$ 709,451
Non-controlling interests	3,917	(3,917)	—	—	—
	$ 713,368	$ (3,917)	$ —	$ —	$ 709,451
Net earnings per unit attributable to common unitholders – basic	$ 2.30				
Net earnings per unit attributable to common unitholders – diluted	$ 2.29				
Weighted average number of common units outstanding – basic (in thousands)	302,324				
Weighted average number of common units outstanding – diluted (in thousands)	303,260				

(i) Represents RioCan's proportionate share of the revenues and expenses of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(ii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes and leasing costs pursuant to IFRIC 21 and IAS 17, respectively. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

(iii) Represents the non-controlling interests' proportionate share of the revenues and expenses for those joint ventures that have been consolidated.

(iv) Represents RioCan's proportionate share of the revenues and expenses of its joint ventures that are accounted for using the equity method of accounting.

(v) Represents RioCan's proportionate share of the IFRIC 21 adjustments related to the Trust's joint ventures that are accounted for under the equity method.

Reconciliation of Balance Sheet to Balance Sheet at RioCan's Interest

The following tables provide a reconciliation from RioCan's IFRS financial statements to RioCan's financial statements utilizing its proportionate interest in all of its portfolio investments.

(millions of dollars) **As at December 31, 2014**	Consolidated (i)	RioCan's Share of Equity Accounted Investments and Joint Ventures (ii)	RioCan's Interest (iii)
ASSETS			
Investment properties	$ **14,040**	$ **81**	$ **14,121**
Investments in associates and joint ventures	**63**	**(63)**	**—**
Mortgages and loans receivable	**136**	**—**	**136**
Deferred tax assets	**9**	**—**	**9**
Receivables and other assets	**373**	**22**	**395**
Cash and equivalents	**56**	**3**	**59**
Total assets	$ **14,677**	$ **43**	$ **14,720**
LIABILITIES			
Mortgages payable and lines of credit	$ **4,587**	$ **39**	$ **4,626**
Debentures payable	**1,857**	**—**	**1,857**
Accounts payable and accrued liabilities	**365**	**4**	**369**
Total liabilities	$ **6,809**	$ **43**	$ **6,852**
EQUITY			
Preferred unitholders' equity	$ **265**	$ **—**	$ **265**
Common unitholders' equity	**7,603**	**—**	**7,603**
Total unitholders' equity	**7,868**	**—**	**7,868**
Non-controlling interests	**—**	**—**	**—**
Total equity	**7,868**	**—**	**7,868**
Total liabilities and equity	$ **14,677**	$ **43**	$ **14,720**

(i) Represents RioCan's consolidated balance sheet prepared in accordance with IFRS.

(ii) Represents RioCan's proportionate ownership interest in assets and liabilities of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(iii) Represents RioCan's consolidated balance sheet prepared in accordance with IFRS inclusive of its proportionate share of the assets and liabilities of its joint ventures that are accounted for using the equity method of accounting.

(millions of dollars) As at December 31, 2013		Consolidated (i)		Adjustments: Non-controlling interests (ii)		Adjustments: RioCan's Share of Equity Accounted Investments and Joint Ventures (iii)		RioCan's Interest (iv)
ASSETS								
Investment property	$	13,062	$	(11)	$	68	$	13,119
Investments in associates and joint ventures		36		—		(36)		—
Mortgages and loans receivable		248		—		—		248
Deferred tax assets		9		—		—		9
Receivables and other assets		136		—		1		137
Cash and equivalents		39		—		2		41
Total assets	$	13,530	$	(11)	$	35	$	13,554
LIABILITIES								
Mortgages payable and lines of credit	$	4,512	$	—	$	29	$	4,541
Debentures payable		1,447		—		—		1,447
Accounts payable and accrued liabilities		299		—		6		305
Total liabilities	$	6,258	$	—	$	35	$	6,293
EQUITY								
Preferred unitholders' equity	$	265	$	—	$	—	$	265
Common unitholder' equity		6,996		—		—		6,996
Total unitholders' equity		7,261		—		—		7,261
Non-controlling interests		11		(11)		—		—
Total equity		7,272		(11)		—		7,261
Total liabilities and equity	$	13,530	$	(11)	$	35	$	13,554

(i) Represents RioCan's consolidated balance sheet prepared in accordance with IFRS.

(ii) Represents the non-controlling interests' proportionate share of the assets and liabilities for those joint ventures that have been consolidated.

(iii) Represents RioCan's proportionate ownership interest in assets and liabilities of all of its portfolio investments. Effectively, this utilizes the accounting joint venture methodology (proportionate consolidation) in place prior to the implementation of IFRS 11 which requires equity accounting for joint ventures.

(iv) Represents RioCan's consolidated balance sheet prepared in accordance with IFRS inclusive of its proportionate share of the assets and liabilities of its joint ventures that are accounted for using the equity method of accounting.

Results of Operations – RioCan's Interest (i)

The components of RioCan's interest in net earnings attributable to common and preferred unitholders are as follows:

	Three months ended December 31,		Increase	Year ended December 31,		Increase
(thousands of dollars)	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Rental revenue	**$ 310,923**	$ 299,529		**$1,211,387**	$1,163,196	
Property operating costs	**101,288**	97,082		**428,619**	405,307	
	209,635	202,447	3.6%	**782,768**	757,889	3.3 %
Fees and other income	**5,688**	3,342		**21,514**	17,892	
Interest income	**860**	3,779		**7,554**	13,958	
	216,183	209,568	3.2%	**811,836**	789,739	2.8 %
Interest expense	**59,350**	60,477		**236,192**	243,214	
Expense for early retirement of debentures	**—**	—		**—**	12,094	
General and administrative	**18,388**	16,625		**52,760**	45,608	
Leasing costs	**3,593**	2,458		**10,941**	7,768	
Foreign exchange loss	**128**	65		**176**	170	
Demolition costs	**1,049**	850		**2,208**	3,173	
Aborted deal costs	**26**	551		**301**	1,272	
Transaction costs	**43**	(1,228)		**2,753**	3,840	
Earnings before fair value gains on investment property, net and income taxes	**133,606**	129,770	3.0%	**506,505**	472,600	7.2 %
Fair value gains on investment property, net	**37,912**	134,108		**156,803**	236,571	
Deferred income tax expense (recovery)	**(250)**	(870)		**50**	(280)	
Net earnings – RioCan's interest (i)	**$ 171,768**	$ 264,748	(35.1%)	**$ 663,258**	$ 709,451	(6.5)%

(i) See section "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Operating Funds from Operations (OFFO) & Adjusted Funds From Operations (AFFO)

The following tables provide an analysis of RioCan’s interest in Operating FFO, AFFO, and FFO for the three months and years ended December 31, 2014 and 2013.

Three months ended December 31,	2014				2013				
(thousands of dollars, except per Unit amounts and other data)	RioCan’s interest in operating FFO	Transaction gains (iv)	Development/ redevelopment activities (ii)	RioCan’s interest in FFO	RioCan’s interest in operating FFO	Transaction gains (iv)	Development/ redevelopment activities and other	RioCan’s interest in FFO	Operating FFO Increase (Decrease)
Rental revenue	**$ 310,923**	**$ —**	**$ —**	**$ 310,923**	$ 299,529	$ —	$ —	$ 299,529	3.8%
Property Operating Costs:									
Recoverable under tenant leases	**95,027**	**—**	**541**	**95,568**	92,759	—	313	93,072	2.4%
Non-recoverable from tenants	**5,720**	**—**	**—**	**5,720**	4,010	—	—	4,010	42.6%
Accrued property taxes under IFRIC 21 (v)	**7,873**	**—**	**—**	**7,873**	6,049	—	—	6,049	30.2%
Net Operating Income	**202,303**	**—**	**(541)**	**201,762**	196,711	—	(313)	196,398	2.8%
Other revenue	**6,619**	**(71)**	**—**	**6,548**	6,946	175	—	7,121	(4.7%)
	208,922	**(71)**	**(541)**	**208,310**	203,657	175	(313)	203,519	2.6%
Interest expense	**57,593**	**—**	**1,757**	**59,350**	59,198	—	1,279	60,477	(2.7%)
General and administrative	**18,388**	**—**	**—**	**18,388**	16,625	—	—	16,625	10.6%
Demolition costs	**—**	**—**	**1,049**	**1,049**	—	—	850	850	—%
Preferred unit distributions	**3,397**	**—**	**—**	**3,397**	3,397	—	—	3,397	—%
Aborted deal costs	**26**	**—**	**—**	**26**	551	—	—	551	(95.3%)
	79,404	**—**	**2,806**	**82,210**	79,771	—	2,129	81,900	(0.5%)
Operating FFO	**$ 129,518**				$ 123,886				4.5%
Other activities		**$ (71)**	**$ (3,347)**			$ 175	$ (2,442)		
FFO (i)				**$ 126,100**				$ 121,619	
Operating FFO per Unit	**$ 0.42**				$ 0.41				2.4%
FFO per Unit				**$ 0.40**				$ 0.40	
Adjustments to bring Operating FFO to AFFO (iii):									
Add back/(deduct):									
Deduction of rents recorded on a straight-line basis	**(3,608)**				(884)				
Non-cash unit based compensation expense	**672**				1,585				
Normalized capital expenditures:									
Leasing commissions and tenant improvements	**(6,250)**				(6,250)				
Capital expenditures recoverable from tenants	**(3,750)**				(2,750)				
Capital expenditures not recoverable from tenants	**(2,500)**				(2,250)				
AFFO	**$ 114,082**				$ 113,337				0.7%
AFFO per Unit	**$ 0.37**				$ 0.37				0.0%
Weighted average number of common Units outstanding (in thousands)	**312,002**				303,544				
Distribution Coverage Ratios:									
Cash distributions per Unit	**$ 0.3525**				$ 0.3525				
Distributions paid as a percentage of Operating FFO	**83.9%**				86.0%				
Distributions as a percentage of AFFO	**95.3%**				95.3%				
Distributions paid net of DRIP, per Unit	**$ 0.25**				$ 0.26				
Distributions net of DRIP as a percentage of AFFO	**67.6%**				70.3%				

(i) FFO is generally the same as IFRS net earnings other than excluding changes in the fair values of investment properties, deferred income taxes, acquisition transaction costs and deducting preferred unit distributions.

(ii) To calculate OFFO, the Trust adjusts for certain costs not capitalized during the development period for accounting purposes that, in management’s view, forms part of the cost of its development projects.

(iii) AFFO is calculated by adjusting Operating FFO for straight-line rent adjustments, non-cash compensation expenses, costs for capital expenditures and leasing costs for maintaining shopping centre infrastructure and current lease revenues. In addition, non-recurring costs that impact operating cash flow may be adjusted. FFO amounts related to transactions gains and losses and development/redevelopment are also excluded from AFFO.

(iv) Transaction gains, if any, are presented net of tax, where applicable.

(v) Effective January 1, 2014, the Trust changed its accounting policy for treatment of certain U.S. property taxes pursuant to IFRIC 21. Where applicable, prior period financial information has been restated for comparative reporting purposes. Adoption of IFRIC 21 did not result in an impact to net earnings because the Trust recorded an offsetting fair value adjustment in consideration of the fact that the fair value of a property is adjusted for prepaid property taxes between a buyer and seller on property transactions. The IFRIC 21 adjustment during the three months ended December 31, 2013 is a partial draw down of the positive fair value adjustment to investment property recognized on January 1, 2013. Consequently, the adjustment to calculate FFO and OFFO is an increase to property operating costs that reflects the actual timing of these cost recoveries from tenants. Please see "2014 Changes in Accounting Policy" for further details.

Year ended December 31,	2014				2013				
(thousands of dollars, except per Unit amounts and other data)	RioCan's interest in operating FFO	Transaction gains (iv)	Development/ redevelopment activities (ii)	RioCan's interest in FFO	RioCan's interest in operating FFO	Transaction gains (iv)	Development/ redevelopment activities and other	RioCan's interest in FFO	Operating FFO Increase (Decrease)
Rental revenue	**$1,211,387**	**$ —**	**$ —**	**$1,211,387**	$1,163,196	$ —	$ —	$1,163,196	4.1%
Property Operating Costs:									
Recoverable under tenant leases	**407,639**	**—**	**1,290**	**408,929**	387,776	—	907	388,683	5.1%
Non-recoverable from tenants	**19,690**	**—**	**—**	**19,690**	16,624	—	—	16,624	18.4%
Net Operating Income	**784,058**	**—**	**(1,290)**	**782,768**	758,796	—	(907)	757,889	3.3%
Other revenue	**28,977**	**91**	**—**	**29,068**	31,405	445	—	31,850	(7.7%)
	813,035	**91**	**(1,290)**	**811,836**	790,201	445	(907)	789,739	2.9%
Interest expense	**228,970**	**—**	**7,222**	**236,192**	237,349	—	5,865	243,214	(3.5%)
General and administrative	**52,760**	**—**	**—**	**52,760**	45,608	—	—	45,608	15.7%
Demolition costs	**—**	**—**	**2,208**	**2,208**	—	—	3,173	3,173	—%
Preferred unit distributions	**13,590**	**—**	**—**	**13,590**	13,589	—	—	13,589	—%
Aborted deal costs	**301**	**—**	**—**	**301**	1,272	—	—	1,272	(76.3%)
Expense for early retirement of debentures	**—**	**—**	**—**	**—**	—	12,094	—	12,094	—%
	295,621	**—**	**9,430**	**305,051**	297,818	12,094	9,038	318,950	(0.7%)
Operating FFO	**$ 517,414**				$ 492,383				5.1%
Other activities		**$ 91**	**$ (10,720)**			$ (11,649)	$ (9,945)		
FFO (i)				**$ 506,785**				$ 470,789	
Operating FFO per Unit	**$ 1.68**				$ 1.63				3.1%
FFO per Unit				**$ 1.65**				$ 1.56	
FFO, excluding expenses for early retirement of debentures								$ 482,883	
FFO per Unit, excluding expenses for early retirement of debentures								$ 1.60	
Adjustments to bring Operating FFO to AFFO (iii):									
Add back/(deduct):									
Deduction of rents recorded on a straight-line basis	**(9,309)**				(6,653)				
Non-cash unit based compensation expense	**5,451**				5,925				
Normalized capital expenditures:									
Leasing commissions and tenant improvements	**(25,000)**				(25,000)				
Capital expenditures recoverable from tenants	**(15,000)**				(11,000)				
Capital expenditures not recoverable from tenants	**(10,000)**				(9,000)				
AFFO	**$ 463,556**				$ 446,655				3.8%
AFFO per Unit	**$ 1.51**				$ 1.48				2.0%
Weighted average number of common Units outstanding (in thousands)	**307,910**				302,324				
Distribution Coverage Ratios:									
Cash distributions per Unit	**$ 1.4100**				$ 1.4100				
Distributions paid as a percentage of Operating FFO	**83.9%**				86.5%				
Distributions as a percentage of AFFO	**93.4%**				95.3%				
Distributions paid net of DRIP, per Unit	**$ 1.02**				$ 1.04				
Distributions net of DRIP as a percentage of AFFO	**67.5%**				70.3%				

(i) FFO is generally the same as IFRS net earnings other than excluding changes in the fair values of investment properties, deferred income taxes, acquisition transaction costs and deducting preferred unit distributions.

(ii) To calculate OFFO, the Trust adjusts for certain costs not capitalized during the development period for accounting purposes that, in management's view, forms part of the cost of its development projects.

(iii) AFFO is calculated by adjusting Operating FFO for straight-line rent adjustments, non-cash compensation expenses, costs for capital expenditures and leasing costs for maintaining shopping centre infrastructure and current lease revenues maintenance). In addition, non-recurring costs that impact operating cash flow may be adjusted. FFO amounts related to transactions gains and losses and development/redevelopment are also excluded from AFFO.

(iv) Transaction gains are presented net of tax, where applicable. Transaction gains mainly relate to current tax recoveries associated with RioCan's investments in WCNUF I and II.

A reconciliation of IFRS net earnings attributable to unitholders to FFO is as follows:

	Three months ended December 31,		Increase	Year ended December 31,		Increase
(thousands of dollars, except per Unit amounts)	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Net earnings attributable to unitholders	**$ 171,768**	$ 264,748	(35.1%)	**$ 663,258**	$ 709,451	(6.5%)
Add back/(Deduct):						
Fair value gains, net	**(33,654)**	(131,969)	(74.5%)	**(147,432)**	(228,409)	(35.5%)
Non-controlling interest relating to fair value gains	**—**	624	(100.0%)	**659**	2,053	(67.9%)
Fair value gains included in equity accounted investments and joint ventures	**(4,258)**	(2,763)	54.1%	**(10,030)**	(10,215)	(1.8%)
Deferred income tax expense (recovery)	**(250)**	(870)	(71.3%)	**50**	(280)	(117.9%)
Accrued property taxes under IFRIC 21 (i)	**(7,873)**	(6,049)	30.2%	**—**	—	nm
Leasing costs (i)	**3,593**	2,458	46.2%	**10,941**	7,768	40.8%
Transaction costs	**43**	(1,228)	(103.5%)	**2,753**	3,840	(28.3%)
Preferred unit distributions	**(3,397)**	(3,397)	—%	**(13,590)**	(13,589)	—%
Foreign exchange loss	**128**	65	96.9%	**176**	170	3.5%
FFO	**$ 126,100**	$ 121,619	3.7%	**$ 506,785**	$ 470,789	7.6%
FFO per Unit	**$ 0.40**	$ 0.40	0.0%	**$ 1.65**	1.56	5.8%
Weighted average number of common Units outstanding	**312,002**	303,544		**307,910**	302,324	

(i) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes and leasing costs pursuant to IFRIC 21 and IAS 17, respectively. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

Net Operating Income

NOI is a non-GAAP measure and is defined by RioCan as rental revenue from income properties less property operating costs. RioCan's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers.

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.

NOI at RioCan's interest for the three months and years ended December 31, 2014 and 2013 is as follows:

	Three months ended December 31,		Increase	Year ended December 31,		Increase
(thousands of dollars)	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Base rent	**$ 207,299**	$ 196,261	5.6%	**$ 799,802**	$ 770,118	3.9%
Percentage rent	**1,856**	1,508	23.1%	**5,810**	4,981	16.6%
Rents subject to tenants' sales thresholds	**1,041**	1,174	(11.3%)	**3,780**	4,696	(19.5%)
Property taxes and operating cost recoveries	**100,517**	96,295	4.4%	**397,083**	373,912	6.2%
	310,713	295,238	5.2%	**1,206,475**	1,153,707	4.6%
Lease cancellation fees	**210**	4,291	(95.1%)	**4,912**	9,489	(48.2%)
Rental revenue	**310,923**	299,529	3.8%	**1,211,387**	1,163,196	4.1%
Recoverable under tenant leases	**95,568**	93,072	2.7%	**408,929**	388,683	5.2%
Accrued property taxes under IFRIC 21 (ii)	**7,873**	6,049	30.2%	**—**	—	nm
Non-recoverable from tenant	**5,720**	4,010	42.6%	**19,690**	16,624	18.4%
Property operating costs	**109,161**	103,131	5.8%	**428,619**	405,307	5.8%
NOI – RioCan's interest (i)	**$ 201,762**	$ 196,398	2.7%	**$ 782,768**	$ 757,889	3.3%
NOI as a percentage of rental revenue (excluding the impact of lease cancellation fees)	**64.9%**	66.5%	(1.6%)	**64.9%**	65.7%	(0.8%)

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(ii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes pursuant to IFRIC 21. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

The amount of property taxes and operating costs that can be recovered from tenants is impacted by property vacancy and fixed cost recovery tenancies.

RioCan's interest in NOI on a portfolio basis is as follows:

For the three months ended December 31,	**2014**			2013		
(thousands of dollars)	Canadian Portfolio	U.S. Portfolio	RioCan's Interest	Canadian Portfolio	U.S. Portfolio	RioCan's Interest
REVENUE:						
Base rent	**$ 168,131**	**$ 39,168**	**$ 207,299**	$ 161,211	$ 35,050	$ 196,261
Percentage rent	**1,629**	**227**	**1,856**	1,382	126	1,508
Rent subject to tenants' sales thresholds	**1,041**	**—**	**1,041**	1,174	—	1,174
Property taxes and operating cost recoveries	**87,958**	**12,559**	**100,517**	86,924	9,371	96,295
	258,759	**51,954**	**310,713**	250,691	44,547	295,238
Lease cancellation fees	**184**	**26**	**210**	4,291	—	4,291
Rental revenue	**258,943**	**51,980**	**310,923**	254,982	44,547	299,529
PROPERTY OPERATING COSTS:						
Recoverable under tenant leases	**90,475**	**5,093**	**95,568**	88,945	4,127	93,072
Non-recoverable from tenants	**4,580**	**1,140**	**5,720**	2,869	1,141	4,010
Accrued property taxes under IFRIC 21 (ii)	**—**	**7,873**	**7,873**	—	6,049	6,049
Property operating costs	**95,055**	**14,106**	**109,161**	91,814	11,317	103,131
NOI – RioCan's interest (i)	**$ 163,888**	**$ 37,874**	**$ 201,762**	$ 163,168	$ 33,230	$ 196,398

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(ii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes pursuant to IFRIC 21. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

For the year ended December 31,	**2014**			2013		
(thousands of dollars)	Canadian Portfolio	U.S. Portfolio	RioCan's Interest	Canadian Portfolio	U.S. Portfolio	RioCan's Interest
REVENUE:						
Base rent	**$ 649,552**	**$ 150,250**	**$ 799,802**	$ 640,775	$ 129,343	$ 770,118
Percentage rent	**5,088**	**722**	**5,810**	4,493	488	4,981
Rent subject to tenants' sales thresholds	**3,780**	**—**	**3,780**	4,696	—	4,696
Property taxes and operating cost recoveries	**344,817**	**52,266**	**397,083**	338,005	35,907	373,912
	1,003,237	**203,238**	**1,206,475**	987,969	165,738	1,153,707
Lease cancellation fees	**4,912**	**—**	**4,912**	9,121	368	9,489
Rental revenue	**1,008,149**	**203,238**	**1,211,387**	997,090	166,106	1,163,196
PROPERTY OPERATING COSTS:						
Recoverable under tenant leases	**354,603**	**54,326**	**408,929**	347,762	40,921	388,683
Non-recoverable from tenants	**14,544**	**5,146**	**19,690**	13,168	3,456	16,624
Property operating costs	**369,147**	**59,472**	**428,619**	360,930	44,377	405,307
NOI – RioCan's interest (i)	**$ 639,002**	**$ 143,766**	**$ 782,768**	$ 636,160	$ 121,729	$ 757,889

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Canadian Portfolio

RioCan's interest in NOI on a proportionate basis of its Canadian portfolio for the quarter and year ended December 31, 2014 and 2013 is as follows:

	Three months ended December 31,			Year ended December 31,		
(thousands of dollars)	**2014**	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Base rent	**$ 168,131**	$ 161,211	4.3%	**$ 649,552**	$ 640,775	1.4%
Percentage rent	**1,629**	1,382	17.9%	**5,088**	4,493	13.2%
Rents subject to tenants' sales thresholds	**1,041**	1,174	(11.3%)	**3,780**	4,696	(19.5%)
Property taxes and operating cost recoveries	**87,958**	86,924	1.2%	**344,817**	338,005	2.0%
	258,759	250,691	3.2%	**1,003,237**	987,969	1.5%
Lease cancellation fees	**184**	4,291	(95.7%)	**4,912**	9,121	(46.1%)
Rental revenue	**258,943**	254,982	1.6%	**1,008,149**	997,090	1.1%
Recoverable under tenant leases	**90,475**	88,945	1.7%	**354,603**	347,762	2.0%
Non-recoverable from tenants	**4,580**	2,869	59.6%	**14,544**	13,168	10.4%
Property operating costs	**95,055**	91,814	3.5%	**369,147**	360,930	2.3%
NOI – RioCan's interest (i)	**$ 163,888**	$ 163,168	0.4%	**$ 639,002**	$ 636,160	0.4%
NOI as a percentage of rental revenue (excluding the impact of lease cancellation fees)	**63.3%**	65.1%	(1.8%)	**63.7%**	64.4%	(0.7%)

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Same store and same property NOI on a proportionate basis for the quarter and year ended December 31, 2014 and 2013 for RioCan's Canadian portfolio are as follows:

	Three months ended December 31,			Year ended December 31,		
(thousands of dollars)	**2014**	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Same Store:						
Number of properties	**265**	265		**265**	265	
Committed occupancy	**96.9%**	97.0%	(0.1%)	**96.9%**	97.0%	(0.1%)
Economic occupancy	**95.9%**	95.8%	0.1%	**95.9%**	95.8%	0.1%
Net Operating Income:						
Same store (i)	**$ 150,739**	$ 149,772	0.6%	**$ 587,595**	$ 575,979	2.0%
Redevelopment and intensification (vii)	**2,500**	2,813	(11.1%)	**8,826**	10,917	(19.2%)
Same properties (ii)	**153,239**	152,585	0.4%	**596,421**	586,896	1.6%
Acquisitions - IPP (iv)	**2,180**	—	nm	**14,567**	—	nm
Dispositions - IPP (v)	**—**	3,596	(100.0%)	**—**	25,153	(100.0%)
Greenfield development (vi)	**4,107**	1,957	109.9%	**12,131**	7,854	54.5%
NOI before adjustments	**159,526**	158,138	0.9%	**623,119**	619,903	0.5%
Lease cancellation fees, net	**187**	4,291	(95.6%)	**4,915**	9,121	(46.1%)
Straight line rent adjustment	**2,684**	731	267.2%	**6,907**	4,625	49.3%
Straight line lease write offs related to lease cancellations	**—**	(937)	(100.0%)	**$ (452)**	$ (1,263)	(64.2%)
NOI from properties under development (viii)	**1,491**	945	57.8%	**$ 4,513**	$ 3,774	19.6%
NOI - RioCan's interest (iii)	**$ 163,888**	$ 163,168	0.4%	**$ 639,002**	$ 636,160	0.4%

"nm" – not meaningful.

(i) See Same Store definition in "Presentation of Financial Information and Non-GAAP Measures" section.

(ii) See Same Property definition in "Presentation of Financial Information and Non-GAAP Measures" section.

(iii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(iv) Acquisitions – Includes NOI on a pro-rated basis for Income Producing Properties (IPP) acquired within the periods being compared.

(v) Dispositions – Includes NOI on a pro-rated basis for IPP disposed of in the periods being compared.

(vi) Greenfield Development – Includes NOI from Greenfield properties as each individual unit is 100% income producing for two comparable periods.

(vii) Redevelopment and Intensification – Includes NOI from IPP or specific units within a property being re-positioned or expanded.

(viii) NOI from properties under development – Includes NOI from properties acquired for re-development purposes.

The change in same store NOI is the result of contractual rent increases, lease renewals and net absorption of existing space in the portfolio, which is a product of vacancies and the resultant new leasing.

For the three months ended December 31, 2014, same store and same property NOI increased 0.6% and 0.4%, respectively, when compared to the same period in 2013, primarily due to the following:

- increased NOI as a result of new leasing of approximately $3.3 million;
- increased NOI as a result of renewals and rent steps of approximately $2.0 million;
- increased NOI as a result of re-leasing of space vacated due to bankruptcies and lease cancellations of $0.6 million;
- adjustments to prior period recoveries and tenant related recoverable expenses of $0.4 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $4.2 million;
- reduced NOI of $0.9 million from lease cancellations that have occurred in the last 12 months.

For the year ended December 31, 2014, same store and same property NOI increased 2.0% and 1.6%, respectively, when compared to the same period in 2013, primarily due to the following:

- increased NOI as a result of new leasing of approximately $13.9 million;
- increased NOI as a result of renewals and rent steps of approximately $8.8 million;
- increased NOI as a result of re-leasing of space vacated due to bankruptcies and lease cancellations of $3.3 million;
- adjustments to prior year recoveries and tenant related recoverable expenses of $1.3 million;
- a decrease in provision for bad debts and disputed tenant recoveries $1.4 million;
- an increase in percentage rent of $0.3 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $14.3 million; and
- reduced NOI of $3 million from lease cancellations that have occurred in the last 12 months.

For the year and the quarter ended December 31,2014, the straight line rent adjustment increased primarily due to a number of new developments taking possession during the third quarter, including Stockyards, Tanger Ottawa, Tanger Cookstown, Collingwood, Mississauga Plaza, Kennedy Commons and Niagara Falls Plaza.

For the year ended December 31, 2014, lease cancellation fees included Big Lots on seven locations, of which $0.5 million was written off for unamortized straight line rents. For the year ended December 31, 2013, lease cancellation fees included $3 million for Zellers at various locations and $5 million for Rona Colossus.

Same store and same property NOI on a proportionate basis for the Canadian portfolio on a consecutive quarter-over-quarter basis is as follows:

(thousands of dollars) Three months ended	**December 31, 2014**	September 30, 2014	Increase (decrease)
Same Store:			
Number of properties	**265**	265	
Committed occupancy	**96.9%**	96.9%	—%
Economic occupancy	**95.9%**	95.7%	0.2%
Same store (i)	**$ 153,234**	$ 151,820	0.9%
Redevelopment and intensification (vii)	**1,724**	1,457	18.3%
Same properties (ii)	**154,958**	153,277	1.1%
Acquisitions - IPP (iv)	**459**	—	nm
Greenfield development (v)	**4,109**	3,135	31.1%
NOI before adjustments	**159,526**	156,412	2.0%
Lease cancellation fees, net	**187**	1,395	(86.6%)
Straight line rent adjustment	**2,684**	2,018	33.0%
Straight line lease write offs related to lease cancellations	**—**	(99)	(100.0%)
NOI from properties under development (viii)	**1,491**	1,002	48.8%
NOI - RioCan's interest (iii)	**$ 163,888**	$ 160,728	2.0%

"nm" - not meaningful.

(i) See Same Store definition in "Presentation of Financial Information and Non-GAAP Measures" section.
(ii) See Same Property definition in "Presentation of Financial Information and Non-GAAP Measures" section.
(iii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.
(iv) Acquisitions - Includes NOI on a pro-rated basis for IPP acquired within the periods being compared.
(v) Greenfield Development - Includes NOI from Greenfield properties as each individual unit is 100% income producing for two comparable periods.
(vii) Redevelopment and Intensification - Includes NOI from IPP or specific Units within a property being re-positioned or expanded.
(viii) NOI from properties under development - Includes NOI from properties acquired for re-development purposes.

Same store and same property NOI increased sequentially by 0.9% and 1.1%, respectively, during the fourth quarter of 2014 as compared to the third quarter of 2014, primarily due to the following:

- increased NOI as a result of new leasing of approximately $1.1 million;

- increased NOI as a result of renewals and rent steps of $0.6 million;
- increased NOI as a result of re-leasing of space vacated due to bankruptcies and lease cancellations of $0.2 million;
- adjustments to prior year recoveries and tenant related recoverable expenses of $0.9 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $1.4 million; and
- reduced NOI of $0.1 million from lease cancellations that have occurred in the last three months.

For the three months ended December 31, 2014, lease cancellation fees relate primarily to the Active Sports at Silver City Gloucester. Third quarter 2014 lease cancellation fees relate primarily to The Source at two locations, Black's at three locations and Public Mobile at four locations.

U.S. Portfolio

RioCan's interest in NOI on a proportionate basis of its U.S. portfolio for the quarter and year ended December 31, 2014 and 2013 is as follows:

	Three months ended December 31,		Increase	Year ended December 31,		Increase
(thousands of dollars)	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Base rent	**$ 39,168**	$ 35,050	11.7%	**$ 150,250**	$ 129,343	16.2%
Percentage rent	**227**	126	80.2%	**722**	488	48.0%
Property taxes and operating cost recoveries	**12,559**	9,371	34.0%	**52,266**	35,907	45.6%
	51,954	44,547	16.6%	**203,238**	165,738	22.6%
Lease cancellation fees	**26**	—	nm	**—**	368	(100.0%)
Rental revenue	**51,980**	44,547	16.7%	**203,238**	166,106	22.4%
Recoverable from tenant leases	**5,093**	4,127	23.4%	**54,326**	40,921	32.8%
Non-recoverable from tenants	**1,140**	1,141	(0.1%)	**5,146**	3,456	48.9%
Accrued property taxes under IFRIC 21 (ii)	**7,873**	6,049	30.2%	**—**	—	nm
Property operating costs	**14,106**	11,317	24.6%	**59,472**	44,377	34.0%
NOI – RioCan's interest (i)	**$ 37,874**	$ 33,230	14.0%	**$ 143,766**	$ 121,729	18.1%
NOI as a percentage of rental revenue	**72.9%**	74.6%	(1.7%)	**70.7%**	73.4%	(2.7%)

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(ii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes pursuant to IFRIC 21. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

Same store and same property NOI on a proportionate basis for the quarter and year ended December 31, 2014 and 2013 for RioCan's U.S. portfolio are as follows (at RioCan's interest):

	Three months ended December 31,		Increase	Year ended December 31,		Increase
(thousands of dollars)	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Base rent – US$	**$ 33,021**	$ 32,165	2.7%	**$ 117,763**	$ 115,672	1.8%
Property tax and operating cost recoveries – US$	**11,002**	9,369	17.4%	**42,757**	34,183	25.1%
Other – US$	**340**	180	88.9%	**1,071**	873	22.7%
Rental revenue – US$	**44,363**	41,714	6.4%	**161,591**	150,728	7.2%
Property operating costs – US$	**12,147**	10,844	12.0%	**48,487**	40,955	18.4%
Same store and same properties (i)(ii) - US$	**32,216**	30,870	4.4%	**113,104**	109,773	3.0%
Acquisitions - IPP (iv)	**716**	—	nm	**14,835**	—	nm
Dispositions - IPP (v)	**—**	17	(100.0%)	**—**	5,016	(100.0%)
NOI before adjustments	**32,932**	30,887	6.6%	**127,939**	114,789	11.5%
Lease cancellation fee	**23**	—	nm	**1**	293	(99.7%)
Straight-lining of rents	**569**	1,038	(45.2%)	**2,345**	3,168	(26.0%)
NOI - US$	**33,524**	31,925	5.0%	**130,285**	118,250	10.2%
Foreign currency translation adjustment	**4,350**	1,305	233.3%	**13,481**	3,479	287.5%
NOI – RioCan's interest (iii)	**$ 37,874**	$ 33,230	14.0%	**$ 143,766**	$ 121,729	18.1%

"nm" – not meaningful.

(i) See Same Store definition in "Presentation of Financial Information and Non-GAAP Measures" section.

(ii) See Same Property definition in "Presentation of Financial Information and Non-GAAP Measures" section.

(iii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(iv) Acquisitions - Includes NOI on a pro-rated basis for IPP acquired within the periods being compared.

(v) Dispositions - Includes NOI on a pro-rated basis for IPP disposed of in the period being compared.

Same store and same property NOI increased 4.4% for the three months ended December 31, 2014, as compared to the same period in 2013, primarily due to:

- increased NOI as a result of new leasing of approximately $0.7 million;
- increased NOI as a result of renewals and rent steps of approximately $0.4 million;
- adjustments to prior year recoveries, tenant related recoverable expenses and operating efficiencies realized as a result of RioCan's internalization of RioCan's Texas portfolio of $0.5 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $0.4 million.

Same store and same property NOI increased 3.0% for the year ended December 31, 2014 as compared to the same period in 2013 primarily due to:

- increased NOI as a result of new leasing of approximately $2.5 million;
- increase as a result of renewal and rent steps of approximately $1.7 million;
- adjustments to prior year recoveries, tenant related recoverable expenses and operating efficiencies realized as a result of RioCan's internalization of its Texas portfolio of $0.7 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $1.5 million.

Same store and same property NOI on a proportionate basis for the U.S. portfolio on a consecutive quarter-over-quarter basis is as follows (at RioCan's interest):

(thousands of dollars) Three months ended	**December 31, 2014**	September 30, 2014	Increase (decrease)
Base rent – US$	**$ 33,567**	$ 33,285	0.8%
Property tax and operating cost recoveries – US$	**11,192**	11,448	(2.2%)
Other – US$	**343**	282	21.6%
Rental revenue – US$	**45,102**	45,015	0.2%
Property operating costs – US$	**12,344**	12,798	(3.5%)
Same store and same properties (i) (ii) – US$	**32,758**	32,217	1.7%
Acquisitions - IPP	**174**	—	nm
NOI before adjustments	**32,932**	32,217	2.2%
Lease cancellation fees	**23**	25	(8.0%)
Straight-lining of rents	**569**	589	(3.4%)
NOI - US$	**33,524**	32,831	2.1%
Foreign currency translation	**4,350**	2,999	45.0%
NOI – RioCan's interest (iii)	**$ 37,874**	$ 35,830	5.7%

"nm" – not meaningful.

(i) See Same Store definition in "Presentation of Financial Information and Non-GAAP measures" section.

(ii) See Same Property definition in "Presentation of Financial Information and Non-GAAP measures" section.

(iii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

(iv) Acquisitions - Includes NOI on a pro-rated basis for IPP acquired within the periods being compared.

(v) Dispositions - Includes NOI on a pro-rated basis for IPP disposed of in the period being compared.

Same store and same property NOI increased by 1.7% for the three months ended December 31, 2014 as compared to the third quarter of 2014 primarily due to:

- increased NOI as a result of new leasing of approximately $0.2 million;
- increased NOI as a result of renewals and rent steps of approximately $0.1 million;
- adjustments to prior year recoveries and tenant related recoverable expenses of $0.3 million; partially offset by:
- reduced NOI due to vacancy caused by normal course turnover of $0.1 million.

Other Revenue

Fees and Other Income

RioCan holds certain of its interests in various real estate investments through joint arrangements, investments accounted for by the equity method and certain available-for-sale investments. Generally, RioCan provides asset, property management, development and financing services for the Canadian co-ownerships and investments for which the Trust earns market-based fees.

For the three months ended December 31, 2014, fees and other income increased $2.3 million as compared to the same period in 2013 mainly due to higher investment income.

For the year ended December 31, 2014, fees and other income increased $3.6 million as compared to the same period in 2013 primarily due to an increase in investment income and financing fees on joint venture projects earned during 2014, partially offset by lower development fees generated on joint venture projects.

Interest Income

Interest income for the quarter and year ended December 31, 2014 was $0.9 million and $7.6 million, respectively, representing a decrease from the $3.8 million and $14.0 million in the respective comparative periods in 2013. The decrease in interest income is due primarily to the impact of the settlement of certain mezzanine loans during the first quarter of 2014 in connection with the acquisition of interests in three development projects.

Other Expenses

Interest

The components of interest expense, at RioCan's interest, are as follows:

(thousands of dollars)	Three months ended December 31, 2014	Three months ended December 31, 2013	Increase (decrease)	Year ended December 31, 2014	Year ended December 31, 2013	Increase (decrease)
Total interest expense	**$ 67,090**	$ 66,983	0.2%	**$ 268,592**	$ 264,477	1.6%
Capitalized to real estate and other investments	**(7,740)**	(6,506)	19.0%	**(32,400)**	(21,263)	52.4%
Net interest expense (i)	**$ 59,350**	$ 60,477	(1.9%)	**$ 236,192**	$ 243,214	(2.9%)
Percentage capitalized to real estate investments	**12%**	10%		**12%**	8%	

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

The increase in total interest expense for both the quarter and year ended December 31, 2014 compared to the same periods in 2013, resulted primarily from carrying higher debt levels in 2014, largely due to acquisition activity and development expenditures, partly offset by interest savings resulting from refinancing maturing mortgage debt at lower interest rates. As at December 31, 2014, the weighted average interest rate of RioCan's debt portfolio is 4.12%, a decrease of 18 basis points from the weighted average rate of 4.30% as at December 31, 2013.

Interest is capitalized to investment properties when they are considered to be in active development. The amounts capitalized increased as a result of higher development activity in both the quarter and year ended December 31, 2014 as compared to the same periods in 2013.

General and Administrative

The components of general and administrative, at RioCan's interest, are as follows:

(thousands of dollars)	Three months ended December 31, 2014	Three months ended December 31, 2013	Increase (decrease)	Year ended December 31, 2014	Year ended December 31, 2013	Increase (decrease)
Non-recoverable salaries and benefits	**$ 15,540**	$ 13,634	14.0%	**$ 37,383**	$ 32,621	14.6%
Directly capitalized to properties under development (i)	**(2,726)**	(2,146)	27.0%	**(7,826)**	(5,830)	34.2%
Leasing costs (ii)	**(2,710)**	(2,165)	25.2%	**(7,686)**	(6,192)	24.1%
	10,104	9,323	8.4%	**21,871**	20,599	6.2%
Information technology costs	**1,500**	495	203.0%	**3,865**	2,072	86.5%
Public company costs	**2,262**	2,141	5.7%	**6,377**	6,075	5.0%
Professional fees	**1,385**	639	116.7%	**5,325**	3,778	40.9%
Unit based compensation expense	**325**	1,270	(74.4%)	**4,064**	4,717	(13.8%)
Depreciation and amortization	**1,290**	424	204.2%	**4,375**	1,737	151.9%
Other general and administrative	**1,522**	2,333	(34.8%)	**6,883**	6,630	3.8%
General and administrative expense (iii)	**$ 18,388**	$ 16,625	10.6%	**$ 52,760**	$ 45,608	15.7%
General and administrative expense:						
As a percentage of rental revenue	**5.9%**	5.6%	0.3%	**4.4%**	3.9%	0.5%

(i) Amounts capitalized to properties under development are primarily comprised of salaries and benefits and other costs directly related to development activities at the properties.

(ii) Effective January 1, 2014, the Trust no longer capitalizes leasing costs pursuant to the adoption of IAS 17. As a result of this change in accounting policy, the Trust now records leasing costs on the consolidated statement of earnings. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

(iii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Q4 2014

During the fourth quarter 2014, general and administrative costs increased $1.8 million or 10.6% compared to the same period in 2013, due to the following: $0.8 million increase in net non-recoverable salaries and benefits, $1.0 million increase in information technology costs, $0.9 million increase in depreciation and amortization expense, $0.7 million increase in professional fees, partly offset by a $0.9 million decrease in unit based compensation expense and a $0.8 million decrease in other general and administrative expenses.

The increase was primarily due to the following:

- higher payroll costs due mainly to increased headcount associated with increased complexity of the Trust's operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of the Trust's recently implemented ERP system project;
- increased information technology costs related to higher consulting and maintenance expenses in support of the expanded system infrastructure as noted above;
- increased depreciation and amortization as a result of the new ERP system was phased into production during the first two quarters of 2014;
- higher consulting fees related to certain activities undertaken to optimize the Trust's U.S. legal entity and tax structure;
- unit based compensation recovery from forfeited stock options resulting from certain employee terminations and departures from the Trust during the fourth quarter of 2014; and
- higher recoveries of general administrative costs from tenants during the fourth quarter of 2014.

2014

During the year ended December 31, 2014, general and administrative costs increased $7.2 million or 15.7% compared to 2013, primarily due to the following, an increase of: net non-recoverable salaries and benefits expense of $1.3 million, information technology costs of $1.8 million, depreciation and amortization of $2.6 million and professional fees of $1.5 million.

During 2014, non-recoverable salaries and benefits increased $4.8 million or 14.6% as compared to 2013. The increase was primarily due to higher salaries and benefits of $2.0 million and $1.5 million, related to increased activities of the Trust's properties under development (planning and construction) and leasing operations. The remaining increase was mostly due to higher headcount associated with increased complexity of the Trust's operations and the inclusion of certain salary costs in 2014 that were previously capitalized over the development phase of the Trust's recently implemented ERP system project.

Information technology costs and depreciation and amortization increased by $1.8 million and $2.6 million, respectively, for the year ended December 31, 2014. During 2014, the Trust completed the majority of its development and implementation of a new ERP and financial reporting system. As noted above, the new system was phased into production during the first two quarters of 2014, resulting in higher depreciation and amortization costs. The increase in information technology costs is mainly due to higher consulting and maintenance expenses in support of the expanded system infrastructure.

Professional fees increased by $1.5 million compared to 2013 primarily due to higher legal fees incurred during 2014 related to the introduction of a new senior executive incentive compensation plan and consulting fees related to certain activities undertaken to optimize the Trust's U.S. legal entity and tax structure.

Leasing Costs

Leasing costs are mainly comprised of payroll related costs of the internal leasing department of the Trust, as well as related administration costs. As a result of the issued interpretation to IAS 17, these costs, which were previously capitalized to income properties, are expensed as incurred. Leasing costs for the year ended December 31, 2014 have increased to $10.9 million compared to $7.8 million in 2013, primarily due to the Trust's expansion of its U.S. operations as well as increases in costs related to the new sales system platform. Leasing costs incurred with external parties continue to be capitalized to the relevant property.

Transaction and Other Costs

The components of transaction and other costs, at RioCan's interest, are as follows:

	Three months ended December 31,		Increase	Year ended December 31,		Increase
Three months ended December 31,	**2014**	2013	(decrease)	**2014**	2013	(decrease)
Demolition costs	**$ 1,049**	$ 850	23.4%	**$ 2,208**	$ 3,173	(30.4%)
Aborted deal costs	**26**	551	(95.3%)	**301**	1,272	(76.3%)
Acquisitions and disposition costs (recoveries)	**43**	(1,228)	(103.5%)	**2,753**	3,840	(28.3%)
Foreign exchange loss	**128**	65	96.9%	**176**	170	3.5%
Transaction and other costs (i)	**$ 1,246**	$ 238	423.5%	**$ 5,438**	$ 8,455	(35.7%)

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Demolition costs decreased for the year ended December 31, 2014 compared to the same periods in 2013 due to increased 2013 redevelopment activities at Centre St. Martin, Galeries Laurentides and Dundas 427 Marketplace.

Aborted deal costs for the year ended December 31, 2014 primarily include deferred acquisition costs expensed as a result of RioCan and its partner, Tanger, no longer proceeding with plans to acquire the lands adjacent to Calaway Park near Calgary, AB.

Acquisition and disposition costs decreased for the year ended December 31, 2014 compared to the same period in 2013 due to higher legal fees and selling commissions related to the following 2013 property dispositions: RioCan Centre Thunderbay, Megacentre Lebourgneuf, RioCan Sainte Foy, Wheeler Park, St. Clair Beach Shopping Centre and Quartier Dix/30. Expenses recognized during the 2014 primarily relate to residual costs from transactions completed in prior periods. The three months ended December 31, 2013 also includes a $4 million realized foreign currency transaction gain related to the dissolution of two of RioCan's joint arrangements in the U.S.

ASSET PROFILE

As at December 31, 2014, RioCan had ownership interests in a portfolio of 340 shopping centres comprising 72.1 million square feet (RioCan's share being 50.0 million square feet), compared to 344 shopping centres comprised of 74.5 million square feet (RioCan's share being 49.5 million square feet) at December 31, 2013. In addition, RioCan had ownership interests in development projects at December 31, 2014 that will, upon completion, comprise approximately 7.0 million square feet, of which RioCan's ownership interest will be approximately 3.9 million square feet.

Investment Property

(millions of dollars)	**December 31, 2014**	December 31, 2013
Investment property (at RioCan's interest) is comprised of (i):		
Income properties	**$ 13,335**	$ 12,490
Properties under development	**706**	583
Properties held for resale	**80**	46
	$ 14,121	$ 13,119

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Change in the Fair Value of Investment Properties During 2014

Of the $1.0 billion increase in investment property (RioCan's interest) since December 31, 2013, the fair value gain for the year ended December 31, 2014 was $157 million, of which $150 million relates to income properties and $7 million relates to properties under development. During this period, the capitalization rates used to value the portfolio are estimated to have decreased by eight basis points.

The table below provides the fair value and weighted average capitalization rate split between Canada and U.S.:

(in millions, except percentages) As at	**December 31, 2014**		December 31, 2013	
	Weighted average Cap. rate*	Value	Weighted Average Cap. Rate*	Value
Canada	**5.77% $**	**11,634**	5.81% $	11,005
U.S.	**6.14%**	**2,487**	6.40%	2,114
Total	**5.83% $**	**14,121**	5.91% $	13,119

* presented at RioCan's interest, including its proportionate interest in joint ventures accounted for using the equity method.

During 2014, the weighted average capitalization rates in Canada and the U.S. decreased by four and twenty-six basis points, respectively, reflecting the status of each of these markets. In Canada, the rates decreased from 5.81% to 5.77% on a year-over-year basis, and in the U.S. the rate decreased from 6.40% to 6.14% on a year-over-year basis. The associated fair value gains in Canada and the U.S. were $33 million and $124 million, respectively (each at RioCan's interest).

The tables below provides details of the average capitalization rates (weighted based on stabilized NOI) and ranges for each retail class and market category, at RioCan's interest, as at December 31, 2014.

Canadian Portfolio

	Overall portfolio		Primary market		Secondary market	
Retail Class	Weighted average Cap. Rate*	Range	Weighted average Cap. Rate*	Range	Weighted average Cap. Rate*	Range
Enclosed Shopping Centre	**6.05%**	**5.00% - 9.00%**	**5.75%**	**5.00% - 7.54%**	**6.29%**	**5.25% - 9.00%**
Grocery Anchored Shopping Centre	**5.95%**	**5.10% - 9.50%**	**5.75%**	**5.10% - 7.00%**	**6.33%**	**5.50% - 9.50%**
Mixed Use	**5.77%**	**4.80% - 8.00%**	**5.56%**	**4.80% - 7.25%**	**7.12%**	**6.25% - 8.00%**
New Format Retail	**5.60%**	**5.00% - 7.50%**	**5.42%**	**5.00% - 6.75%**	**6.06%**	**5.25% - 7.50%**
Non-Grocery Anchored Centre	**6.45%**	**5.25% - 8.65%**	**6.02%**	**5.25% - 7.25%**	**7.01%**	**5.75% - 8.00%**
Urban Retail	**5.14%**	**4.60% - 5.57%**	**5.14%**	**4.60% - 5.52%**	**—**	**—**
	5.77%	**4.60% - 9.50%**	**5.53%**	**4.60% - 7.54%**	**6.27%**	**5.25% - 9.50%**

* at RioCan's interest.

U.S. Portfolio

	Overall portfolio		Northeast**		Texas	
Retail Class	Weighted average Cap. Rate*	Range	Weighted average Cap. Rate*	Range	Weighted average Cap. Rate*	Range
Grocery Anchored Shopping Centre	**6.06%**	**5.35% - 7.50%**	**6.06%**	**5.35% - 7.00%**	**6.04%**	**5.65% - 7.50%**
New Format Retail	**6.15%**	**5.30% - 7.25%**	**6.25%**	**5.50% - 7.25%**	**6.10%**	**5.30% - 6.75%**
Non-Grocery Anchored Centre	**7.30%**	**7.30% - 7.30%**	**7.30%**	**7.30% - 7.30%**	**—**	**—**
	6.14%	**5.30% - 7.50%**	**6.21%**	**5.35% - 7.30%**	**6.09%**	**5.30% - 7.50%**

* at RioCan's interest.

** Area includes Connecticut, Maryland, Massachusetts, New Jersey, New York, Rhode Island, Pennsylvania, West Virginia, Virginia and New Hampshire.

Income Properties

	Three months ended December 31,		Year ended December 31,	
(millions of dollars)	**2014**	2013	**2014**	2013
Consolidated balance, beginning of period	**$ 13,035**	$ 11,688	**$ 12,433**	$ 11,278
Acquisitions (i):				
Canada	**62**	72	**139**	601
U.S.	**—**	191	**42**	228
Changes in fair values of income properties	**38**	133	**140**	215
Capital expenditures	**12**	13	**28**	28
Dispositions	**—**	(336)	**(52)**	(709)
Tenant installation costs	**8**	8	**30**	33
Transfers from properties under development	**33**	31	**363**	123
Transfers to properties under development	**(35)**	(20)	**(75)**	(58)
Foreign currency translation gain	**85**	66	**192**	105
Other	**16**	1	**14**	3
Consolidated balance, end of period	**$ 13,254**	$ 12,433	**$ 13,254**	$ 12,433
Adjustment for RioCan's interest	**81**	57	**81**	57
Balance – RioCan's interest, end of period (ii)	**$ 13,335**	$ 12,490	**$ 13,335**	$ 12,490

(i) Comprised of the purchase price including closing costs and other acquisition related costs.

(ii) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

Acquisitions During 2014

During the three months ended December 31, 2014, RioCan completed acquisitions of interests in three income properties aggregating $62 million representing RioCan's share of the purchase price and comprised of approximately 194,000 additional square feet.

During the year ended December 31, 2014, RioCan completed acquisitions of interests in ten income properties aggregating $191 million representing RioCan's share of the purchase price and comprised of approximately 664,000 additional square feet.

Property name and location	Capitali-zation rate	RioCan's purchase price (i) (millions)	NLA at RioCan's interest (in thousands of sqft)	Weighted average in place rent	Asset class (ii)	Year built	% Leased	Weighted average remaining lease term (years) (iii)	Largest tenant(s) and NLA (thousands of sqft)	RioCan's ownership interest
Q4 2014: CANADA										
Mill Woods Professional Building, Edmonton, AB	6.1%	$ 5	18	$ 15.09	OFF	1988	84.3%	2.8	City of Edmonton (8)	40.34%
Meadow Ridge Plaza, Ajax, ON (remaining 80% interest)	5.6%	30	90	18.96	GA	2010	100%	10.5	Sobeys (50), Goodlife (24), Dollarama (9)	100%
Mayfield Common, Edmonton, AB (additional 20%)	5.8%	27	86	17.25	NFR	1995	99%	5.2	Winners (62), Save On Foods (54), JYSK (30)	50%
Canada – Q4 2014 Acquisitions	5.7%	62	194	17.81						
Total Q4 2014 Acquisitions	**5.7%**	**62**	**194**	**17.81**						
Q3 2014: CANADA										
Trinity Common Brampton, Brampton, ON (remaining 20%)	5.4%	43	132	18.34	NFR	1999	100%	4.3	Target (118), Cineplex/Galaxy Cinemas (84), Metro (55)	100%
Chapman Mills Pads, Ottawa, ON	5.3%	9	15	32.69	NFR	2005	100%	2.5	Wendy's, Tim Horton's, TD Bank, Scotiabank (20)	75%
Canada – Q3 2014 Acquisitions	5.3%	52	147	19.80						
Q3 2014: UNITED STATES										
Riverwalk Market, Flower Mound, TX	6.1%	32	82	19.59	GA	2014	91%	7.0	Market Street (55)	100%
US – Q3 2014 Acquisitions	6.1%	32	82	19.59						
Total Q3 2014 Acquisitions	**5.6%**	**84**	**229**	**19.73**						
Q2 2014: CANADA										
University Plaza, Hamilton, ON	6.8%	22	100	18.02	GA	1959/ 2006	99%	4.3	Dollarama (11), Shoppers (18)	100%
IGA (Centre Rene Robert), Ste. Thérèse, PQ (v)	9.8%	1	12	—	GA	N/A	N/A	N/A	N/A	100%
Canada – Q2 2014 Acquisitions	7.0%	23	112	18.02						
Total Q2 2014 Acquisitions	**7.0%**	**23**	**112**	**18.02**						
Q1 2014: CANADA										
White Shield Plaza, Toronto, ON (remaining 40%) (iv)	5.5%	12	65	10.11	GA	1950/ 1980	97%	2.2	Metro (18), Labels (10), Dollarama (9)	100%
Canada – Q1 2014 Acquisitions	5.5%	12	65	10.11						
Q1 2014: UNITED STATES										
Gander Mountain at Riverpark, Houston, TX	8.0%	10	64	12.00	NFR	2005	100%	6.1	Gander Mountain (64)	100%
US – Q1 2014 Acquisitions	8.0%	10	64	12.00						
Total Q1 2014 Acquisitions	**6.7%**	**22**	**129**	**11.05**						
Total 2014 Acquisitions:										
Canada	**5.8%**	**$ 149**	**518**	**$ 17.46**						
US	**6.6%**	**$ 42**	**146**	**$ 16.26**						
Total 2014 Acquisitions	**5.9%**	**$ 191**	**664**	**$ 17.19**						

(i) RioCan's purchase price includes closing costs and other acquisition related costs.

(ii) "GA" - Grocery Anchored centre; "NGA" - Non Grocery Anchored centre; "NFR" - New Format Retail centre; " MIX" - Mixed use retail centre; "OUT" - Outlet mall; "ENC" - Enclosed shopping mall; "URB" - Urban retail centre; "OFF" - Office building.

(iii) Weighted average based on gross rental revenue.

(iv) Represents the buyout of the non-controlling interest in White Shield (Canada), which is a fully consolidated income property.

(v) Upon acquisition, RioCan leased this parcel of land to a tenant that will build additional density to expand its current operations.

Further details around RioCan's current quarter income property acquisitions are as follows:

Canada

- On October 24, 2014, RioCan completed the acquisition of a 40.34% interest in the 47,000 square foot medical office building at Mill Woods Town Centre at a purchase price of approximately $5 million, representing a capitalization rate of 6.1%. In connection with the acquisition, RioCan assumed approximately $2 million in mortgage financing carrying interest at 4.40%, maturing in December 2015. RioCan owns a 40.34% interest in Mill Woods Town Centre, which is a 538,000 square foot single-level enclosed shopping centre located in Edmonton, Alberta, anchored by Target, Canadian Tire and Safeway. Partner Bayfield Realty Advisors holds the remaining interests in both the shopping centre and medical office building, and was the vendor of the 40.34% interest that RioCan acquired in the medical office building.
- On December 12, 2014, RioCan completed the acquisition of the remaining 80% interest in Meadow Ridge Plaza located in Ajax, Ontario, at a purchase price of $30 million, representing a capitalization rate of 5.6%. This acquisition, which brings RioCan's ownership interest in the property to 100%, was completed free and clear of financing. The centre is comprised of a 46,000 square foot Sobeys and single tenant pads occupied by McDonald's Restaurant, Bank of Nova Scotia and Beer Store as well as a multi-tenant strip. Future development plans are being contemplated, as the property is zoned to accommodate an additional 62,000 square feet of retail density.
- On December 12, 2014, RioCan completed the acquisition of an additional 20% interest in Mayfield Common located in Edmonton, Alberta, at a purchase price of approximately $27 million, representing a capitalization rate of 5.8%. This acquisition, which brings RioCan's ownership interest in the property to 50%, was completed free and clear of financing. Mayfield Common is a 430,000 square foot new format retail centre located at the Stoney Plain Road and Mayfield Road intersection, near the West Edmonton Mall. The centre is anchored by a 54,000 square foot Save-On-Foods and a 62,000 square foot Winners/HomeSense. Other national tenants include World Health, Value Village, Reitman's, Roots, The Shoe Company and Pro Hockey Life.

Income Property Acquisitions Completed Subsequent to December 31, 2014

Subsequent to year end, RioCan completed the acquisitions of 19 income properties in Canada aggregating $82 million, at a weighted average capitalization rate of 5.5%.

Canada

- On January 15, 2015, RioCan completed the acquisition of the remaining 50% interest in 845 Eglinton Avenue East at a purchase price of approximately $32 million, representing a capitalization rate of 5.5%. 845 Eglinton Avenue East is a 133,000 square foot non-grocery anchored shopping centre located in Toronto, Ontario. In connection with the acquisition, RioCan assumed $16 million in mortgage financing carrying interest at 3.34%, maturing in March 2017. As part of the transaction, the vendor is entitled to additional consideration of up to approximately $6 million if RioCan is successful in its efforts to rezone the property to permit a mixed use project.
- On January 15, 2015, RioCan completed the acquisition of a 100% interest in an 18 property portfolio at a purchase price of approximately $50 million, representing a capitalization rate of 5.5%. The properties, which are all single-tenant units occupied by the Bank of Montreal totalling 174,000 square feet, were acquired free and clear of financing. 11 of the properties are located in Ontario, six are located in British Columbia and one is located in Quebec.

Income Property Acquisitions Under Contract

Committed Acquisitions

As at the date of this report, RioCan does not have any income property acquisitions under firm contract.

Conditional Acquisitions

As at the date of this report, RioCan does not have any income property acquisitions under conditional contract.

Pipeline Acquisitions

RioCan is currently in negotiations, including with respect to potential joint venture arrangements, regarding various income property acquisitions in Canada that, if completed, would represent approximately $445 million of additional acquisitions at RioCan's interest. These transactions are in various stages of negotiations and while efforts will be made to complete these negotiations, no assurance can be given with respect to the completion of the arrangements or acquisitions.

Acquisitions During 2013

Location	Capitalization rate		RioCan's purchase price (i) (millions)	NLA (in sqft) at RioCan's interest (thousands of sqft)
Canada	5.8%	$	60	178
U.S.	6.7%		214	1,156
Total Q4 2013	6.5%	$	274	1,334
Canada	5.5%		40	116
U.S.	6.2%		56	293
Total Q3 2013	5.9%	$	96	409
Canada	5.2%		455	1,138
U.S.	5.6%		5	4
Total Q2 2013	5.2%	$	460	1,142
Canada	6.0%		16	126
U.S.	7.6%		3	25
Total Q1 2013	6.3%	$	19	151
2013 Acquisitions:				
Canada	5.3%	$	571	1,558
U.S.	6.6%		278	1,478
Total 2013 Acquisitions	5.7%	$	849	3,036

(i) Excludes closing costs and other acquisition related costs.

Dispositions During 2014

Canadian Disposition Activity

As a further means of raising and re-cycling capital, the Trust evaluates the sale of selected assets as part of a process of actively managing the portfolio and a means of increasing the portfolio weighting to the urban markets in Canada.

During the three months ended December 31, 2014, RioCan did not dispose of any assets.

During the year ended December 31, 2014, RioCan disposed of five properties aggregating $52.6 million, comprised of approximately 472,000 square feet.

Property name and location		RioCan's sales price (millions)		Debt associated with property (millions)	GLA disposed of at RioCan's interest (in thousands of sqft)	Asset class (i)	Ownership interest disposed of by RioCan
Q3 2014							
Southbank Centre (4.74 acres), Okotoks, Alberta	**$**	**2.1**	**$**	**—**	**—**	Land	50%
Chaleur Lands (31 acres), Bathurst, NB		**0.2**		**—**	**—**	Land	100%
Total Q3 2014 Dispositions	**$**	**2.3**	**$**	**—**	**—**		
Q1 2014							
Madawaska Centre, St. Basile, NB (ii)	**$**	**0.9**	**$**	**—**	**263**	ENC	100%
Mega Centre Beauport, Québec, PQ		**46.7**		**—**	**183**	NFR	100%
Canadian Tire at Millcroft Shopping Centre, Burlington, ON (iii)		**2.7**		**—**	**26**	NFR	50%
Total Q1 2014 Dispositions	**$**	**50.3**	**$**	**—**	**472**		
Total 2014 Dispositions	**$**	**52.6**	**$**	**—**	**472**		

(i) "GA" - Grocery Anchored Centre; "NGA" - Non Grocery Anchored Centre; "NFR" - New Format Retail; "ENC" - Enclosed shopping centre; "Land" - Excess density.

(ii) Madawaska Centre: Due to low occupancy, the property was sold primarily based on land value.

(iii) The sale of this store took place as Canadian Tire exercised an option in its lease to acquire its store.

Subsequent to December 31, 2014, RioCan completed the dispositions of five income properties located in Quebec (Carrefour Neufchatel, Quebec City; Carrefour Carnaval - St. Leonard, Montreal; Centre Carnaval, Drummondville; Centre Commercial Forest, Montreal and Place Kennedy, Levis) totalling $120 million, representing a weighted average capitalization rate of 6.8%. The Trust's mortgage obligation related to these properties was approximately $21 million, bearing interest at a weighted average contractual interest rate of 4.1%. The properties aggregated approximately 748,000 square feet of NLA.

Property Dispositions Under Contract and Being Marketed

Income property dispositions

As at the date of this report, RioCan does not have any income property dispositions under contract.

RioCan is in the process of marketing for sale income properties with an aggregate fair value as at December 31, 2014 calculated in accordance with IFRS of approximately $11 million, at RioCan's interest. These properties are free and clear of financing. RioCan is under no obligation to proceed with the proposed dispositions which, if completed, will be done to facilitate its objectives of paring its portfolio and focusing on major markets.

RioCan is also currently in negotiations, including with respect to potential joint venture arrangements, regarding various income property dispositions in Canada that, if completed, would represent dispositions of approximately $297 million, at RioCan's interest. These transactions are in negotiations and while efforts will be made to complete the negotiations, no assurance can be given with respect to the completion of these arrangements or dispositions.

Land dispositions

RioCan has dispositions of land parcels under conditional contracts where conditions have not yet been waived for total sales proceeds of approximately $18 million, at RioCan's interest. These land parcels are free and clear of financing.

RioCan is also in the process of marketing for sale land parcels with an aggregate fair value as at December 31, 2014 calculated in accordance with IFRS of approximately $41 million, at RioCan's interest. These land parcels are free and clear of financing. RioCan is under no obligation to proceed with the proposed dispositions which, if completed, will be done to facilitate its objective of paring its portfolio and focusing on major markets.

Other dispositions

RioCan and its partner, KingSett, have entered into an agreement with the developer, Embassy BOSA Inc., to sell up to $30 million in air rights (representing 600,000 square feet) above the CPA development site in Calgary's East Village, along with approximately $40 million in cost reimbursement for infrastructure works. Embassy BOSA Inc. has waived its due diligence conditions. The transaction remains subject to a number of both mutual and unilateral normal course development conditions. The intention is for two residential towers to be erected upon the planned retail podium. The transaction contemplates that Embassy BOSA Inc. be responsible, on a cost to complete basis, for all incremental costs associated with the residential component of the overall project.

Dispositions During 2013

Property name and location	Sales capitalization rate	RioCan's sales price (millions)	Debt associated with property (millions)	NLA disposed of at RioCan's interest (in thousands of sqft)
Q4 2013 Dispositions:				
Canada	5.5%	226	93	809
U.S.	6.8%	106	56	479
Total Q4 2013	5.9%	332	149	1,288
Total Q3 2013 (Canada only)	9.9%	16	—	311
Total Q2 2013 (Canada only)	6.0%	364	67	1,588
Total Q1 2013 (Canada only)	7.8%	10	—	76
Total 2013 Dispositions	6.1%	722	216	3,263

Included in the Q4 2013 dispositions in the table above are the dispositions related to the dissolution of the joint venture arrangement between RioCan with RPAI in the fourth quarter of 2013. Under the terms of the dissolution, RioCan conveyed its 80% interest in five properties with total NLA of 479,000 square feet (at RioCan's interest) to RPAI for a purchase price of US$103 million. RPAI assumed RioCan's portion of the mortgage financing of US$54 million.

Property Ownership by Geographic Area (square feet)

At December 31, 2014

Provincial and U.S.

(in thousands of sqft)	NLA at RioCan's Interest	NLA at Partners' Interest	Retailer Owned Anchors	Total Site NLA
Ontario Central	**18,266**	**3,879**	**3,263**	**25,408**
Ontario East	**5,431**	**1,203**	**1,257**	**7,891**
Ontario West	**2,270**	**81**	**565**	**2,916**
Total Ontario	**25,967**	**5,163**	**5,085**	**36,215**
Quebec	**5,605**	**872**	**707**	**7,184**
Alberta	**4,387**	**2,015**	**2,175**	**8,577**
British Columbia	**2,485**	**1,475**	**426**	**4,386**
New Brunswick	**570**	**141**	**95**	**806**
Saskatchewan	**267**	**—**	**—**	**267**
Newfoundland	**212**	**—**	**—**	**212**
Manitoba	**265**	**201**	**93**	**559**
Prince Edward Island	**166**	**166**	**—**	**332**
Nova Scotia	**69**	**69**	**—**	**138**
U.S.	**10,031**	**58**	**3,290**	**13,379**
Income Producing Properties	**50,024**	**10,160**	**11,871**	**72,055**
Properties Under Development	**3,896**	**2,734**	**391**	**7,021**
Total	**53,920**	**12,894**	**12,262**	**79,076**

Six Canadian High Growth Markets

(in thousands)	NLA at RioCan's Interest	NLA at Partners' Interest	Retailer Owned Anchors	Total Site NLA
Calgary, Alberta	**2,240**	**857**	**1,266**	**4,363**
Edmonton, Alberta	**1,419**	**1,126**	**758**	**3,303**
Montreal, Quebec	**3,455**	**694**	**150**	**4,299**
Ottawa, Ontario (i)	**3,569**	**932**	**1,012**	**5,513**
Toronto, Ontario (ii)	**13,907**	**3,067**	**2,225**	**19,199**
Vancouver, British Columbia (iii)	**1,334**	**1,053**	**373**	**2,760**
Income Producing Properties	**25,924**	**7,729**	**5,784**	**39,437**
Properties Under Development	**3,613**	**2,734**	**391**	**6,738**
Total	**29,537**	**10,463**	**6,175**	**46,175**

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

(ii) Area extends north to Newmarket, west to Burlington, ON and east to Ajax, ON.

(iii) Area extends east to Abbotsford, BC.

Portfolio Geographic Diversification

At December 31, 2014

	Area	Percentage of annualized rental revenue	Occupancy percentage	Percentage of area occupied by anchor and national tenants	Percentage of annualized rental revenue from anchor and national tenants
Ontario Central	**36.6%**	**42.4%**	**97.2%**	**85.5%**	**90.4%**
Ontario East	**10.9%**	**10.6%**	**96.8%**	**90.0%**	**86.9%**
Ontario West	**4.5%**	**4.0%**	**97.1%**	**91.2%**	**88.9%**
Total Ontario	**52.0%**	**57.0%**	**97.1%**	**87.0%**	**89.6%**
Quebec	**11.2%**	**9.1%**	**96.7%**	**81.4%**	**79.7%**
Alberta	**8.8%**	**9.9%**	**98.9%**	**85.3%**	**79.6%**
British Columbia	**5.0%**	**5.2%**	**96.7%**	**88.6%**	**83.5%**
New Brunswick	**1.1%**	**0.8%**	**83.1%**	**90.1%**	**88.6%**
Saskatchewan	**0.5%**	**0.3%**	**91.7%**	**93.2%**	**79.6%**
Newfoundland	**0.4%**	**0.3%**	**98.6%**	**91.2%**	**86.4%**
Manitoba	**0.5%**	**0.5%**	**91.8%**	**80.4%**	**74.1%**
Prince Edward Island	**0.3%**	**0.3%**	**99.4%**	**97.3%**	**93.8%**
Nova Scotia	**0.1%**	**0.1%**	**100.0%**	**97.0%**	**92.2%**
U.S.	**20.1%**	**16.5%**	**97.1%**	**89.6%**	**85.9%**
Total Portfolio	**100.0%**	**100.0%**	**97.0%**	**86.9%**	**86.5%**

Capital Expenditures on Income Properties

Capital expenditures

Capital expenditures refer to capital expenditures that are necessary to maintain the existing earnings capacity of the Trust's property portfolio and are dependent upon many factors, including, but not limited to the age and location of the income properties. As at December 31, 2014, the estimated weighted average age of the income property portfolio is 20.3 and 12.4 years for the Canadian and U.S. portfolios respectively (December 31, 2013 - 18.6 and 11.2 years for the Canadian and U.S. portfolios, respectively). Capital expenditures are considered in determining RioCan's calculation of AFFO, which influences amounts that are distributed to unitholders, primarily consist of leasing commissions, tenant improvements and certain recoverable and non-recoverable capital expenditures.

Leasing Commissions and Tenant Improvements

RioCan's portfolio requires ongoing investments of capital for tenant installation costs related to new and renewal tenant leases. Tenant installation costs consist of tenant improvements and other leasing costs, including compensation costs associated with RioCan's internal leasing professionals.

Investments of capital for tenant installation costs for RioCan's income properties are dependent upon many factors, including, but not limited to, the lease maturity profile, unforeseen tenant bankruptcies and the location of the income properties.

Recoverable and Non-recoverable Capital Expenditures

RioCan also invests capital on a continuous basis to physically maintain the income properties. Typical costs incurred are for 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. RioCan expenses or capitalizes these amounts to income properties, as appropriate.

As the majority of the portfolio is located in Canada and the northeastern U.S., the majority of such activities occur when weather conditions are favourable. As a result, these expenditures are not consistent throughout the year.

Expenditures for leasing commissions and tenant improvements and recoverable and non-recoverable capital expenditures included in consolidated income properties are as follows:

(millions of dollars)	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013	Estimated expenditures for 2015	Normalized expenditures
Leasing commissions and tenant improvements	**$ 5**	$ 6	**$ 29**	$ 28	$ 28	$ 24 - 30
Capital expenditures:						
Recoverable from tenants	**3**	8	**10**	19	15	13 - 16
Non-recoverable from tenants (i)	**9**	1	**17**	7	10	7 - 10
	17	15	**56**	54	53	44 - 56
Office capital investment (ii)	**1**	—	**4**	4		
	$ 18	$ 15	**$ 60**	$ 58		

(i) Includes enhancing capital expenditures of $3 million and $5 million for the three months and year ended December 31, 2014 ($2 million and $3 million for the three months and year ended December 31, 2013), respectively.

(ii) Includes certain expenditures related to one-time upgrades to mechanical and electrical components of the office component of the RioCan Yonge Eglinton Centre, and a portion of which is recoverable from the office tenants.

Enhancing capital expenditures

Capital spending for new property acquisitions, greenfield developments and the redevelopment of RioCan's existing properties to create and/or extract additional value are expected to improve the overall earnings capacity of the property portfolio. RioCan considers such amounts to be investing activities. As a result, RioCan 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 its unitholders. Enhancing capital expenditures are not included in the determination of RioCan's AFFO.

Joint Operations and Partnership Activities

Co-ownership activities represent real estate investments in which RioCan owns an undivided interest and where it has joint control with its partners.

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

Generally, the Trust is only liable for its proportionate share of the obligations of the co-ownerships 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. Co-ownership agreements will typically provide RioCan with an option to remedy any non-performance by a defaulting co-owner. These credit risks are mitigated as the Trust has recourse against the asset under its co-ownership agreements in the event of default by its co-owners, in which case the Trust's claim would be against both the underlying real estate investments and the co-owners that are in default. In addition to the matter noted above, RioCan has provided guarantees on debt totalling $309 million as at December 31, 2014 (December 31, 2013 - $282 million) on behalf of partners and co-owners.

RioCan's more significant joint operation relationships are as follows:

Allied

- Allied is a leading owner, manager and developer of urban office environments.
- The Partnership with RioCan is focused on acquisition and redevelopment of sites in urban areas of major Canadian cities that are well suited for mixed use intensification.
- Two Toronto development projects - College & Manning and King & Portland.

Allied/Diamond

- The Well joint venture formed with partners, Allied and Diamond, acquired 7.74 acres of land since December 2012 in downtown Toronto.
- RioCan and Allied have an undivided 40% interest and Diamond has an undivided 20% interest (RioCan's effective ownership is 43.9% as a result of its investment in Diamond's Whitecastle New Urban Fund II).
- Although the site is currently the home of the Globe and Mail newspaper, the tenant has announced plans to relocate to 351 King Street East, Toronto.
- The property will be redeveloped as a mixed-use development comprising in excess of three million square feet of retail, office and residential space.

CPPIB

- CPPIB is a professional investment management firm that invests the assets of the Canada Pension Plan.
- Five income producing properties.
- Major partner on East Hills, Calgary development project and sole partner on McCall Landing, Calgary and The Stockyards Toronto development project (recently completed).

Kimco

- Kimco is a publicly traded REIT that owns and operates North America's largest portfolio of neighbourhood and community shopping centres.
- Represents RioCan's largest joint venture partner.
- Primary focus is on ownership of income producing properties.
- 45 Canadian investment properties and one U.S. property, representing nearly 50% of the Trust's total JV properties.

KingSett

- KingSett is a private equity real estate business with investments focused on office, retail and industrial properties in the central and suburban business districts of Canada's major markets.
- Partnership with RioCan focused on acquisitions of greenfield development and prominent urban centres with intensification and/or redevelopment potential.
- Two income properties in the Greater Toronto Area - RioCan Yonge Sheppard Centre (intensification project) and Burlington Mall.
- Two Alberta development projects - Sage Hill and CPA Lands.

Tanger

- Tanger is a public REIT since 1993 and a leading developer and manager of outlet shopping centres in the U.S., each one known as a Tanger Outlet Center.
- Partnership with RioCan focused on acquisition, development and leasing of outlet shopping centres similar in concept and design to those within the existing Tanger U.S. portfolio, located in close proximity to larger urban markets and tourist areas across Canada.
- Four income properties in Ontario and Quebec - Cookstown Outlet Mall, Les Factoreries Tanger - Bromont, Tanger Outlets Ottawa and Les Factoreries Tanger - Saint-Sauveur.

Trinity

- Trinity, a private company, has played a prominent role in the development of new format regional retail centres across Canada.
- Partnership with RioCan focused on acquisition and development of greenfield projects.
- Nine income producing and development properties, located in Ontario and Alberta.

Selected Financial Information by Joint Operation - Proportionate Share

(millions of dollars)				For the three months ended December 31, 2014	For the year ended December 31, 2014
As at December 31, 2014	Number of Investment Properties (i)	Total Assets	Total Liabilities	NOI	NOI
Allied	**2**	**$ 41**	**$ 8**	**$ —**	**$ 1**
The Well Joint Venture (Allied/Diamond)	**1**	**99**	**40**	**—**	**1**
Bayfield Realty Advisors (Bayfield)	**5**	**115**	**37**	**2**	**7**
CMHC Pension Fund	**1**	**43**	**20**	**—**	**2**
CPPIB	**7**	**590**	**68**	**6**	**22**
First Gulf Corporation	**1**	**81**	**37**	**1**	**3**
Kimco (Incl. U.S.)	**46**	**1,299**	**413**	**19**	**74**
KingSett	**4**	**291**	**100**	**2**	**11**
Metropia and Bazis Inc.	**1**	**75**	**43**	**—**	**—**
Sun Life Financial (Sun Life)	**2**	**26**	**13**	**1**	**4**
Tanger	**4**	**184**	**24**	**3**	**6**
Trinity	**9**	**395**	**175**	**5**	**23**
Other	**11**	**174**	**61**	**3**	**12**
Total Joint Operations	**94**	**$ 3,413**	**$ 1,039**	**$ 42**	**$ 166**

(i) Includes properties under development.

RioCan's proportionately consolidated co-ownerships, partnerships and consolidated joint ventures are as follows:

Summary of Joint Arrangements

(thousands of square feet, except other data) As at December 31, 2014	RioCan's ownership interest	Number of income properties assets (i)	NLA of income properties assets at 100%	Number of PUD projects (i)	NLA upon completion of PUD projects at 100%
Proportionately consolidated joint operations					
Bayfield	**30%-40%**	**5**	**1,952**	**—**	**—**
CPPIB	**40%-50%**	**5**	**2,120**	**2**	**1,504**
Kimco	**15.5%-50%**	**45**	**9,258**	**—**	**—**
KingSett	**50%**	**2**	**1,237**	**2**	**705**
Sun Life	**40%-50%**	**2**	**749**	**—**	**—**
Tanger	**50%**	**3**	**414**	**1**	**353**
Trinity	**50%-81.25%**	**7**	**1,493**	**2**	**419**
Other (ii)	**30%-75%**	**12**	**1,814**	**4**	**2,738**
		81	**19,037**	**11**	**5,719**
Equity accounted joint ventures					
Other (iii)	**40%-80%**	**2**	**358**	**—**	**—**
		2	**358**	**—**	**—**
		83	**19,395**	**11**	**5,719**

(i) The number of properties under development (PUD) includes those properties with phased development where tenancies have already commenced operations, as per the "Development Pipeline Summary".

(ii) Includes joint operation with Allied and Diamond, Allied and various other partners.

(iii) Includes joint ventures with Kimco (Montgomery) and Marketvest Corporation/Dale-Vest Corporation.

Total Assets by Joint Arrangement

(millions of dollars) As at December 31, 2014	Income properties	PUD (iv)	Properties held for resale	Other (i)	Total	December 31, 2013
Proportionately consolidated joint operations						
Bayfield	**$ 112**	**$ 1**	**$ —**	**$ 2**	**$ 115**	$ 110
CPPIB	**489**	**93**	**—**	**8**	**590**	477
Kimco	**1,198**	**12**	**1**	**11**	**1,222**	1,195
KingSett	**207**	**64**	**19**	**1**	**291**	274
Sun Life	**25**	**—**	**—**	**1**	**26**	71
Tanger	**168**	**11**	**—**	**5**	**184**	113
Trinity	**322**	**47**	**19**	**7**	**395**	525
Other (ii)	**305**	**140**	**41**	**19**	**505**	432
Total assets of proportionately consolidated joint operations	**2,826**	**368**	**80**	**54**	**3,328**	3,197
Fully consolidated subsidiaries						
White Shield (Canada) (iii)	**—**	**—**	**—**	**—**	**—**	15
Total assets of fully consolidated joint ventures	**—**	**—**	**—**	**—**	**—**	15
Equity accounted joint ventures						
Kimco (Montgomery)	**73**	**—**	**—**	**4**	**77**	64
Marketvest Corporation/Dale-Vest Corporation	**8**	**—**	**—**	**—**	**8**	8
Total assets of equity accounted joint ventures	**81**	**—**	**—**	**4**	**85**	72
Total Joint Arrangements	**$ 2,907**	**$ 368**	**$ 80**	**$ 58**	**$ 3,413**	$ 3,284

(i) Primarily includes cash, rents receivable and other operating related expenditures receivable from tenants.

(ii) Includes joint operations with Allied, Allied and Diamond and various other partners.

(iii) During the quarter ended March 31, 2014, RioCan completed the acquisition of the remaining 40% interest in this income property, bringing RioCan's interest in the property to 100%.

(iv) The value of PUD includes active development projects as well as the value of excess density where development is currently non-active.

Total Liabilities by Joint Arrangement

(millions of dollars) As at	**December 31, 2014**	December 31, 2013
Proportionately consolidated joint operations		
Bayfield	**$ 37**	$ 36
CPPIB	**68**	87
Kimco	**385**	407
KingSett	**100**	127
Sun Life	**13**	13
Tanger	**24**	13
Trinity	**175**	204
Other (i)	**205**	181
Total liabilities of proportionately consolidated joint operations	**1,007**	1,068
Equity accounted joint ventures		
Kimco (Montgomery)	**29**	31
Marketvest Corporation/Dale-Vest Corporation	**4**	4
Total liabilities of equity accounted joint ventures	**33**	35
	$ 1,039	$ 1,103

(i) Includes joint operations with Allied, Allied and Diamond and various other joint venture partners.

NOI by Joint Arrangement

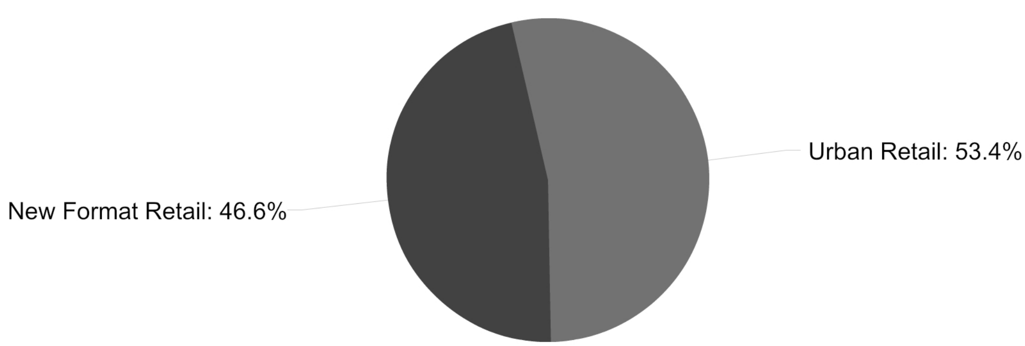
(millions of dollars) Year ended December 31,	**2014**	2013
Proportionately consolidated joint operations		
Bayfield	**$ 7**	$ 6
CPPIB	**22**	18
Devimco	**—**	10
Kimco	**70**	68
Kingsett	**11**	10
Sun Life	**4**	4
Tanger	**6**	4
Trinity	**23**	30
Other (ii)	**19**	17
Total NOI of proportionately consolidated joint operations	**162**	167
Fully consolidated subsidiaries		
Dunhill	**—**	10
Sterling	**—**	2
Trinity (White Shield)	**—**	1
Total NOI of fully consolidated joint ventures	**—**	13
Equity accounted joint ventures		
Kimco/Dunhill	**—**	2
Kimco (Montgomery)	**4**	4
Marketvest Corporation/Dale-Vest Corporation	**—**	—
RPAI	**—**	26
Total NOI of equity accounted joint ventures	**4**	32
	$ 166	$ 212

(i) Includes joint operations with Allied, Allied and Diamond and various other joint venture partners.

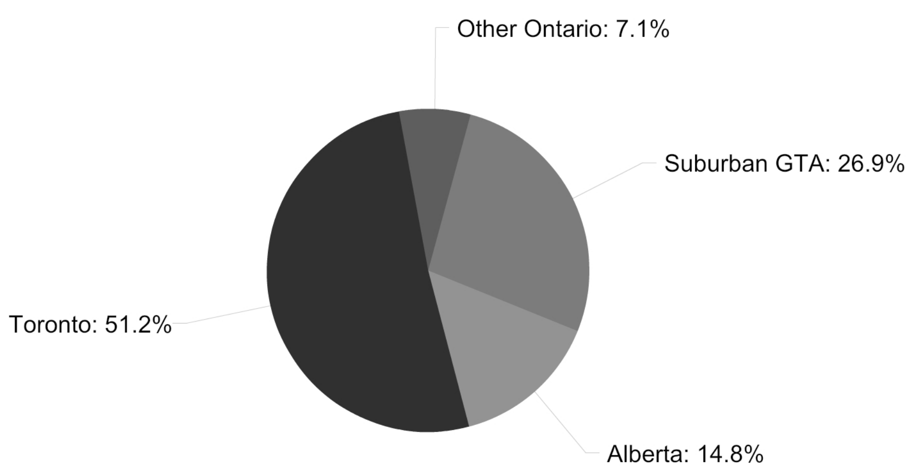
Properties Under Development

RioCan has a development program primarily focused on new format and urban retail centres. The provisions of the Trust's Declaration have the effect of limiting direct and indirect investments, net of related mortgage debt, in non-income producing properties to no more than 15% of the Adjusted Unitholders' Equity of the Trust. "Adjusted Unitholders' Equity" is a non-GAAP measure defined in RioCan's Declaration as the amount of unitholders' equity plus the amount of accumulated amortization of income properties recorded by the Trust, calculated in accordance with GAAP. As at December 31, 2014, RioCan's investments in non-income producing properties as a percentage of Adjusted Unitholders' Equity was 3.5% and, therefore, the Trust is in compliance with this restriction. RioCan undertakes such developments on its own, or on a co-ownership or partnership basis, with established developers to whom the Trust generally provides mezzanine financing. With some exceptions for land in the high growth markets, RioCan will generally not acquire or fund significant expenditures for undeveloped land unless it is zoned and an acceptable level of space has been pre-leased or pre-sold. An advantage of unenclosed, new format retail is that it lends itself to phased construction keyed to leasing levels, which avoids the creation of meaningful amounts of vacant space. In addition to RioCan's various development projects, the Trust also contributes to portfolio growth through the intensification and redevelopment of existing properties where RioCan has identified opportunities to increase density or add to an existing asset. This intensification and redevelopment of existing properties contributes to NOI growth in an efficient manner, leveraging the existing asset base, and can also lead to significant gains resulting from the sale of residential rights.

Development square feet by Property Type as at December 31, 2014



Development square feet by Geographic Area as at December 31, 2014



Development Properties Continuity

The change in the IFRS consolidated net carrying amount is as follows:

	Three months ended December 31,		Year ended December 31,	
(millions of dollars)	**2014**	2013	**2014**	2013
Consolidated balance, beginning of period	**$ 642**	$ 541	**$ 583**	$ 440
Acquisitions (i)	**9**	—	**172**	56
Development expenditures	**60**	48	**237**	141
Changes in fair values of properties under development	**(4)**	—	**7**	6
Completion of properties under development	**(33)**	(31)	**(363)**	(123)
Transfers from income properties	**35**	20	**75**	58
Dispositions	**—**	—	**(2)**	—
Other	**(3)**	5	**(3)**	5
Consolidated balance, end of period	**$ 706**	$ 583	**$ 706**	$ 583

(i) Comprised of the purchase price, including closing costs and other acquisition related costs.

Development Property Acquisitions

During the three months ended December 31, 2014, RioCan acquired interests in three development properties in Canada at an aggregate purchase price of $9 million, at RioCan's interest.

During the year ended December 31, 2014, RioCan acquired interests in 11 development properties in Canada at an aggregate purchase price of $172 million, at RioCan's interest.

Property name and location	RioCan's purchase price (i) (millions)	Expected NLA (in thousands of square feet) at RioCan's interest upon completion of redevelopment	Asset class to be redeveloped (ii)	Expected year of completion	Partners	RioCan's ownership interest
Acquisitions of development sites - Q1 2014						
Brentwood Village additional density, Calgary, AB	$ 3	20	NGA	2015	Kimco (50%)	50%
1860 Bayview Avenue, Toronto, ON	27	76	GA	2015	None	100%
Yonge & Eglinton land assembly: 31 Roehampton Ave, Toronto, ON	4	173	MIX	2017	Metropia(25%), Bazis (50%)	50%
The Stockyards, Toronto, ON (additional 25% from Trinity)	54	276	URB	2015	CPPIB (50%)	50%
McCall Landing, Calgary, AB (additional 25% from Trinity)	33	347	NFR	2017	CPPIB (50%)	50%
East Hills, Calgary, AB (additional 10% from Trinity)	19	302	NFR	2017	CPPIB (37.5%), Lansdowne(12.5%), Tristar (10%)	40%
Acquisitions of development sites - Q2 2014						
Bathurst & College land assembly, Toronto, ON (remaining 40% from Trinity)	11	145	URB	2017	None	100%
RioCan Centre Vaughan, Vaughan, ON	12	186	NFR	2016	Trinity (18.75%)	81.25% - 100%
Acquisitions of development sites - Q4 2014						
Yonge & Eglinton land assembly: TD Bank, Toronto, ON	6	173	MIX	2017	Metropia(25%), Bazis (50%)	50%
King & Portland joint venture: 499 Adelaide Street West, Toronto, ON	1	248	MIX	2018	Allied (50%)	50%
Burloak Additional Lands (4 acres), Oakville, ON	2	71	NFR	2017	CPPIB (50%)	50%
Total acquisitions of development sites	**$ 172**	**2,017**				

(i) Excludes closing costs and other acquisition related costs

(ii) "URB" - Urban Retail; "MIX - Mixed Use Centre; "NFR" - New Format Retail; "OUT" - Outlet Mall; "GA" - Grocery Anchored; "NGA" - Non-grocery anchored

Further details around RioCan's current quarter development property acquisitions are as follows:

Canada

- On November 3, 2014, RioCan completed the acquisition of a 50% interest in the site where TD Bank was formerly located at the northeast corner of Yonge Street and Eglinton Avenue in Toronto, Ontario, at a purchase price of $12 million ($6 million at RioCan's interest). The acquisition, which was completed free and clear of financing, forms part of the existing Northeast Yonge Eglinton land assembly, acquired in 2011 with Metropia and Bazis for the purpose of redeveloping into a mixed-use retail and residential property. RioCan and its partners obtained zoning approval and the redevelopment commenced in April 2014.
- On December 5, 2014, RioCan completed the acquisition of 499 Adelaide Street West located in Toronto, Ontario, at a purchase price of $0.6 million, at RioCan's interest. The asset was acquired free and clear of financing and will be fully redeveloped as part of the multi-parcel land assembly at the intersection of King Street West and Portland Street in Toronto, Ontario. This acquisition forms part of the King and Portland Joint Venture with Allied Properties Real Estate Investment Trust, with the intention to intensify the site by creating a mixed-use office, retail and residential complex.
- On December 10, 2014, RioCan completed the acquisition of a 50% interest in a 4-acre parcel of land adjacent to RioCan Centre Burloak located in Oakville, Ontario, at a purchase price of approximately $4 million ($2 million at RioCan's interest). The property was acquired free and clear of financing. Together with a contiguous residual 8.5 acre land parcel, the combined 12.5 acre land parcel will be re-designated and re-zoned in the second quarter of 2015 and an additional 141,000 square feet of retail space will be available for development on the site. RioCan Centre Burloak is a 553,000 new format retail centre situated on an 89-acre parcel of land anchored by Cineplex Theatre, Longo's Supermarket and a retailer-owned Home Depot. The entire site is owned on a 50%/50% joint venture basis with partner CPPIB.

Development Property Acquisitions Subsequent to Quarter End

On February 6, 2015, RioCan completed the acquisition of an 81.25% interest in a 5.8 acre land parcel at RioCan Centre Vaughan, located in Vaughan, Ontario, at a purchase price of $4 million ($3 million at RioCan's interest). Trinity acquired the remaining 18.75% interest and the property was acquired free and clear of financing. The land parcel acquired is adjacent to phase II of RioCan's existing shopping centre at RioCan Centre Vaughan.

Development Property Acquisitions Under Contract

As at the date of this report, RioCan does not have any development property acquisitions under contract.

Development Activity in 2014

During the year ended December 31, 2014, RioCan transferred from properties under development to income producing properties $363 million in costs pertaining to 1.0 million square feet of completed greenfield development or expansion and redevelopment projects.

A summary of RioCan's 2014 transfers to income properties from development projects is as follows:

		NLA (in thousands of square feet) at RioCan's Interest						
		2014						
Property location	RioCan's ownership interest	Total	Fourth quarter	Third quarter	Second quarter	First quarter	NLA at 100%	Tenants transferred to IPP
Brentwood Village, Calgary, AB	50%	12	—	—	—	12	24	University City retail
Centre St. Martin, Laval, QC	100%	34	—	—	—	34	34	Pharma Prix, Rossy
Collingwood Centre, Collingwood, ON*	100%	82	—	75	7	—	81	Sobeys Expansion, Winners, Sport Chek, Carter's, Dollarama, Bed Bath & Beyond
Yonge & Erskine, Toronto, ON*	50%	6	6	—	—	—	12	TD Bank
Galeries Laurentides, St.-Jerome, QC*	100%	26	—	—	26	—	26	Gold's Gym
Kennedy Commons, Toronto, ON	50%	43	—	43	—	—	85	Michaels, LA Fitness
Mississauga Plaza, Toronto, ON*	100%	50	—	50	—	—	50	LA Fitness
Niagara Falls Plaza, Toronto, ON*	100%	41	—	41	—	—	41	LA Fitness
Northumberland Square, Miramichi, NB*	100%	43	—	20	—	23	43	Giant Tiger, Winners
RioCan Fairgrounds, Orangeville, ON*	100%	28	—	—	28	—	28	Walmart Expansion
Tanger Outlets Cookstown, Cookstown, ON*	50%	78	—	78	—	—	156	Carter's, Guess, Toys R Us, Nike, American Eagle, Puma, Eddie Bauer, Multiple national tenants
Timmins Square, Timmins, ON*	30%	10	—	5	—	5	31	Ardene
Corbett Centre, Fredericton, NB	100%	26	—	26	—	—	26	HomeSense, Hallmark
East Hills, Calgary, AB	40%	52	—	—	52	—	130	Walmart
Grant Crossing, Ottawa, ON	60%	20	—	3	17	—	33	Dollarama, JYSK, Urban Barn
Herongate Mall, Ottawa, ON	75%	7	—	—	7	—	9	Shawarma Prince, Flashy Nails, Extreme Pita, Gabriels Pizza
RioCan Centre Belcourt, Orleans, ON*	60%	38	—	—	38	—	63	Dollar Tree, Toys R Us, H&R Block, Beyond the Batter
Southbank Centre, Okotoks, AB*	50%	26	—	—	14	12	53	Sport Chek, Ardene, Carters, Solo Liquor, GoodLife Fitness
Tanger Outlets Ottawa, Ottawa, ON	50%	159	—	159	—	—	318	Carter's, American Eagle, Eddie Bauer, Gap, Guess, Subway, Old Navy, Multiple national tenants
The Stockyards, Toronto, ON	50%	221	—	20	—	201	442	Old Navy, Winners, Linen Chest, Sport Chek, PetSmart, Michaels, Multiple national tenants
		1,002	6	520	189	287	1,685	

* Greenfield & Redevelopment projects completed in 2014.

A summary of RioCan's 2013 transfers to income properties from development projects is as follows:

		NLA (in thousands of square feet) at RioCan's Interest						
		2013						
Property location	RioCan's ownership interest	Total	Fourth quarter	Third quarter	Second quarter	First quarter	NLA at 100%	Tenants transferred to IPP
Centre St. Martin, Laval, QC	100%	70	25	45	—	—	70	Gold's Gym, Dollarama, L'Aubainerie
East Court Mall, Cornwall, ON	100%	91	—	91	—	—	91	No Frills, Ardene, Dollarama, Urban Planet
Five Points Shopping Centre, Oshawa, Ontario	100%	108	—	108	—	—	108	Target Retrofit and Expansion, Burger King
Galeries Laurentides, St.-Jerome, QC	100%	78	—	78	—	—	78	Maxi, Urban Planet
Place Carnaval, Laval, QC	100%	5	5	—	—	—	5	TD Bank
Queensway Cineplex, Toronto, ON	50%	6	6	—	—	—	12	Cineplex Expansion
RioCan Greenfield, Greenfield Park, QC	50%	3	—	3	—	—	5	National Bank
RioCan West Ridge, Orillia, ON	100%	65	—	—	—	65	65	Big Lots, Sears
South Hamilton Square, Hamilton, ON	100%	87	—	87	—	—	87	Target Retrofit and Expansion
Sudbury Place, Sudbury, ON	100%	110	110	—	—	—	110	Target Retrofit and Expansion
Timmins Square, Timmins, ON	30%	13	—	13	—	—	44	Urban Planet
Yonge Eglinton Centre, Toronto, ON	100%	2	2	—	—	—	2	Aroma Café relocation
Grant Crossing, Ottawa, ON	60%	5	5	—	—	—	8	Japanese Buffet, First Choice, Thai Express, Beyond the Batter, Running Room
Herongate Mall, Ottawa, ON	75%	47	—	—	—	47	63	Food Basics, Rexall Pharma Plus, Bank of Nova Scotia, Herongate Dental Clinic, Herongate Barbershop, Subway
Meadow Ridge Plaza, Ajax, ON	20%	7	—	—	7	—	34	GoodLife Fitness, Dollarama
Southbank Centre, Okotoks, AB	50%	2	—	—	—	2	5	Sleep Country Canada
The Stockyards, Toronto, ON	25%	49	11	37	—	—	192	Target Corporation, Royal Bank of Canada
		748	164	462	7	114	979	

Development Pipeline Summary

The fair market value of properties under development at December 31, 2014 is $706 million (December 31, 2013 - $583 million), which includes costs of $718 million (December 31, 2013 - $568 million) and a fair value reduction of $12 million (December 31, 2013 - increment of $15 million).

As at December 31, 2014, RioCan's greenfield development and urban intensification pipeline will, upon completion, comprise approximately 7.0 million square feet, which includes approximately 0.4 million square feet which is already income producing. RioCan's ownership interest will be approximately 3.9 million square feet.

The following tables represent the components of properties under development type and status as of:

As at December 31, 2014	Active Committed	Active Non-committed	Non-active	Total
Comprised of:				
Greenfield Development	$ **112**	$ **65**	$ **—**	$ **177**
Urban Intensification	**81**	**130**	**—**	**211**
Expansion and Redevelopment	**202**	**32**	**—**	**234**
Excess Density	**—**	**—**	**79**	**79**
Other (i)	**—**	**—**	**5**	**5**
	$ **395**	$ **227**	$ **84**	$ **706**

(i) including earnouts and other.

As at December 31, 2013	Active Committed	Active Non-committed	Non-active	Total
Comprised of:				
Greenfield Development	$ **218**	$ **73**	$ **—**	$ **291**
Urban Intensification	**28**	**100**	**—**	**128**
Expansion and Redevelopment	**86**	**30**	**—**	**116**
Excess Density	**—**	**—**	**41**	**41**
Other (i)	**—**	**—**	**7**	**7**
	$ **332**	$ **203**	$ **48**	$ **583**

(i) including earnouts and other.

Definitions

Greenfield Development - vacant land located in suburban markets.

Urban Intensification - development or redevelopment projects located in urban markets.

Expansion and Redevelopment - projects that will improve the property through demolition, renovation and/or the addition of density.

Excess Density - leasable area identified and available for future development if and when market demand exists.

Active Committed - a property where the pro forma budget has been approved, all major planning issues have been resolved, tenants have been secured and construction is about to start or has started.

Active Non-committed - a property where the development team is creating the pro forma budget, all planning issues are being resolved, the leasing team is in the process of securing tenants, but construction has not started.

Non-active - a property that has future development potential.

On an individual development basis, the majority of the projects are estimated to generate yields of approximately 6% to 10%. On an aggregate basis, RioCan expects these development projects to generate a weighted average NOI yield of 7% to 8%. Capital expenditures for active projects for 2015 are estimated to be approximately $151 million. During the year ended December 31, 2014, total costs incurred were approximately $237 million, excluding mezzanine loans advanced of approximately $26 million.

RioCan is committed to property development and redevelopment opportunities and is focused on completing the construction of the development pipeline underway, on time and on budget, and continuing to make progress on leasing. Commencement of construction for several of the development projects have been deferred until economic conditions warrant. Potential anchor tenants are currently more cautious in committing to new developments, which will impact the timing of several developments, as RioCan will not commence construction until it has secured the requisite leasing commitments and appropriate risk-adjusted returns.

RioCan's estimated development project square footage and development costs are subject to change, which changes may be material to the Trust, as assumptions regarding, among other items, anchor tenants, tenant rents, building sizes, project completion timelines, availability and cost of construction financing, and project costs, are updated periodically based on revised site plans, the cost tendering process and continuing tenant negotiations.

Development activity is expected to increase in the upcoming years due to demand from U.S.-based tenants entering the Canadian market and the demand from existing tenants, especially in urban locations. Due to the economic recession of the last few years, the level of development in general has been low across the country.

Estimated Spending Summary by Development Category – Active Projects

(millions of dollars)	2015	2016	2017+	FD (i)	Total
Greenfield Development	$ 32.6	$ 12.1	$ 5.0	$ 238.3	$ 288.0
Urban Intensification	36.2	7.8	18.5	772.6	835.1
Expansion & Redevelopment	82.4	162.3	19.7	—	264.4
Total Construction Expenditures	151.2	182.2	43.2	1,010.9	1,387.5
Mezzanine Funding Obligation	0.1	0.2	—	(1.9)	(1.6)
Total RioCan Funding Requirements	$ 151.3	$ 182.4	$ 43.2	$ 1,009.0	$ 1,385.9

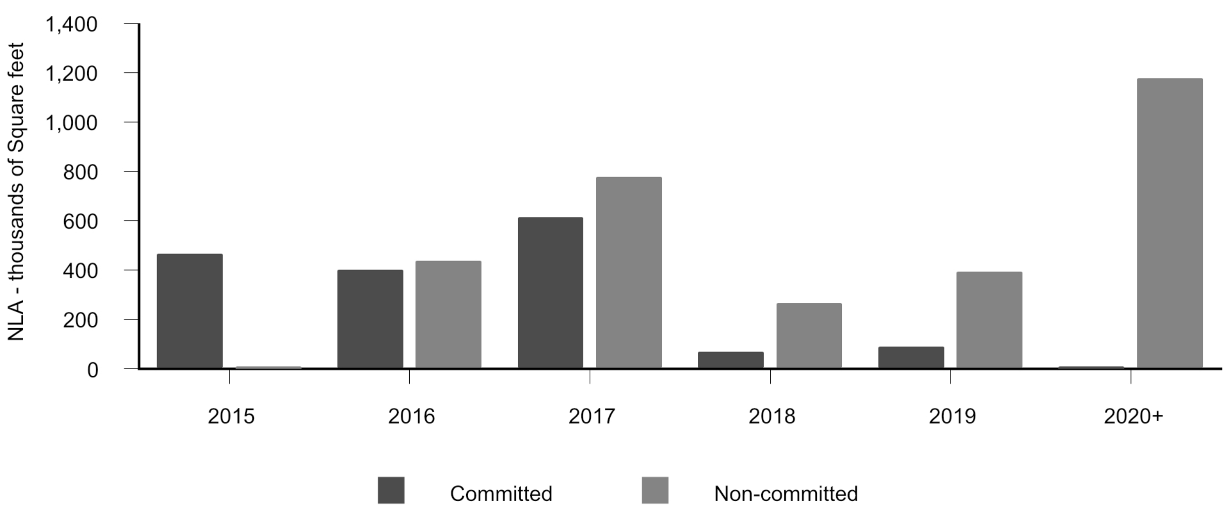
(i) Future Development - projected costs from 2017 to 2019+ to build NLA not leased.

The NLA of development pipeline expected to be completed by year, as at December 31, 2014 is as follows:

(thousands of square feet)	NLA - 100%	NLA - RioCan%	IPP(i)	2015	2016	2017	2018+
Greenfield Development	2,903	1,846	239	174	151	861	421
Urban Intensification	4,119	2,051	54	76	—	364	1,557
Sub-total	7,022	3,897	293	250	151	1,225	1,978
Expansion & Redevelopment	1,395	1,046	—	211	678	157	—
Total	8,417	4,943	293	461	829	1,382	1,978

(i) Phases of the development pipeline that are currently income producing (at RioCan's interest).

The development (including expansions and redevelopment projects) pipeline NLA expected to be completed by year, as at December 31, 2014 is as follows:



Subject to pre-leasing and market conditions

Greenfield Development

RioCan's current greenfield development pipeline consists of five properties that are expected to add approximately 2.9 million square feet (1.8 million square feet at RioCan's interest) of space upon completion over the next six years. 0.3 million square feet (0.2 million square feet at RioCan's interest) is already income producing. RioCan is committed to property development and redevelopment opportunities and is focused on completing its existing development pipeline. These developments will be an important component of RioCan's organic growth strategy over time. RioCan's development program is focused on well-located urban and suburban land in the six major market markets in Canada. RioCan's projected returns on development properties are higher than the returns that can be generated through properties that are purchased. Furthermore, population growth over time will lead to improved tenant sales and further increases in rent at these properties as tenants renew upon expiry of their original term. Development properties that have been completed by RioCan and its partners during the last fifteen years contribute significantly to RioCan's existing growth and these types of properties are rarely, if ever, available for sale.

Highlights of RioCan's greenfield development pipeline as at December 31, 2014, are as follows:

				Estimated square feet upon completion of the development project						Anticipated date of development completion	
(thousands of square feet)	RioCan's % ownership	Partners	Anchors	Total estimated development	Retailer owned anchors(i)	RioCan's interest	Partners' interests	Total leasing activity (ii)	% Leased	Current development	Potential future developments
<u>Greenfield Development Properties</u>											
East Hills, Calgary, AB *	40%	CPP / Lansdowne / Tristar	Walmart, Cineplex	916	160	302	454	276	37%	Q3 2015	2017
Flamborough Power Centre, Hamilton, ON *	100%	—	—	283	—	283	—	195	69%	Q1 2016	2016
Sage Hill, Calgary, AB *	50%	Kingsett	Walmart, Loblaws, London Drugs	394	—	197	197	294	75%	Q2 2016	2016
Greenfield Developments –Committed				*1,593*	*160*	*782*	*651*	*765*	*53%*		
RioCan Centre Vaughan, Vaughan, ON Ph 3 *	31.25%	Trinity / Strathallan	—	96	74	7	15	—	—%	—	2016
Windfield Farms, Oshawa, ON *	100%	—	—	1,214	157	1,057	—	—	—%	—	2017 (iii)
Greenfield Developments –Non-committed				*1,310*	*231*	*1,064*	*15*	—	—%		
Total Greenfield Developments				**2,903**	**391**	**1,846**	**666**	**765**	**30%**		

(i) Retailer owned anchors include both completed and contemplated sales.
(ii) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines.
(iii) The first phases are expected to be substantially complete by the date indicated.
* Property represents one of RioCan's 15 properties under development.

			Acquisition and development expenditures incurred to date					Estimated remaining construction expenditures to complete		
			RioCan's interest							
(thousands of dollars)	RioCan's % ownership	Estimated project cost (100%) (i)	Amount included in IPP	Amount included in PUD	Total	Partners' interest	Total	RioCan's interest	Partners' interest	Total
<u>*Greenfield Development Properties*</u>										
East Hills, Calgary, AB	40%	$ 313,426	$ 483	$ 68,728	$ 69,211	$ 88,310	$ 157,521	$ 62,362	$ 93,543	$155,905
Flamborough Power Centre, Hamilton, ON	100%	61,565	31,391	7,448	38,839	—	38,839	22,727	—	22,727
Sage Hill, Calgary, AB	50%	110,644	21	21,639	21,660	19,924	41,584	34,530	34,530	69,060
Fair value adjustments			—	14,447	14,447	—	14,447	—	—	—
Greenfield Developments – Committed		*485,635*	*31,895*	*112,262*	*144,157*	*108,234*	*252,391*	*119,619*	*128,073*	*247,692*
RioCan Centre Vaughan, Vaughan, ON Ph 3 (ii)	31.25%	10,395	—	7,649	7,649	11,081	18,730	(2,605)	(5,730)	(8,335)
Windfield Farms, Oshawa, ON	100%	223,476	—	52,595	52,595	—	52,595	170,881	—	170,881
Fair value adjustments			—	4,326	4,326	—	4,326	—	—	—
Greenfield Developments - Non-committed		*233,871*	—	*64,570*	*64,570*	*11,081*	*75,651*	*168,276*	*(5,730)*	*162,546*
Total Greenfield Developments		**$ 719,506**	**$ 31,895**	**$ 176,832**	**$208,727**	**$ 119,315**	**$ 328,042**	**$ 287,895**	**$ 122,343**	**$410,238**

(i) Proceeds from sale to shadow anchors reduce projected cost.
(ii) Credits reflects proceeds from a potential land parcel sale.

(thousands of dollars)	RioCan's % ownership	2015 RioCan's interest	2015 Mezzanine financing	2016 RioCan's interest	2016 Mezzanine financing	2017 & Thereafter RioCan's interest	2017 & Thereafter Mezzanine financing	Future Development RioCan's interest	Future Development Mezzanine financing	Total RioCan's interest	Total Mezzanine financing
		Estimated remaining development activity to be funded by RioCan									
Greenfield Development Properties											
East Hills, Calgary, AB	40%	$ 10,193	$ —	$ 1,973	$ —	$ 2,072	$ —	$ 48,124	$ —	$ 62,362	$ —
Flamborough Power Centre, Hamilton, ON	100%	—	$ —	—	$ —	—	—	22,727	$ —	22,727	$ —
Sage Hill, Calgary, AB	50%	19,533	$ —	7,137	$ —	—	—	7,861	$ —	34,531	$ —
Greenfield Developments – Committed		*29,726*	—	*9,110*	—	*2,072*	—	*78,712*	—	*119,620*	—
RioCan Centre Vaughan, Vaughan, ON Ph 3 (i)	31.25%	239	143	251	151	—	—	(3,095)	(1,857)	(2,605)	(1,563)
Windfield Farms, Oshawa, ON	100%	2,630	—	2,761	—	2,899	—	162,591	—	170,881	—
Greenfield Developments – Non-committed		*2,869*	*143*	*3,012*	*151*	*2,899*	—	*159,496*	*(1,857)*	*168,276*	*(1,563)*
Total Greenfield Developments		**$ 32,595**	**$ 143**	**$ 12,122**	**$ 151**	**$ 4,971**	**$ —**	**$ 238,208**	**$ (1,857)**	**$ 287,896**	**$ (1,563)**

(i) Credits reflects proceeds from a potential land parcel sale.

(thousands of dollars)	RioCan's % ownership	Funding Obligations – RioCan – RioCan's interest	RioCan on behalf of partners (Mezzanine loans)	Total RioCan funded	Partners	Total
Greenfield Development Properties						
East Hills, Calgary, AB	40%	$ 62,362	$ —	$ 62,362	$ 93,543	$ 155,905
Flamborough Power Centre, Hamilton, ON	100%	22,727	—	22,727	—	22,727
Sage Hill, Calgary, AB	50%	34,530	—	34,530	34,530	69,060
Greenfield Developments - Committed		119,619	—	119,619	128,073	247,692
RioCan Centre Vaughan, Vaughan, ON Ph 3	31.25%	—	—	—	—	—
Windfield Farms, Oshawa, ON	100%	170,881	—	170,881	—	170,881
Greenfield Developments - Non-Committed		170,881	—	170,881	—	170,881
Total Greenfield Developments		**$ 290,500**	**$ —**	**$ 290,500**	**$ 128,073**	**$ 418,573**

A summary of fourth quarter 2014 highlights from RioCan's Greenfield Development projects are as follows:

East Hills - Calgary, Alberta

Development continues at the site which is anchored by a 130,000 square foot Walmart that opened in March 2014. An additional 66,000 square feet of retail space is currently under construction and construction will be completed in the next six months. Tenants including CIBC, TD Bank and Sleep Country Canada are expected to commence operations in Q3 2015. RioCan has the sale of 15-acre parcel of land to a national retailer under conditional contract where conditions have not been waived.

Flamborough Power Centre - Flamborough, Ontario

This 25-acre site is currently being developed into a 267,000 square foot new format retail centre. An additional 80,000 square feet of retail space will be developed at the property, including a 8,000 square foot pad to be leased to Investors Group that will commence operations in first quarter of 2016.

Sage Hill - Calgary, Alberta

In the fourth quarter of 2014, RioCan completed site works (internal roads & services) related to the Walmart phase. During January 2015, the Walmart commenced operations at this site.

McCall Landing - Calgary, Alberta

McCall Landing, located at 36th Street NE and Country Hills Boulevard NE in Calgary, is a 109-acre site that is currently being marketed for sale. RioCan purchased Trinity's 25% interest in the property in the first quarter of 2014, increasing the Trust's ownership interest in the property to 50%. As the property is to be disposed of, the value of the property has been moved from the Greenfield Development to Excess Density.

Urban Intensification

A focus within RioCan's development growth strategy is urban development and intensification. RioCan's current urban development pipeline consists of eight properties that are expected to add approximately 4.1 million square feet (2.1 million square feet at RioCan's interest) of space upon completion over the next six years, excluding condominium units that will be sold. RioCan's urban development program currently is focused on properties located in densely populated areas in the urban cores of Toronto and Calgary.

Land use intensification opportunities arise from the fact that retail centres are generally built with lot coverages of approximately 25% of the underlying land. Therefore, particularly in urban markets, RioCan can seek to obtain additional density, retail or otherwise, on its existing property portfolio and, as the land is already owned, it may be able to achieve relatively higher returns on new construction as well as from the sale of non-retail use density. Population growth is significant in these areas and retailers want locations that are able to access this population. RioCan's urban development program will serve that demand and returns on these properties will contribute significantly to RioCan's growth strategy over time. As a result of the aforementioned population growth, cities are building infrastructure to serve this population that will benefit RioCan's urban development growth strategy.

Highlights of RioCan's urban intensification pipeline as at December 31, 2014, are as follows:

				Estimated square feet upon completion of the development project						Anticipated date of development completion	
(thousands of square feet)	RioCan's % ownership	Partner(s)	Anchors	Total estimated development	Retailer owned anchors (i)	RioCan's interest	Partners' interests	Total leasing activity (ii)	% Leased	Current development	Potential future developments
Urban Intensification Properties											
1860 Bayview Avenue, Toronto, ON *	100%	—	Whole Foods	76	—	76	—	68	89%	Q3 2015	2015
Bathurst Street & College Street, Toronto, ON *	100%	—	—	145	—	145	—	52	36%	—	2017
CPA Lands, Calgary, AB *	50%	Kingsett	Loblaws	174	—	87	87	102	59%	—	2019
NE Yonge Eglinton, Toronto, ON * (vi)	50%	Metropia / Bazis	—	438	—	219	219	18	4%	—	2017
Urban Intensification-Committed				*833*	—	*527*	*306*	*240*	*29%*		
College & Manning,Toronto, ON *	50%	Allied	—	114	—	57	57	59	52%	—	2018
Dupont Street, Toronto, ON *	100%	—	—	271	—	271	—	—	—%	—	2020
The Well, Toronto, ON * (iv)	40%	Allied / Diamond	—	2,548	—	1,019	1,529	—	—%	—	2019 (iii)
King & Portland, Toronto, ON *	50%	Allied	—	352	—	176	176	48	14%	—	2018
Urban Intensification - Non-committed				*3,285*	—	*1,523*	*1,762*	*107*	*3%*		
Total Urban Intensification				**4,118**	**—**	**2,050**	**2,068**	**347**	**8%**		

(i) Retailer owned anchors include both completed and contemplated sales.

(ii) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines.

(iii) The first phases are expected to be substantially complete by the dates indicated.

(iv) Includes amounts for offices, retail and residential apartments only (excludes residential condominiums).

* Property represents one of RioCan's 15 properties under development.

			Acquisition and development expenditures incurred to date					Estimated remaining construction expenditures to complete		
			RioCan's interest							
(thousands of dollars)	RioCan's % ownership	Estimated project cost (100%) (i)	Amount included in IPP	Amount included in PUD	Total	Partners' interest	Total	RioCan's interest	Partners' interest	Total
Urban Intensification Properties										
1860 Bayview Avenue, Toronto, ON	100%	$ 56,831	$ —	$ 28,044	$ 28,044	$ —	$ 28,044	$ 28,787	$ —	$ 28,787
Bathurst Street & College Street, Toronto, ON	100%	89,836	—	25,572	25,572	—	25,572	64,264	—	64,264
CPA Lands, Calgary, AB	50%	126,414	—	11,387	11,387	10,528	21,915	52,250	52,250	104,500
NE Yonge Eglinton, Toronto, ON	50%	207,375	126	20,306	20,432	20,416	40,848	83,256	83,256	166,512
Fair value adjustments			—	(4,549)	(4,549)	—	(4,549)	—	—	—
Urban Intensification – Committed		*480,456*	*126*	*80,760*	*80,886*	*30,944*	*111,830*	*228,557*	*135,506*	*364,063*
College & Manning,Toronto, ON	50%	52,420	8,539	4,506	13,045	11,879	24,924	13,748	13,748	27,496
Dupont Street, Toronto, ON	100%	98,450	—	14,953	14,953	—	14,953	83,497	—	83,497
The Well, Toronto, ON	40%	1,566,995	632	76,872	77,504	109,543	187,047	551,980	827,970	*1,379,950*
King & Portland, Toronto, ON	50%	128,419	10,349	14,380	24,729	22,752	47,481	40,469	40,469	80,938
Fair value adjustments			—	19,236	19,236	—	19,236	—	—	—
Urban Intensification - Non-committed		*1,846,284*	*19,520*	*129,947*	*149,467*	*144,174*	*293,641*	*689,694*	*882,187*	*1,571,881*
Total Urban Intensification		**$ 2,326,740**	**$ 19,646**	**$ 210,707**	**$ 230,353**	**$ 175,118**	**$ 405,471**	**$ 918,251**	**$1,017,693**	**$ 1,935,944**

(i) Proceeds from sale to shadow anchors reduce projected cost, and exclude potential condominium residential units.

(thousands of dollars)	RioCan's % ownership	Estimated remaining development activity to be funded by RioCan: 2015 RioCan's interest	2015 Mezzanine financing	2016 RioCan's interest	2016 Mezzanine financing	2017 & Thereafter RioCan's interest	2017 & Thereafter Mezzanine financing	Future Development RioCan's interest	Future Development Mezzanine financing	Total RioCan's interest	Total Mezzanine financing
<u>Urban Intensification Properties</u>											
1860 Bayview Avenue, Toronto, ON	100%	$ 28,787	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 28,787	$ —
Bathurst Street & College Street, Toronto, ON	100%	1,279	—	1,343	—	1,410	—	60,233	—	64,265	—
CPA Lands, Calgary, AB	50%	569	—	598	—	628	—	50,455	—	52,250	—
NE Yonge Eglinton, Toronto, ON (i)	50%	—	—	—	—	—	—	—	—	—	—
Urban Intensification – Committed		*30,635*	—	*1,941*	—	*2,038*	—	*110,688*	—	*145,302*	—
College & Manning,Toronto, ON	50%	225	—	237	—	497	—	12,790	—	13,749	—
Dupont Street, Toronto, ON	100%	748	—	785	—	1,649	—	80,316	—	83,498	—
The Well, Toronto, ON	40%	3,844	—	4,036	—	12,713	—	531,388	—	551,981	—
King & Portland, Toronto, ON	50%	719	—	755	—	1,585	—	37,410	—	40,469	—
Urban Intensification – Non-committed		*5,536*	—	*5,813*	—	*16,444*	—	*661,904*	—	*689,697*	—
Total Urban Intensification		**$ 36,171**	**$ —**	**$ 7,754**	**$ —**	**$ 18,482**	**$ —**	**$ 772,592**	**$ —**	**$ 834,999**	**$ —**

(i) Cost to complete to be financed by construction line.

(thousands of dollars)	RioCan's % ownership	Funding Obligations – RioCan: RioCan's interest	RioCan on behalf of partners (Mezzanine Loan)	Total RioCan funded	Partners	Total
<u>Urban Intensification Properties:</u>						
1860 Bayview Avenue, Toronto, ON	100%	$ 28,787	—	$ 28,787	$ —	$ 28,787
Bathurst Street & College Street, Toronto, ON	100%	64,264	—	64,264	—	$ 64,264
CPA Lands, Calgary, AB	50%	52,250	—	52,250	52,250	$ 104,500
NE Yonge Eglinton, Toronto, ON (i)	50%	—	—	—	—	$ —
Urban Intensification - Committed		*145,301*	—	*145,301*	*52,250*	*197,551*
College & Manning,Toronto, ON	50%	13,748	—	13,748	13,748	27,496
Dupont Street, Toronto, ON	100%	83,497	—	83,497	—	83,497
The Well, Toronto, ON	40%	551,980	—	551,980	827,970	1,379,950
King & Portland, Toronto, ON	50%	40,469	—	40,469	40,469	80,938
Urban Intensification - Non-committed		*689,694*	—	*689,694*	*882,187*	*1,571,881*
Total Urban Intensification		**$ 834,995**	**$ —**	**$ 834,995**	**$ 934,437**	**$ 1,769,432**

(i) Cost to complete to be financed by construction line.

A summary of RioCan’s significant urban intensification projects currently underway are as follows:

1860 Bayview Avenue - Toronto, Ontario

1860 Bayview Avenue is currently a development site located at the northwest corner of Bayview Avenue and Broadway Avenue in the Leaside area of Toronto. Once completed, the centre will consist of approximately 76,000 square feet of retail space and will be anchored by a 52,500 square foot Whole Foods grocery store. RioCan acquired a 100% interest in the site on a forward purchase basis in the first quarter of 2014. The project has received zoning approval and development is expected to be completed by mid 2015.

Bathurst Street and College Street - Toronto, Ontario

This 1.3 acre site is located just west of the downtown core in Toronto near Bathurst and College Street. The property will be developed into 145,000 square foot three storey urban retail building. On July 15, 2014, the Ontario Municipal Board (OMB) endorsed the settlement between the City and RioCan with respect to a 4-storey commercial building at 410-446 Bathurst Street, and approved a zoning amendment and site plan to implement the settlement. The OMB’s order in respect of the zoning appeal and site plan referral is conditional on implementing the City’s conditions of site plan approval. During 2014, RioCan acquired the remaining 40% interest from its partner, Trinity, for this development.

CPA Lands - Calgary, Alberta

This 2.8 acre site is located in the East Village area of downtown Calgary, Alberta. The site is one of downtown Calgary’s few remaining privately owned full city blocks. The site was acquired in the second quarter of 2013 on a 50/50 joint venture basis between RioCan and KingSett. The property will be developed as a mixed use project. The site has received zoning approval for the proposed development and RioCan has submitted for a development permit, which the Trust expects to receive in June 2015. Development of this site is anticipated to commence in 2016.

Yonge Street & Eglinton Avenue East - Toronto, Ontario

Construction on this site began in April 2014. The demolition of the TD Bank branch took place in Q4 2014 and remaining residential apartment building is scheduled for Q1 2015. It is anticipated that the project will contain a 58 floor condominium tower and a 36 floor residential rental tower as well as 54,000 square feet of retail and commercial space featuring a flagship TD Bank branch. The rental tower will have 465 units and the condominium will have 621 units, of which 606 have been pre-sold as of December 31, 2014. The project is expected to be completed by Q4 2017. The site is zoned for the proposed development. The demolition permit for the remaining residential apartment building has been applied for and will be released upon the remaining tenants vacating the premises in February 2015.

During 2014, the Trust arranged and secured a $318 million in construction financing ($159 million at RioCan's interest) related to this development property.

College Street and Manning Avenue - Toronto, Ontario

This site is comprised of 551-555 College Street, formerly owned exclusively by Allied and 547 and 549 College Street, formerly owned exclusively by RioCan. Given the strategic downtown location of each respective property, Allied and RioCan have formed a 50-50 joint venture partnership to create one 114,000 square foot site (including approximately 52,000 square feet that is currently income producing) with 185 feet of frontage on College Street. The joint venture has plans to intensify the site by creating a mixed-use office, retail and residential complex. This site was successfully re-zoned for the proposed development during July 2014.

Dupont Street - Toronto, Ontario

This 1.4 acre site, located on Dupont Street near Christie Avenue, is north-west of the downtown core of Toronto. The site is expected to be developed into 271,000 square foot eight storey mixed use urban retail and residential building. RioCan has a 100% ownership interest in the site. A rezoning application was submitted during July 2014. RioCan expects to have zoning approvals in place by mid 2016.

The Well - Toronto, Ontario

This 7.74 acre site is currently the home of The Globe & Mail newspaper and is located on part of a large city block bounded by Spadina Avenue, Front Street, Draper Street and Wellington Street. The site is in close proximity to Toronto's downtown office corridor and adjacent to a large and growing residential population. The property will be redeveloped as a mixed-use development that will include approximately 1,608,000 square feet of retail and office space, 940,000 square feet of residential rental units and 466,000 square feet of condominium space that will become a landmark destination to live, work and shop in Toronto. The ownership structure of the property is RioCan 40%, Allied 40% and Diamond 20%. A rezoning application was filed during February 2014 and the Trust expects to have zoning approvals in place by the third quarter of 2015.

King Street & Portland Street - Toronto, Ontario

This site is comprised of 602-606 & 620 King Street West, formerly owned exclusively by Allied Properties REIT, and adjacent properties extending from King Street West through to Adelaide Street West that Allied and RioCan acquired jointly. Given the site's premier location in the heart of the affluent King West neighbourhood, Allied and RioCan have formed a 50/50 joint venture partnership to create one property, with frontage on King Street West, Portland Street and Adelaide Street West. Upon completion, the site will obtain a mixed use office, retail and residential complex with approximately 352,000 square feet of gross floor area. A rezoning application was filed in August 2013. RioCan expects to have zoning approvals in place by May 2015.

Expansion & Redevelopment

RioCan's expansion and redevelopment project costs for the remainder of 2015 are currently expected to be approximately $82 million. As at December 31, 2014, RioCan's expansion and redevelopment pipeline will, upon completion, comprise approximately 1.4 million square feet, of which RioCan's ownership interest will be approximately 1.0 million square feet. RioCan's expansion and redevelopment projects exclude condominium units that will be sold.

Highlights of RioCan's expansion and redevelopment projects are as follows:

(thousands of square feet, millions of dollars) As at December 31, 2014	RioCan's % ownership	Tenant(s)	Project NLA	Estimated project cost: RioCan's interest	Estimated project cost: Partners' interest	Estimated project cost: Total	Historical costs(i)	Development expenditures to date at RioCan's interest	Sub-total Costs Incurred to date	Estimated remaining development activity at RioCan's interest: 2015	2016	2017+
491 College Street, Toronto, ON	50%	LCBO	30	$ 5.1	$ 5.1	$ 10.2	$ 4.0	$ 0.3	$ 4.3	$ 0.3	$ 0.3	$ 4.2
Brentwood Village, Calgary, AB	50%	Retail Podium	40	2.9	2.9	5.8	7.0	1.4	8.4	1.2	0.3	—
Centre St. Martin, Laval, Québec	100%	Giant Tiger	40	4.3	—	4.3	2.4	2.5	4.9	1.7	—	—
Corbett Centre, Fredericton, NB	100%	Sleep Country Canada	32	7.6	—	7.6	—	3.2	3.2	1.2	3.2	—
Eglinton Avenue & Warden Avenue, Toronto, ON	100%	Dentist, Mucho Burrito, Popeyes	15	4.0	—	4.0	4.4	0.6	5.0	3.2	0.2	—
Grant Crossing, Ottawa, ON	60%	TBD	41	6.4	4.3	10.7	0.4	0.9	1.3	0.1	5.4	—
Herongate Mall, Ottawa, ON	75%	Dollarama, Petsmart	67	8.9	3.0	11.9	5.8	6.8	12.6	2.1	—	—
Kennedy Commons, Toronto, ON	50%	Sleep Country, Sunset Grill	21	1.6	1.6	3.2	1.8	0.3	2.1	1.4	—	—
Mill Woods Town Centre, Edmonton, AB	40.34%	LensCrafters, Cellicon	10	0.4	0.5	0.9	1.1	0.2	1.3	0.2	—	—
RioCan Colossus Centre, Vaughan, ON	100%	TBD	116	29.1	—	29.1	17.4	4.9	22.3	10.8	8.4	5.0
RioCan Hall, Toronto , ON	100%	Michael's	32	2.8	—	2.8	14.6	0.6	15.2	2.3	—	—
Shoppers City East, Ottawa, ON *	62.8%	Shoppers Drug Mart, Beer Store	34	5.2	3.1	8.3	18.5	2.4	20.9	0.6	2.2	—
Tanger Outlets - Kanata, Kanata, ON	50%	Saks Off 5th	79	13.3	13.3	26.6	5.8	3.1	8.9	0.8	9.4	—
The Stockyards, Toronto, ON	50%	TBD	20	1.7	1.7	3.4	6.7	0.7	7.4	0.6	0.4	—
West Ridge Place	100%	Petsmart, Fit for Less	23	0.9	—	0.9	2.9	0.3	3.2	0.6	—	—
Yonge & Eglinton Centre, Toronto, ON	100%	Winners, Joe Fresh, Cineplex Expansion	45	86.2	—	86.2	8.6	64.7	73.3	21.5	—	—
Yonge Sheppard Centre, Toronto, Ontario	50%	Longos, LA Fitness, Mall Renovation (ii)	104	79.1	79.1	158.2	7.6	2.0	9.6	33.3	37.2	6.6
Fair Value Adjustments			—	—	—	—	(1.3)	—	(1.3)	—	—	—
Total Committed Expansion and Redevelopment properties			*749*	*259.5*	*114.6*	*374.1*	*107.7*	*94.9*	*202.6*	*81.9*	*67.0*	*15.8*
Brookside Mall, Fredericton, NB	50%	TBD	70	2.1	2.1	4.2	0.3	1.0	1.3	—	1.1	—
Les Factoreries Tanger - Bromont, Bromont, Quebec	50%	TBD	70	8.9	8.9	17.8	1.3	0.1	1.4	—	8.8	—
Les Factoreries Tanger - Saint-Sauveur, Saint Sauveur, Quebec	50%	TBD	19	3.1	3.1	6.2	0.3	0.1	0.4	—	3.0	—
Mega Centre Notre-Dame, Dorothee, Quebec	100%	TBD	181	39.0	—	39.0	12.5	1.5	14.0	—	37.5	—
RioCan Centre Barrie, Barrie, Ontario	100%	TBD	26	8.2	—	8.2	1.5	0.9	2.4	—	7.3	—
RioCan Centre Burloak, Oakville, Ontario	50%	TBD	141	8.0	8.0	16.0	5.0	1.1	6.1	0.1	2.7	4.0
Timiskaming Square, New Liskeard, ON	100%	TBD	79	3.5	—	3.5	1.4	0.6	2.0	—	3.0	—
Westney Road & Taunton Road, Ajax, ON	100%	TBD	62	32.8	—	32.8	10.6	0.5	11.1	0.3	32.0	—
Fair Value Adjustments			—	—	—	—	(6.9)	—	(6.9)	—	—	—
Total Non-committed Expansion and Redevelopment properties			*648*	*105.6*	*22.1*	*127.7*	*26.0*	*5.8*	*31.8*	*0.4*	*95.4*	*4.0*
Total			**1,397**	**$ 365.1**	**$ 136.7**	**$ 501.8**	**$ 133.7**	**$ 100.7**	**$ 234.4**	**$ 82.3**	**$ 162.4**	**$ 19.8**

(i) Historical Costs - Carrying amounts transferred from IPP for former anchors targeted for redevelopment.

(ii) Yonge Sheppard Centre's interior mall retrofit is excluded from NLA, however, it is included in estimated project costs. Condo related NLA and costs are excluded from the table.

* Property represents one of RioCan's 15 properties under development.

A summary of fourth quarter 2014 highlights from RioCan's Expansion and Redevelopment projects are as follows:

Collingwood Centre - Collingwood, Ontario (development complete)

RioCan negotiated a lease termination agreement with Zellers (93,000 square feet) effective April 1, 2013. The enclosed mall portion of the property was demolished and redeveloped in 2013 and 2014. A 20,000 square foot Winners commenced operations in Q3 2014. A 20,000 square foot Sport Chek, a 18,500 square foot Bed Bath & Beyond, a 10,500 square foot Dollarama and a 6,000 Fresh Co expansion commenced operations in Q4 2014. Finally, a 5,000 square foot Carter's Osh Kosh is expected to commence operations in Q1 2015 which will complete the project.

Corbett Centre - Fredericton, New Brunswick

Construction of a new 5,000 square foot Sleep Country began in Q3 2014. The tenant is expected to commence operations in mid-2015.

Grant Crossing - Ottawa, Ontario

A 5,000 square foot Urban Barn took possession of their premises in September 2014. The tenant commenced operations in the fourth quarter of 2014.

Herongate Mall - Ottawa, Ontario

In the fourth quarter of 2014, construction continued on a building that will be occupied by a 12,000 square foot PetSmart and a 10,000 square foot Dollarama. Dollarama took possession of their premises in January 2015 and commence operations during the first quarter of 2015. PetSmart will take possession of their premises in February 2015 and commence operations during the second quarter of 2015.

Kennedy Commons - Scarborough, Ontario

The redevelopment of a former AMC Theatre is close to completion. A newly constructed 45,000 square foot LA Fitness and a 23,000 square foot Michael's have commenced operations. Sleep Country is expected to commence operations in the second quarter of 2015 to complete the project.

Tanger Outlets - Ottawa, Kanata, Ontario

Construction is complete on the 299,000 Phase 1 of this outlet mall format site. The Grand Opening was held in October 2014. Tenant such as Polo Ralph Lauren, J. Crew, Nike, The Gap, Banana Republic, Coach, Under Armour, Michael Kors, and Brooks Brothers among other outlet format tenants have reported excellent sales. A second 54,000 square foot phase will commence construction in 2015. Saks off 5th has executed a lease for a 28,000 square foot outlet and additional leases currently are under negotiation.

Tanger Outlets - Cookstown - Innisfil, Ontario (development complete)

Construction is complete on the 150,000 square foot expansion. The Grand Opening was held in November 2014. Tenants include: Polo Ralph Lauren, The Gap, Banana Republic, American Eagle Off Campus, Under Armour and Calvin Klein among other outlet format tenants.

Yonge & Eglinton Centre - Toronto Ontario

Construction of the retail expansion is underway and will include 42,000 square feet of new retail, a connection to the office towers and ingress/egress to the food court and subway. Leases have been executed with Winners, Joe Fresh and Cineplex VIP Theatres, which will be expanding their current premises. The project is scheduled to be completed by mid 2015.

Excess Density

In addition to RioCan's various development projects, the Trust contributes to portfolio growth through the intensification of existing properties where RioCan has identified opportunities to increase density or add to an existing asset. This intensification of existing properties is an important component of RioCan's organic growth strategy. As at December 31, 2014, RioCan's total excess density fair market value is $79.3 million and its potential consists of approximately 2.1 million square feet, of which RioCan's ownership interest will be approximately 1.5 million square feet.

Residential Development

RioCan is committed to ensuring that the individual properties in its portfolio are utilized to their highest and best use. While there are numerous ways to utilize its existing properties beyond their current use of conventional retail centres, RioCan has focused on mixed use projects containing predominantly multi-residential rental buildings. RioCan has identified 50 properties that it deems to be strong intensification opportunities. These are in the six major urban markets and are typically located in the vicinity of substantive transit infrastructure. RioCan's objective is to develop approximately 19,000 apartment units over the course of the next ten years. Given the early stage of the evolution of this strategy, there can be no assurance that any of these developments will be undertaken, and if they are, on what terms.

There are numerous attributes that attracted RioCan to the multi-unit residential sector. The addition of a residential component will enhance the value of the underlying retail element of the property. It is a sector that allows a steady and continuous income stream with a growth profile that will serve as a hedge against inflation. The residential rental sector serves as a healthy diversification to RioCan's retail portfolio. Given the extent of this initiative, RioCan will possess a scale that will result in numerous efficiencies going forward. RioCan owns the underlying land, often at irreplaceable locations, thus giving it the unique opportunity to create a tremendous amount of value. Finally, residential rental will typically attract favourable financing terms based on the availability of CMHC insurance.

RioCan has established a team to carry forward the residential rental initiative, drawing from its existing areas of expertise. The team is comprised of existing RioCan executives as well as third-party consultants. As the initiative continues to grow, additional resources will be added to the platform to facilitate such growth.

To this point, RioCan has filed applications for rezoning eight projects which, upon completion, should comprise a total of 5.8 million square feet, of which 2.7 million square feet will be residential rental units held for long-term rental income, 1.0 million square feet will be condominiums for sale and 2.1 million square feet will be incremental commercial gross leasable area. This would permit RioCan to have an interest in approximately 3,369 residential units. The majority of these properties are located directly on, or in close proximity, to major transit lines such as the existing Toronto Transit Commissions' subway lines or The Crosstown Eglinton LRT line, which is currently under construction. The ability to intensify its existing retail properties into transit-oriented mixed use developments is indicative of both the locational attributes of RioCan's land holdings and the strength of its management platform. The figures in the chart below and those noted herein are at 100% interest and as at February 12, 2015. In some cases, RioCan has partners and, therefore, does not hold a 100% interest.

Property	Location	Application Submission Date	Ownership (%)	Potential GLA (square feet at 100%)				Residential Rental Units
				Commercial	Residential Rental (i)	Condominium	Total	
Yonge Eglinton Northeast Corner	Toronto, ON	January 2012	50% (Metropia/ Bazis)	54,000	384,498	491,491	929,989	465
Sunnybrook Plaza	Toronto, ON	December 2014	100%	24,928	374,791	—	399,719	426
College & Manning (ii)	Toronto, ON	September 2013	50% (Allied)	5,887	55,746	—	61,633	77
740 Dupont Street	Toronto, ON	July 2014	100%	81,918	189,549	—	271,467	225
Sheppard Centre (iii)	Toronto, ON	May 2013	50% (Kingsett)	104,000	319,000	—	423,000	399
King & Portland	Toronto, ON	August 2013	50% (Allied)	245,345	106,208	—	351,553	139
The Well	Toronto, ON		40% (Allied / Diamondcorp)	1,608,698	940,000	466,206	3,014,904	1343
Tillicum (iii)	Victoria, BC	February 2009	50%	18,143	300,000	—	318,143	295
TOTAL				**2,142,919**	**2,669,792**	**957,697**	**5,770,408**	**3,369**

(i) Residential rental GLA represents residential rental units that will produce long-term rental income and excludes any condominium units that will be sold. The value associated with the residential rental units is included in the Urban Intensification and Expansion and Redevelopment tables in the Properties Under Development section of this MD&A.

(ii) GLA (gross leasable area) excludes the square footage that is currently generating income.

(iii) The value of the potential residential development is currently classified as held for resale; RioCan is contemplating keeping these assets to develop residential units.

RioCan intends to file applications to rezone 17 additional properties by the end of 2015. These proposed redevelopments are expected to produce approximately 8.6 million square feet, of which 6.2 million square feet is expected to be residential. This would permit RioCan to have an interest in an additional 8,713 residential units. As these projects are in preliminary stages, there can be no assurance that any of these developments will be undertaken and if so, on what terms.

Properties Held for Resale

Properties held for resale are properties acquired or developed for which RioCan generally intends to sell rather than hold on a long term basis. RioCan's plan is to dispose of all or part of such properties in the ordinary course of business. It is expected that the Trust will earn a return on these assets through a combination of property operating income earned during the relatively short holding period, which will be included in net earnings, and sales proceeds. As at December 31, 2014, the Trust has $80.4 million of properties held for resale comprising the following five assets ($45.9 million as at December 31, 2013 comprising four assets):

- Tillicum Centre, Victoria, BC (Excess residential density);
- Sheppard Centre, Toronto, ON (Excess residential density);
- Stouffville Residential Lands, Stouffville, ON (Residential homes);
- Yonge & Eglinton Northeast Corner, Toronto, ON (Condominium units for sale); and
- CPA Lands, Calgary, AB (air rights).

With respect to excess residential/condominium density, RioCan is considering the potential of retaining such density and developing residential rental properties.

Properties Held for Sale

Properties held for sale are investment properties which RioCan is either contemplating or in the process of disposing and may no longer hold as investment property. As at December 31, 2014, the Trust has twelve investment properties held for sale with an aggregate fair value of $189 million (December 31, 2013 – $60 million).

Mortgages and Loans Receivable

RioCan's Declaration 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 Adjusted Unitholders' Equity which is defined in the section, "Presentation of Financial Information and Non-GAAP Measures." Additionally, RioCan is limited to the amount of capital that can be invested in non-income producing properties to no more than 15% of the Adjusted Unitholders' Equity, which limitation applies to both greenfield development projects and mortgages receivable to fund the co-owners' share of such developments, referred to in this MD&A as mezzanine financing. At December 31, 2014, RioCan was in compliance with these restrictions.

Contractual mortgages and loans receivable as at December 31, 2014 and December 31, 2013 are comprised of the following:

	Contractual rates		Weighted				
(millions of dollars)	Low	High	Average Rate		**December 31, 2014**		December 31, 2013
Mezzanine financing to co-owners	0%	7%	3.8%	**$**	**125**	$	213
Vendor-take-back and other	4%	5.5%	4.6%		**11**		35
Total	0%	7%	3.9%	**$**	**136**	$	248

Prior to maturity, payments on these mortgages and loans receivable from co-owners are made from the cash flows generated from operations and capital transactions relating to the underlying properties.

The changes in the carrying amount of mortgages and loans receivable are as follows:

	Three months ended December 31,				Year ended December 31,			
(millions of dollars)		**2014**		2013		**2014**		2013
Balance, beginning of period	**$**	**141**	$	246	**$**	**248**	$	200
Principal advances (i)		**13**		6		**54**		55
Mortgages and loans taken back on property dispositions		**—**		—		**—**		7
Principal repayments (i), (ii)		**(15)**		(6)		**(141)**		(24)
Interest receivable – repaid (ii)		**(4)**		(1)		**(33)**		(3)
Interest receivable – accrued		**1**		3		**8**		13
Balance, end of period	**$**	**136**	$	248	**$**	**136**	$	248

(i) Advances and repayments related to properties held for resale are included in cash flows from operating activities (see "Distributions to Unitholders" below). All other such amounts are included in cash flows used in investing activities.

(ii) During the year ended December 31, 2014, RioCan acquired Trinity's equity interest in four development assets for aggregate purchase consideration of $117 million. The consideration received by Trinity was used to repay, in full, the outstanding mezzanine financing principal and accrued interest in the amount of $82 million on the projects, in conjunction with the closing of the transaction. RioCan also assumed mortgage financing of $24 million in connection with the acquisition.

Future repayments are as follows:

(millions of dollars)		Mezzanine financing to co-owners		Vendor-take-back and other		Total
Due on demand	$	16	$	—	$	16
Year ending December 31:						
2014						
2015		23		6		29
2016		51		—		51
2017		14		—		14
2018		16		5		21
Thereafter		5		—		5
	$	125	$	11	$	136

RELATED PARTY TRANSACTIONS

RioCan may have transactions in the normal course of business with entities whose directors or trustees are also its trustees and/or management. Any such transactions are in the normal course of operations and are measured at market based exchange amounts.

Transactions subsequent to the formation of a co-ownership that are not contemplated by the co-ownership agreement are considered to be related party transactions for financial statement purposes.

CAPITAL STRATEGY AND RESOURCES

RioCan strives for an optimal financial structure to drive appropriate risk adjusted total returns. The principal objectives of the capital strategy are to:

- optimize the risk-adjusted cost of capital through an appropriate mix of debt and equity;
- raise debt from a variety of sources and maintain a well staggered maturity schedule;
- maintain significant committed undrawn loan facilities to support current and future business requirements;
- actively manage financial risks, including interest rate, foreign exchange, liquidity and counterparty risks; and
- selectively sell assets as part of actively managing the portfolio and to increase the portfolio weighting to the six urban markets in Canada as a means to strategically recycle capital.

Management believes that the quality of RioCan's assets and strong balance sheet are attractive to lenders and equity investors and should enable RioCan to continue to access multiple sources of capital at competitive rates. In addition, management believes that current market conditions will continue to provide opportunities for RioCan - a well capitalized, highly experienced and growing company - to acquire or develop high-quality assets at attractive returns. Opportunities to acquire or develop properties may come through outright acquisitions or joint venture arrangements. RioCan maintains a disciplined investment strategy, which focuses on high-quality assets in its targeted markets, emphasizing long-term value creation.

Capital Strategy Supporting Continued Growth

To support growth, RioCan employs a three-fold capital strategy:

- provide the capital necessary to fund growth;
- maintain sufficient flexibility to access capital in many forms, both public and private; and
- manage the overall financial structure in a fashion that preserves investment grade credit ratings.

RioCan plans to further strengthen its balance sheet by reducing its overall debt leverage over time, thereby strengthening various interest and cash flow coverage ratios. It is management's intention that the Trust continually have access to the capital resources necessary to expand and develop its business. Accordingly, the Trust may, from time-to-time, seek to obtain funds through additional common and preferred equity offerings, unsecured debt financings and/or mortgage/construction loan financings and other capital alternatives in a manner consistent with its intention to operate with a conservative debt structure, along with the recycling of capital through the paring of the portfolio through selective asset sales.

Liquidity and Cash Management

RioCan maintains committed revolving bank facilities to provide financial liquidity. These can be drawn/repaid at 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.

Capital Management Framework

RioCan defines capital as the aggregate of common 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;
- 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 Trust's Declaration, 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 Board committee meetings. Capital adequacy is monitored by management 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 and debt covenants (see note 28 in the RioCan's 2014 Annual Financial Statements). In selecting appropriate funding choices, RioCan's objective is to manage its capital structure in such a way so as to diversify its funding sources while minimizing its funding costs and risks. For 2015, RioCan expects to be able to satisfy all of its financing requirements through the use of a combination of: cash on hand, cash generated by operations, refinancing of maturing debt, financing of certain assets currently unencumbered by debt, construction financing facilities, sale of non-core properties, utilization of its operating lines, and through public offerings of unsecured debentures, preferred units and common equity.

Capital Structure

As at December 31, 2014 and December 31, 2013, RioCan's capital structure, prepared at RioCan's interest utilizing proportionate consolidation, was as follows:

(millions of dollars)	**December 31, 2014**	December 31, 2013	Increase (decrease)
Capital:			
Mortgages payable and lines of credit	**$ 4,626**	$ 4,541	$ 85
Debentures payable	**1,857**	1,447	410
Total debt	**6,483**	5,988	495
Common and preferred unitholders' equity	**7,868**	7,261	607
Total capital	**$ 14,351**	$ 13,249	$ 1,102
Total assets	**$ 14,720**	$ 13,554	$ 1,166
Cash and equivalents	**$ 59**	$ 41	$ 18
Ratio of Total debt, net of cash, to Total assets, net of cash, at RioCan's interest	**43.8%**	44.0%	(0.2%)
Ratio of floating rate debt to total debt	**7.8%**	8.0%	(0.2%)

Debt and Leverage Metrics

		Three months ended		Rolling 12 months ended	
	Targeted Ratios	**December 31, 2014**	**December 31, 2014 (v)**	**December 31, 2014**	December 31, 2013
Interest coverage ratio – RioCan's interest (i), (vii)	>3.00x	**2.84**	**3.21**	**2.89**	2.83
Debt service coverage ratio – RioCan's interest (ii), (vii)	>2.25x	**2.16**	**2.37**	**2.20**	2.10
Fixed charge coverage ratio – RioCan's interest (iii), (vii)	>1.1x	**1.05**	**1.10**	**1.08**	1.06
Net consolidated debt to Adjusted EBITDA ratio (iv)	n/a	**8.38**	**8.38**	**8.05**	7.52
Net debt to Adjusted EBITDA ratio – RioCan's interest (iv)	n/a	**8.42**	**8.42**	**8.09**	7.56
Net operating debt to Operating EBITDA – RioCan's interest (iv)	<6.5x	**7.96**	**7.96**	**7.67**	7.24
Distributions as a percentage of AFFO	<90%	**95.3%**	**95.3 %**	**94.5%**	95.3%

As at		**December 31, 2014**	December 31, 2013
Unencumbered assets		**$ 2,776**	$ 2,068
Unsecured debentures		**$ 1,866**	$ 1,456
Unencumbered assets to Unsecured debt (vi)	>200%	**149%**	142%

(i) Interest coverage is defined as Adjusted EBITDA for the period divided by total interest expense (at RioCan's interest), including interest that has been capitalized to properties under development.

(ii) Debt service coverage is defined as Adjusted EBITDA for the period divided by total interest expense (at RioCan's interest), including interest that has been capitalized to properties under development and scheduled mortgage principal amortization.

(iii) Fixed charge coverage is defined as Adjusted EBITDA for the period divided by total interest expense, including interest that has been capitalized, and distributions to common and preferred unitholders.

(iv) Represents a non-GAAP measure. Please see section, Presentation of Financial Information and Non-GAAP Measures, for further details.

(v) Adjusted to exclude interest capitalized to properties under development.

(vi) Unencumbered assets to unsecured debt is defined as unencumbered assets at RioCan's interest divided by unsecured debentures payable.

(vii) Coverage ratios excludes a yield maintenance charge of $2.9 million incurred during 2014 related to the early redemption of a development property mortgage as the Trust does not consider its inclusion as an accurate measure of RioCan's ability to meet normal annualized interest cost requirements.

The interest coverage ratio (calculated on a rolling 12-month basis) continued to improve compared to December 31, 2013. Debt service coverage ratio on a rolling 12-month basis, also continued to improve mainly due to refinancing debt at lower interest rates, as well as the Trust converting some of its amortizing debt to interest only debt. As at December 31, 2014, unencumbered assets to unsecured debt increased to 149%, as compared to 142% as at December 31, 2013 due to an increase in unencumbered assets of $708 million, partially offset by an increase of $410 million in unsecured debentures.

As part of its capital management strategy, it is RioCan's objective to further improve its leverage and coverage ratios. The Trust's objective is to achieve the targeted ratios indicated in the above table over time.

During the fourth quarter of 2014, the Trust generated $32 million through its common Unit DRIP program, representing a DRIP participation rate of 29.0%. The generation of this additional capital supports the Trust's growth strategy and provides liquidity in support of RioCan's development program, where there has been a substantial increase in activity since 2013 on multiple projects. RioCan's objective is for this increased level of activity to continue for the remainder of 2014 and for several years thereafter, with an increased focus on urban development.

The following table presents a reconciliation of consolidated net earnings attributable to unitholders to Adjusted and Operating EBITDA at RioCan's interest:

	Three months ended	Year ended	
(thousands of dollars)	**December 31, 2014**	**December 31, 2014**	December 31, 2013
Net earnings attributable to unitholders	**$ 171,768**	**$ 663,258**	$ 709,451
Add (deduct) the following items:			
Deferred income tax recovery	**(250)**	**50**	(280)
Fair value gains on investment property, net	**(37,912)**	**(156,803)**	(236,571)
Accrued property taxes under IFRIC 21 (iii)	**(7,873)**	**—**	—
Leasing costs (iii)	**3,593**	**10,941**	7,768
Non-cash unit based compensation expense	**325**	**5,272**	5,925
Interest expense	**59,350**	**236,192**	243,214
Expense for early redemption of debentures	**—**	**—**	12,094
Depreciation and amortization included in general and administrative expense	**1,491**	**5,556**	2,159
Foreign exchange loss	**128**	**176**	170
Transaction costs	**43**	**2,753**	3,840
Adjusted EBITDA	**190,663**	**767,395**	747,770
Adjust: Transaction gains (ii)	**71**	**(91)**	(445)
Adjust: Items related to properties under development	**1,590**	**3,498**	4,080
Operating EBITDA	**$ 192,324**	**$ 770,802**	$ 751,405
Three months annualized – Adjusted EBITDA	**$ 762,652**		
Three months annualized – Operating EBITDA	**$ 769,296**		

Consolidated net debt and net operating debt is calculated as follows:

(millions of dollars)			
Average debt outstanding	**$ 6,441**	**$ 6,221**	$ 5,679
Less: average cash on hand	**(54)**	**(42)**	(58)
Net debt	**6,387**	**6,179**	5,621
Less: Debt related to properties under development (i)	**(297)**	**(295)**	(234)
Net Operating Debt	**$ 6,090**	**$ 5,884**	$ 5,387

Net debt and net operating debt at RioCan's interest is calculated as follows:

(millions of dollars)			
Average debt outstanding	**$ 6,475**	**$ 6,252**	$ 5,730
Less: average cash on hand	**(56)**	**(45)**	(74)
Net debt	**6,419**	**6,207**	5,656
Less: Debt related to properties under development (i)	**(298)**	**(296)**	(215)
Net Operating Debt, at RioCan's interest	**$ 6,121**	**$ 5,911**	$ 5,441

(i) Allocated based on the ratio of Debt to Total Assets.

(ii) Transaction gains relate to current tax recoveries associated with RioCan's investments in WCNUF I and II.

(iii) Effective January 1, 2014, the Trust changed its accounting policies for treatment of certain property taxes and leasing costs pursuant to IFRIC 21 and IAS 17, respectively. Where applicable, prior period financial information has been restated for comparative reporting purposes. Please see "2014 Changes in Accounting Policy" for further details.

Debt

RioCan intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintaining its investment-grade debt ratings from Standard and Poor's (S&P) and from Dominion Bond Rating Services Limited (DBRS). A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally AAA) to default payment (generally D).

As at December 31, 2014, S&P provided RioCan with an entity credit rating of BBB and a credit rating of BBB- relating to RioCan's senior unsecured debentures (Debentures). An obligor with a credit rating of BBB by S&P exhibits adequate capacity to meet its financial obligations, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. A credit rating of BBB- or higher is an investment grade rating.

As at December 31, 2014, DBRS provided RioCan with a credit rating of BBB (high) relating to the Debentures. A credit rating of BBB by DBRS is generally an indication of adequate credit quality, the capacity for the payment of financial obligations is considered acceptable but the entity may be vulnerable to future events.

Revolving Lines of Credit

As at December 31, 2014, RioCan had five revolving lines of credit in place with Canadian Schedule I financial institutions, having an aggregate capacity of $718 million (December 31, 2013 - $535 million).

The following table summarizes the details of the secured lines of credit as at December 31, 2014:

(in millions of dollars)	Facility maximum loan amount	Amounts drawn: Cash advances	Amounts drawn: Letters of credit	Available to be drawn	Interest rates	Maturity
1	$ **250 (i)**	$ **77**	$ **10**	$ **163**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	November 2016 (ii)
2	**130 (i)**	**—**	**19**	**111**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	June 2017 (ii)
3	**185 (i)**	**—**	**—**	**183**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	December 2016 (ii)
4	**75 (i)**	**—**	**—**	**75**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	June 2017 (ii)
5	**78**	**45**	**—**	**33**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	December 2015
	$ **718**	$ **122**	$ **29**	$ **565**		

(i) Secured by charges against certain income properties. Should the aggregate agreed values for lending purposes of such properties fall to a level which would not support a borrowing of the maximum loan amount, RioCan has the option to provide substitute income properties as additional security.

(ii) Subject to meeting certain conditions, these loans can be extended for a further year on same terms and conditions.

Debentures Payable

On February 3, 2015, RioCan announced that it is issuing a notice of redemption to holders of its US$100 million 4.10% Series N senior unsecured debentures due September 21, 2015 (the "Series N Debentures"), representing a redemption, in full, of all of the currently outstanding Series N Debentures. The Series N Debentures will be redeemed on March 9, 2015, in accordance with their terms, at a total redemption price of US$101.8 million, plus accrued and unpaid interest of US$1.9 million, up to but excluding the redemption date.

On February 3, 2015, RioCan also announced that it is issuing a notice of redemption to holders of its $225 million 4.499% Series O senior unsecured debentures due January 21, 2016 (the "Series O Debentures"), representing a redemption, in full, of all of the currently outstanding Series O Debentures. The Series O Debentures will be redeemed on March 11, 2015, in accordance with their terms, at a total redemption price of $231.8 million, plus accrued and unpaid interest of $1.4 million, up to but excluding the redemption date.

On February 12, 2015, the Trust issued $300 million of Series W senior unsecured debentures, which mature on February 12, 2024 and carry a coupon rate of 3.287%. The debentures are subject to the same covenants as the Trust's other outstanding debentures, with the exception of Series I, which has an additional provision as discussed in note 8 to the 2014 Annual Financial Statements. Debenture issuance costs were approximately $2.1 million. A portion of the net proceeds will be used by RioCan to repay indebtedness, including the redemption of the Trust's $225 million Series O Debentures as described above, and the balance for general trust purposes.

As at December 31, 2014, RioCan had ten series of debentures outstanding totalling $1.9 billion (December 31, 2013 - eight series totalling $1.4 billion).

The debentures have covenants relating to RioCan's 60% leverage limit to Aggregate Assets as set out in RioCan's Declaration, the maintenance of a $1.0 billion Adjusted Book Equity, 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 aggregate $100 million, 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 book equity and interest coverage ratio would be eliminated for this series of debenture.

2014 Activity

On January 23, 2014, the Trust issued $150 million of Series U senior unsecured debentures which mature on June 1, 2020 and carry a coupon rate of 3.62%.

On May 30, 2014, the Trust issued $150 million of Series V senior unsecured debentures, which mature on May 30, 2022 and carry a coupon rate of 3.746%.

On August 11, 2014, the Trust issued $100 million of Series V senior unsecured debentures, which was a re-opening of the May 30, 2014 Series V senior unsecured debentures issuance. The additional debentures carry the same coupon and maturity as the original issuance, but were issued at a premium to par for gross proceeds of $101.07 million resulting in an effective rate of 3.587%, making the effective rate on the full $250 million of Series V debentures 3.682%.

2013 Activity

During the first quarter of 2013, the Trust issued $250 million principal amount of Series S senior unsecured debentures which mature on March 5, 2018, and carry a coupon rate of 2.87%.

At maturity in March 2013, the $150 million Series G senior unsecured debentures with a coupon rate of 5.23% were repaid in accordance with their terms.

On April 18, 2013, the Trust issued $200 million of Series T senior unsecured debentures which mature on April 18, 2023 and carry a coupon rate of 3.725%.

On May 17, 2013, RioCan redeemed the $150 million Series M senior unsecured debentures due March 31, 2015, in accordance with their terms, at a total redemption price of $1,072.30 plus accrued and unpaid interest of $7.275 to but excluding the redemption date, both per $1,000 principal amount. The total redemption price, including accrued interest, was $161.9 million.

Changes in the carrying amount of debentures resulted primarily from the following:

	Three months ended December 31,		Year ended December 31,	
(millions of dollars)	**2014**	2013	**2014**	2013
Balance, beginning of period	**$ 1,862**	$ 1,453	**$ 1,456**	$ 1,299
Issuances	**—**	—	**400**	450
Repayments	**—**	—	**—**	(300)
Foreign currency translation	**4**	3	**10**	7
Contractual obligations	**1,866**	1,456	**1,866**	1,456
Unamortized debt financing costs	**(9)**	(9)	**(9)**	(9)
Balance, end of period	**$ 1,857**	$ 1,447	**$ 1,857**	$ 1,447

Mortgages Payable and Lines of Credit - RioCan's Interest

During the three months and year ended December 31, 2014, RioCan had new mortgage borrowings and operating line draws as follows:

	Three months ended December 31, 2014			**Year ended December 31, 2014**		
(millions of dollars, except other data)	Contractual Amount	Weighted average contractual interest rate	Average term to maturity in years	Contractual Amount	Weighted average contractual interest rate	Average term to maturity in years
New borrowings:						
Fixed rate term mortgages – Canada	**$ 98**	**3.17%**	**5.85**	**$ 162**	**2.72%**	**5.00**
Fixed rate term mortgages – U.S.	**—**	**—%**	**—**	**92**	**3.64%**	**5.30**
Floating rate term mortgages – Canada	**—**	**—%**	**—**	**4**	**2.49%**	**4.50**
Construction financing	**16**	**2.74%**	**3.81**	**20**	**2.65%**	**3.15**
Operating lines of credit	**62**	**3.25%**	**1.90**	**231**	**2.70%**	**1.95**
Other bank loans	**—**	**—%**	**—**	**100**	**1.50%**	**0.90**
New borrowings – RioCan's interest (i)	**$ 176**	**3.16%**	**4.28**	**$ 609**	**2.65%**	**3.15**
Aggregate new borrowings debt at:						
Fixed rate debt	**$ 98**	**3.17%**	**5.85**	**254**	**3.05%**	**5.11**
Floating rate debt	**78**	**3.15%**	**2.30**	**355**	**2.36%**	**1.76**
Aggregate new borrowings debt – RioCan's interest (i)	**$ 176**	**3.16%**	**4.28**	**$ 609**	**2.65%**	**3.15**

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

As at December 31, 2014, the Trust's mortgages payable and drawn lines of credit (at RioCan's interest), was $4.6 billion ($4.5 billion as at December 31, 2013). The vast majority of the Trust's Canadian mortgage indebtedness provides recourse to the assets of the Trust, as opposed to only having recourse to the specific property charged. RioCan follows this policy as it generally results in lower interest costs than would otherwise be obtained. In the United States, mortgage debt is generally non-recourse financing, with no U.S. secured debt having recourse to the assets of the Canadian operations of the Trust.

As at December 31, 2014, the contractual interest rates on mortgages payable and amounts drawn on operating lines had a weighted average contractual interest rate of 4.22% per annum. Changes in the carrying amount of the mortgages payable and lines of credit, at RioCan's interest, resulted primarily from the following:

	Three months ended December 31,		Year ended December 31,	
(millions of dollars)	**2014**	2013	**2014**	2013
Balance, beginning of period - RioCan's interest	**$ 4,604**	$ 4,533	**$ 4,528**	$ 4,417
New Borrowings:				
Fixed rate term mortgages – Canada	**98**	123	**162**	237
Fixed rate term mortgages – U.S.	**—**	89	**92**	89
Floating rate term mortgages – Canada	**—**	—	**4**	78
Floating rate term mortgages – U.S.	**—**	7	**—**	7
Construction lines	**16**	4	**20**	15
Advances on operating line of credit	**62**	65	**231**	245
Assumed on the acquisition of properties	**2**	91	**48**	342
Other bank loans	**8**	—	**108**	—
Principal repayments:				
Scheduled amortization	**(21)**	(23)	**(83)**	(92)
Operating lines of credit	**(112)**	(178)	**(276)**	(250)
At maturity: Fixed rate term mortgages	**(96)**	(70)	**(223)**	(412)
Floating rate term mortgage	**—**	—	**(56)**	—
Construction financing	**—**	(3)	**(49)**	(3)
Disposition of Canadian properties	**—**	(92)	**—**	(159)
Disposition of U.S. properties	**—**	(56)	**—**	(56)
Foreign currency translation	**54**	38	**109**	70
Contractual obligations	**4,615**	4,528	**4,615**	4,528
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties	**25**	28	**25**	28
Unamortized debt financing costs	**(14)**	(15)	**(14)**	(15)
Balance, end of period – RioCan's interest (i)	**$ 4,626**	$ 4,541	**$ 4,626**	$ 4,541

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

At the outset of 2014, RioCan had $327 million of mortgage principal maturing in 2014 at a weighted average contractual interest rate of 4.62%. During 2014, RioCan had new term mortgage borrowings of $258 million at a weighted average interest rate of 3.07% and an average term of 5.15 years. For the year ended December 31, 2014, repayments of maturing mortgage balances and scheduled amortization amounted to $362 million.

For 2015, RioCan has $621 million of mortgage principal maturities at a weighted average contractual interest rate of 4.55%.

Hedging Activities

The effectiveness of the Trust's hedging relationships is reviewed on a quarterly basis. At December 31, 2014 the Trust has assessed that there is no ineffectiveness in the hedge of its interest rate exposure.

Aggregate Maturities

As at December 31, 2014, RioCan's Aggregate Debt had a 3.95 year weighted average term to maturity (December 31, 2013 – 4.7 years) bearing interest at a weighted average contractual interest rate of 4.12% per annum (December 31, 2013 – 4.30%). 7.8% of the Trust's Aggregate Debt is at floating interest rates at December 31, 2014 compared to 8.0% at December 31, 2013.

RioCan's fixed and floating rate debt as a percentage of total Aggregate Debt and weighted average contractual interest rate are as follows:

As at December 31, 2014		Aggregate debt	Percentage of total RioCan's aggregate debt	Weighted average contractual interest rate	Average term to maturity in years
Aggregate Debt at:					
Fixed rate debt	$	5,980	92.2%	4.30%	4.12
Floating rate debt		503	7.8%	1.96%	1.94
Aggregate Debt – RioCan's interest (i)	$	6,483	100%	4.12%	3.95

(i) See "Reconciliation of Net Earnings to Net Earnings at RioCan's Interest" for a reconciliation to RioCan's consolidated earnings.

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

(millions of dollars, except percentage amounts)	Contractual principal maturities (i)										
	Fixed rate		Floating rate								
As at December 31, 2014	Mortgages payable	Weighted average interest rate	Mortgages payable and lines of credit	Weighted average interest rate	Scheduled principal amortization	Total mortgages payable and lines of credit	Weighted average interest rate	Debentures payable	Weighted average interest rate	Total mortgages, lines of credit and debentures payable	Weighted average interest rate
Year ending December 31:											
2015	**$ 561**	**4.83%**	**$ 160**	**1.67%**	**$ 77**	**$ 798**	**4.10%**	**$ 116**	**4.10%**	**$ 914**	**4.10%**
2016	**552**	**4.65%**	**81**	**3.25%**	**66**	**699**	**4.47%**	**226**	**4.50%**	**925**	**4.48%**
2017	**690**	**4.20%**	**239**	**1.47%**	**54**	**983**	**3.59%**	**150**	**3.80%**	**1,133**	**3.62%**
2018	**590**	**3.84%**	**—**	**—%**	**40**	**630**	**3.84%**	**250**	**2.87%**	**880**	**3.56%**
2019	**310**	**4.06%**	**23**	**2.50%**	**33**	**366**	**3.97%**	**175**	**3.85%**	**541**	**3.93%**
Thereafter	**1,097**	**4.90%**	**—**	**—%**	**42**	**1,139**	**4.90%**	**950**	**3.95%**	**2,089**	**4.49%**
	$ 3,800	**4.30%**	**$ 503**	**1.96%**	**$ 312**	**$ 4,615**	**4.22%**	**$ 1,867**	**3.86%**	**$ 6,482**	**4.12%**

(i) At RioCan's interest. Amounts for 2015 also include due on demand facilities.

The principal maturities by lender by year of maturity are as follows:

	Contractual (i)							
	Principal maturities by type of lender							
(millions of dollars)	Life insurance industry	Mortgage conduit	Banks	Pension funds	Other	Unsecured debentures	Scheduled principal amortization	Total
Year ending December 31:								
2015	**$ 182**	**$ 161**	**$ 296**	**$ 68**	**$ 14**	**$ 116**	**$ 77**	**$ 914**
2016	**178**	**130**	**311**	**—**	**14**	**226**	**66**	**925**
2017	**238**	**76**	**448**	**110**	**57**	**150**	**54**	**1,133**
2018	**72**	**47**	**439**	**13**	**19**	**250**	**40**	**880**
2019	**60**	**—**	**230**	**38**	**5**	**175**	**33**	**541**
Thereafter	**434**	**350**	**252**	**61**	**—**	**950**	**42**	**2,089**
	$ 1,164	**$ 764**	**$ 1,976**	**$ 290**	**$ 109**	**$ 1,867**	**$ 312**	**$ 6,482**

(i) At RioCan's interest. Amounts for 2015 also include due on demand facilities.

The table below presents RioCan's interest in assets at fair value that are available to it to finance and/or refinance for debt maturing in 2015 and 2016:

(millions of dollars)	Number of Properties	Fair Value of Income Properties at December 31, 2014	Principal balance of debt maturing 2015	2016
Unencumbered income property assets	89	**$ 2,481**	**$ —**	$ —
Unencumbered development property assets	11	**295**	**—**	—
Unencumbered assets	100	**2,776**	**—**	—
Encumbered assets with debt maturing in 2015	37	**1,618**	**737**	—
Encumbered assets with debt maturing in 2016	37	**1,853**	**—**	855
Construction financing on properties under development	1	**4**	**—**	4
Total	175	**$ 6,251**	**$ 737**	$ 859

RioCan has the continued flexibility to generate additional funds in 2015 through refinancing maturing loan balances as well as repaying such balances to increase the size of RioCan's pool of unencumbered assets. As at December 31, 2014, RioCan had 100 properties that were unencumbered with a fair value of approximately $2.8 billion. During the first quarter of 2015, it is RioCan's intent to obtain approximately $90 million of secured term debt and repay approximately $70 million of secured term debt (both amounts excluding renewals).

During the year, the Trust arranged for and secured a $318 million construction financing ($159 million at RioCan's interest), in connection to the Yonge and Eglinton Northeast corner e-condo development for which it earned an arranging fee.

Considering RioCan's current levels of cash, undrawn credit facilities, relatively low leverage and demonstrated historical access to debt capital markets, the Trust expects that all maturities will be refinanced or repaid in the normal course of business, and as such, RioCan does not currently anticipate that it will be required to sell assets and/or issue equity to meet its maturing debt obligations for 2015.

Trust Units

As at February 12, 2015, there are 316.9 million common Units issued and outstanding and 8.7 million options outstanding under the Trust's incentive unit option plan (the Plan). All common Units outstanding have equal rights and privileges and entitle the holder thereof to one vote for each Unit at all meetings of Unitholders. During the quarter and year ended December 31, 2014 and 2013, the Trust issued Units as follows:

(number of Units in thousands)	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Units outstanding, beginning of period (i)	**307,465**	302,561	**304,075**	300,099
Units issued:				
Public offerings	**4,800**	—	**4,800**	—
Distribution reinvestment plan	**2,468**	1,167	**4,738**	4,365
Direct purchase plan	**19**	15	**42**	53
Unit option plan	**1,234**	—	**2,331**	476
Units repurchased and cancelled	**—**	(918)	**—**	(918)
Units outstanding, end of period (i)	**315,986**	302,825	**315,986**	304,075

(i) Included in units outstanding are exchangeable limited partnership units of four 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 (December 31, 2014 – 1,137,871 LP units; December 31, 2013 – 2,289,411 LP units). RioCan is the general partner of the limited partnerships. The LP units are entitled to distributions equivalent to distributions on RioCan Units, must be exchanged for RioCan Units on a one-for-one basis and are exchangeable at any time at the option of the holder.

On November 24, 2014, the Trust issued an aggregate of 4.8 million common trust units at a price of $26.25 per unit for aggregate gross proceeds $126 million. Unit issue costs associated with the offering were $5 million.

During the year ended December 31, 2014, 4.7 million Units were issued pursuant to the Trust's distribution reinvestment plan compared to 4.4 million Units during the same period in 2013. Participation in the distribution reinvestment plan was 29.0% for the three months ended December 31, 2014, compared to 25.9% for the three months ended December 31, 2013.

Restricted Equity Units

RioCan has a Restricted Equity Unit (REU) plan which provides for an allotment of REUs to each non-employee trustee. The value of the REUs allotted appreciate and depreciate with increases or decreases in the market price of the Trust's Units. Effective May 28, 2014, this plan has been replaced by the Trustees' deferred equity unit plan as the form of unit-based incentive compensation to Trustees as discussed below.

REU members are also entitled to be credited with REUs for distributions paid in respect of Units of the Trust based on an average market price of the Units as defined by the plan. The REUs vest and are settled three years from the date of issuance by a cash payment equal to the number of vested REUs credited to the member multiplied by the average market price of the Trust's

Units at the settlement date, less applicable withholdings. The REU plan liability at December 31, 2014 was $1.5 million ($1.7 million at December 31, 2013).

Deferred Equity Units

On May 28, 2014, the Board of Trustees approved the adoption of a Deferred Unit (DU) plan for non-employee Trustees of the Trust ("Participants") to further align the interests of the Trustees of RioCan and the Unitholders. The DU plan replaces the REU plan as the form of unit-based incentive compensation to non-employee Trustees.

Participants may be awarded deferred units, each of which are economically equivalent to one Unit, from time to time at the discretion of the Board of Trustees upon recommendation from management, subject to a maximum annual grant not to exceed that number of deferred units which is $150,000 divided by the average market price of a Unit on the award date. Participants may also elect to receive up to 100% of his or her annual retainer and meeting fees for a calendar year otherwise payable in cash in the form of deferred units. The DU plan liability at December 31, 2014 was $1.2 million.

Unit Options

The Trust provides long-term incentives to certain employees by granting options through the Plan. The objective of granting unit-based compensation is to encourage Plan members to acquire an ownership interest in RioCan over time and acts as a financial incentive for such persons to act in the long-term interests of RioCan and its unitholders. The exercise price for each option is equal to the volume weighted average trading price of the Units on the Toronto Stock Exchange for the five trading days immediately preceding the date of grant except for those options granted prior to May 27, 2009 which have an exercise price equal to the closing price of the Trust's Units on the date prior to the day the option was granted. Of the 29.2 million Units approved to be granted under the Plan, 3.3 million Units remain available for grant under the Plan as at December 31, 2014 (December 31, 2013 – 4.7 million Units). During 2014, 2.2 million options were granted under the Plan compared to 2.0 million granted during 2013. During 2014, 2.3 million Units were issued pursuant to exercises of the incentive Unit options, compared to 0.5 million Units for 2013.

As part of its ongoing commitment to corporate governance matters, the Board and its Human Resources and Compensation Committee retained an independent compensation consultant to assist them in their review and reformulation of the Trust's approach to executive compensation matters, and to recommend enhancements to further align the Trust's compensation program with interests of the Trust's unitholders. RioCan's Management Information Circular dated April 11, 2014 outlines changes to executive and Trustee compensation, as well as to RioCan's governance practices that received unitholder approval at the May 28, 2014 annual and special meeting of unitholders. These changes are not expected to have a material impact on the quantum of compensation that is paid to the Trust's most senior executives but rather on the mix and timing of the components of the compensation program.

Preferred Units

On December 6, 2010, the Trust's Declaration was amended and restated to permit the future authorization and issuance of a class of preferred equity securities. RioCan believes that preferred units provides the Trust with further enhanced ability to more actively pursue value enhancing opportunities and acquisitions by providing the Trust with greater flexibility in raising capital. In addition, the preferred units potentially provide the Trust with an opportunity to reduce its cost of capital.

In the first quarter of 2011, the Trust issued 5 million 5.25% Preferred Units, Series A at a price of $25 per unit for aggregate gross proceeds of $125 million. Also, on November 20, 2011, the Trust issued 5.98 million 4.7% Preferred Trust Units, Series C at a price of $25 per unit for aggregate gross proceeds of $149.5 million.

S&P and DBRS provided credit ratings for the Preferred Units, Series A and Preferred Units, Series C Units of the Trust. The Preferred Units, Series A and Preferred Units, Series C Units have both been assigned a rating of "Pfd-3 (high)" by DBRS and a rating of "P-3 (high)" by S&P. DBRS has five rating categories of preferred shares for which it will assign a rating. The ''Pfd-3'' rating is the third highest category available from DBRS for preferred securities and is considered to be of adequate credit quality. According to DBRS, preferred securities rated ''Pfd-3''are of adequate credit quality and while protection of distributions and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category. A "P-3 (High)" rating by S&P is the third of the three sub-categories within the second highest rating of the eight standard categories of ratings utilized by S&P for preferred units. "High" and "low" grades may be used to indicate a relative standing of a credit within a particular rating category.

Guarantees

RioCan provides guarantees on behalf of third parties, including co-owners and partners, for which the Trust generally is paid a fee, as, among other reasons, it generally results in lower interest costs and higher loan-to-value ratios than would otherwise be obtained. Also, RioCan's guarantees remain in place for debts assumed by purchasers in connection with certain property dispositions and will remain until such debts are extinguished or lenders agree to release RioCan's covenants. Credit risks arise in the event that these parties default on repayment of their debt since they are guaranteed by RioCan. These credit risks are mitigated as RioCan has recourse under these guarantees in the event of a default by the borrowers, in which case the Trust's claim has security against both the purchaser and the underlying real estate investments. As at December 31, 2014, the estimated amount of debt subject to such guarantees and, therefore, the maximum exposure to credit risk was approximately $470 million (December 31, 2013 - $467 million) with expiries between 2015 and 2034. As at December 31, 2014 and during 2014 there have been no defaults by the primary obligors for debts on which RioCan has provided guarantees, and as a result, no contingent loss on these guarantees has been recognized in the Trust's financial statements.

At December 31, 2014, the parties on behalf of which RioCan had outstanding guarantees are as follows:

(millions of dollars) As at	**December 31, 2014**	December 31, 2013
Partners and co-owners		
Kimco	**$ 164**	$ 166
Trinity	**61**	65
Other	**84**	51
Assumption of mortgages by purchasers on property dispositions		
Retrocom Mid-Market REIT	**35**	46
Devimco	**66**	67
CREIT	**45**	46
Other	**15**	26
	$ 470	$ 467

Liquidity

Liquidity refers to the Trust having and/or generating sufficient amounts of cash and equivalents to fund the ongoing operational commitments, distributions to unitholders and planned growth in the business.

RioCan retains a portion of its operating cash flows to help fund ongoing maintenance capital expenditures, tenant installation costs and long term unfunded contractual obligations, among other items.

Cash on hand, borrowings under the revolving credit facilities, the equity and debt capital markets and the potential sale of assets also provide the necessary liquidity to fund ongoing and future capital expenditures and obligations.

At December 31, 2014, on a consolidated basis, RioCan had:

- $56 million of cash;
- $565 million of cash available under undrawn bank lines of credit;
- Indebtedness, net of cash, is 43.7% of total assets, net of cash, based on fair value; and
- 100 unencumbered properties with a fair value of $2.8 billion.

Unitholder distributions reinvested through the distribution reinvestment and direct purchase plans result in the issuance of Units, as opposed to a cash outlay, thereby providing an additional source of capital to fund RioCan's activities (see "Distributions to Unitholders" elsewhere in this MD&A).

RioCan's liquidity profile, at RioCan's interest, is as follows:

(millions of dollars) As at	**December 31, 2014**	December 31, 2013
Cash and equivalents	**$ 59**	$ 41
Undrawn lines of credit	**565**	426
Liquidity	**$ 624**	$ 467
Contractual debt:		
Unsecured debentures payable	**$ 1,866**	$ 1,456
Mortgages payable	**4,615**	4,528
Total contractual debt	**$ 6,481**	$ 5,984
Liquidity as a percentage of total contractual debt	**9.6%**	7.8%
Percentage of unsecured debt	**28.8%**	24.3%
Percentage of secured debt	**71.2%**	75.7%

RioCan's liquidity is impacted by the Trust's contractual debt commitments and its forecasted development expenditures on active projects at RioCan's interest. RioCan's contractual debt commitments and development expenditures, at December 31, 2014 are as follows:

	Contractual Debt Commitments and Development Expenditures						
(millions of dollars)	2015	2016	2017	2018	2019	Thereafter	Total
Mortgages	$ 798	$ 699	$ 983	$ 630	$ 366	$ 1,139	$ 4,615
Debentures	116	225	150	250	175	950	1,866
Developments	151	182	43	—	—	1,009*	1,385
Total	$ 1,065	$ 1,106	$ 1,176	$ 880	$ 541	$ 3,098	$ 7,866

* Represents forecasted development expenditures from years 2017 to 2019, net of financing.

Deferred Income Taxes

The Trust qualifies as a mutual fund trust and a REIT for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for Canadian income tax purposes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in its incorporated Canadian subsidiaries.

The Trust's U.S. subsidiary qualifies as a REIT for U.S. income tax purposes. This subsidiary expects to distribute all of its U.S. taxable income (if any) to Canada and is entitled to deduct such distributions for U.S. income tax purposes. Accordingly, no provision for U.S. current income tax payable is required.

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

Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of unused tax credits and losses that are available to be carried forward to future tax years to the extent that it is probable that the deductions, unused tax credits and losses can be realized. Deferred tax assets and liabilities are measured at the undistributed tax rates that are expected to apply when the assets are realized or the liabilities are settled, based on the tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized in equity will also be recognized in equity.

At December 31, 2014, the Trust had deferred tax assets of $9 million (December 31, 2013 – $9 million) primarily related to a goodwill balance that arose during the restructuring the Trust undertook to qualify as a REIT for purposes of the *Income Tax Act* (Canada).

If the Trust were to cease to qualify as a REIT for Canadian income tax purposes, certain distributions would not be deductible in computing income for Canadian income tax purposes and the Trust would be subject to tax on such distributions at a rate substantially equivalent to the general corporate income tax rate. Other distributions would generally continue to be treated as returns of capital to unitholders.

Distributions to Unitholders

The Trust expects to distribute to its unitholders in each year an amount not less than the Trust's taxable income for the year, as calculated in accordance with the Income Tax Act after all permitted deductions under the Income Tax Act have been taken.

RioCan's monthly distribution in 2014 was $0.1175 per Unit, representing, on an annualized basis, $1.41 per Unit.

Distributions to Unitholders are as follows:

(millions of dollars, except when otherwise noted)

Year ended December 31,	**2014**	2013
Distributions to Unitholders	**$ 434**	$ 426
Distributions reinvested through the distribution reinvestment plan	**(121)**	(110)
Distributions to common Unitholders, net of distribution reinvestment plan	**$ 313**	$ 316
Distribution reinvestment plan participation rate	**27.9%**	25.8%

Difference between consolidated 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, net of the Trust's distribution reinvestment plan, is as follows:

(millions of dollars)

Year ended December 31,	**2014**	2013
Cash flows provided by operating activities	**$ 504**	$ 408
Adjust for:		
Changes in non-cash operating items and other	**1**	45
Adjusted operating cash flow	**$ 505**	$ 453
Less: Distributions to Unitholders	**$ 434**	$ 426
Excess of adjusted operating cash flow over distributions to Unitholders	**71**	27
Add back: Distributions reinvested through the distribution reinvestment plan	**121**	110
Excess of adjusted operating cash flow over distributions, net of distribution reinvestment plan	**$ 192**	$ 137

In determining the annual level of distributions to Unitholders, the Trust considers forward-looking cash flow information including forecasts and budgets and the future business prospects of the Trust. Furthermore, RioCan does not consider periodic cash flow fluctuations resulting from working capital items such as the timing of property operating costs and tax installments, and semi-annual debenture and mortgages payable interest payments in determining the level of distributions to Unitholders in any particular period. In determining the annual level of distributions to Unitholders, RioCan also considers the impact of its distribution reinvestment plan on its ability to sustain current distribution levels.

Additionally, in establishing the level of cash distributions to Unitholders the Trust considers the impact of, among other items, the future growth in the income producing portfolio, the current interest rate environment and cost of capital, completion of properties under development, impact of future acquisitions and capital expenditures and leasing related to the income producing portfolio.

Distributions to Unitholders are expected to continue to be funded by cash flows generated from RioCan's real estate investments and fee generating activities.

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

Reconciliation of consolidated cash flows provided operating activities to AFFO

The following table presents a reconciliation of cash provided by operating activities to AFFO:

(millions of dollars)

Year ended December 31,	**2014**	2013
Cash provided by operating activities	**$ 504**	$ 408
Share of net earnings in associates and joint ventures	**13**	32
Net change in non-cash operating items	**1**	45
Costs not capitalized during the development period:		
Recoverable under tenant leases	**(1)**	(1)
Interest expense	**7**	6
Demolition costs	**2**	3
Depreciation and amortization	**(5)**	(2)
Preferred unit distributions	**(14)**	(14)
Expense for early retirement of debentures	**—**	12
Normalized productive capacity maintenance capital expenditures:		
Leasing commissions and tenant improvements	**(25)**	(25)
Maintenance capital expenditures recoverable from tenants	**(15)**	(11)
Maintenance capital expenditures not recoverable from tenants	**(10)**	(9)
Non-controlling interests	**(1)**	(4)
IAS 17 - Leasing costs	**11**	8
Other adjustments	**(3)**	(1)
AFFO	**$ 464**	$ 447

SELECTED QUARTERLY CONSOLIDATED INFORMATION

(millions of dollars, except per unit amounts)	**2014**				2013			
As at and for the quarter ended	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	**$ 316**	$ 305	$ 302	$ 307	$ 307	$ 276	$ 278	$ 292
Net earnings (i)	**172**	162	159	172	265	130	154	164
Net earnings per common Unit (i)								
– Basic	**0.54**	0.51	0.51	0.55	0.86	0.41	0.50	0.53
– Diluted	**0.54**	0.51	0.50	0.55	0.86	0.41	0.49	0.53
Operating FFO	**130**	134	127	127	124	124	121	124
Operating FFO per Unit	**0.42**	0.43	0.42	0.42	0.41	0.41	0.40	0.41
Total assets	**14,677**	14,392	13,945	13,784	13,530	13,092	12,931	12,713
Total mortgages and debentures payable	**6,444**	6,438	6,170	6,094	5,959	5,733	5,579	5,477
Total distributions to common Unitholders	**110**	109	108	108	107	107	106	106
Total distributions to common Unitholders per Unit	**0.3525**	0.3525	0.3525	0.3525	0.3525	0.3525	0.3525	0.3525
DRIP Participation Rate	**29.0%**	29.3%	25.6%	27.8%	25.6%	25.9%	25.2%	26.3%
Net book value per common Unit (ii)	**24.06**	23.71	23.39	23.28	23.01	22.44	22.42	22.18
Market price per common Unit								
– High	**27.42**	27.97	28.11	26.86	25.89	26.20	25.42	27.90
– Low	**25.16**	25.11	26.20	24.50	23.85	23.46	24.80	26.53
– Close	**26.43**	25.67	27.31	26.63	24.77	24.30	25.27	27.80
Average daily volume	**558,332**	499,080	407,513	495,264	512,296	637,329	603,750	588,001
Market price per Preferred Unit – Series A								
– High	**25.63**	25.61	26.00	25.48	25.18	25.90	25.25	26.60
– Low	**24.65**	25.10	25.06	24.75	24.24	24.26	25.03	25.82
– Close	**25.32**	25.10	25.40	25.30	24.90	24.75	25.25	26.40
Average daily volume	**2,236**	2,025	2,277	4,038	5,132	4,579	3,288	3,229
Market price per Preferred Unit – Series C								
– High	**25.95**	25.89	26.49	25.40	25.32	25.58	25.28	26.75
– Low	**25.08**	25.30	25.04	24.86	24.65	24.19	24.79	25.80
– Close	**25.95**	25.52	25.45	25.34	25.00	25.15	25.19	26.30
Average daily volume	**4,861**	2,538	3,071	4,390	6,456	6,335	4,353	4,641
Non-resident ownership of units (iii)								
– Canadian	**72.1%**	74.9%	75.0%	74.1%	72.3%	73.0%	73.2%	72.8%
– Non-resident	**27.9%**	25.1%	25.0%	25.9%	27.7%	27.0%	26.9%	27.2%

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

(ii) A non-GAAP measurement. Calculated by RioCan as common Unitholders' equity divided by Units outstanding at the end of the 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.

(iii) Estimate based on mailing addresses as at the end of each quarter.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of RioCan's financial position and results of operations are based upon the Trust's 2014 Annual Financial Statements, which have been prepared in accordance with IFRS. 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.

RioCan believes that the following significant accounting policies are most affected by judgments and estimates used in the preparation of its 2014 Annual Financial Statements. For a detailed description of these and other accounting policies refer to the notes to RioCan's 2014 Annual Financial Statements.

Fair value

Fair value is the amount at which an item could be bought or sold in a current transaction between independent, knowledgeable willing parties, as opposed to a forced or liquidation sale, in an arm's length transaction under no compulsion to act.

Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, estimates of fair value are based on the best information available, including prices for similar items and the results of other valuation techniques. Valuation techniques used would be consistent with the objective of measuring fair value.

The techniques used to estimate future cash flows will vary from one situation to another depending on the circumstances surrounding the asset or liability in question.

The Trust's financial statements are affected by the fair value based method of accounting, the most significant areas of which are as follows:

- The determination of fair value of Investment property is based upon, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, capital expenditures and investment property operations. The Trust uses the direct capitalization method to fair value its income properties. Under this valuation method a capitalization rate is applied to normalized NOI to yield a fair value. Please see "Asset Profile" for a further discussion of fair values of investment property and sensitivities to changes in capitalization rates.
- Unit based compensation expense is measured at fair value and expensed over the options' vesting periods, calculated using the Black-Scholes Model for option valuation. For the year ended December 31, 2014, RioCan recorded Unit based compensation expense of approximately $4.1 million ($4.7 million for the comparative period of 2013).
- International Financial Reporting Standards IAS 39, "Financial Instruments: Recognition and Measurement" establishes the standard for recognizing and measuring financial assets, financial liabilities and non-financial derivatives (please see the notes to RioCan's 2014 Annual Financial Statements). All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.
- For the year ended December 31, 2014, the consideration for real estate acquired during 2014 included $48 million relating to the assumption of mortgages payable and the granting of vendor-take-back mortgages by the vendors. These financial liabilities were measured at fair value on initial recognition. If the interest rate used in the assessment of fair value has a differential of 100 basis points, RioCan's operations would be impacted by approximately $0.5 million annually.
- At least annually, RioCan reports in its financial statements the fair value of its mortgages and debentures payable, which amounts are based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts that RioCan might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

The carrying cost of RioCan's mortgages and debentures payable at December 31, 2014 is $6.4 billion. The Trust reported a $6.8 billion fair value relating to these mortgages and debentures payable in the notes to the 2014 Annual Financial Statements. If the interest rate used in the assessment of fair value has a differential of 100 basis points, RioCan's reported fair value relating to mortgages and debentures payable would be impacted by approximately $180 million.

Guarantees

GAAP requires RioCan to assess whether there are contingent losses relating to guarantees that the Trust provided on behalf of third parties, including co-owners and partners. In addition, RioCan's guarantees remain in place for debts assumed by purchasers in connection with certain property dispositions, and will remain until such debts are extinguished or the lenders agree to release its covenants. Credit risk arises in the event that these parties default on repayment of their debt since they are guaranteed by RioCan. These credit risks are mitigated as RioCan has recourse under these guarantees in the event of a default by the borrowers, in which case the Trust would also have a claim against the underlying real estate investments. A contingent loss is recorded by RioCan when the carrying values of the related real estate investments are not recovered either as a result of the inability of the underlying assets' performance to meet the contractual debt service terms of the underlying debt and the fair value of the collateral assets are insufficient to cover the obligations and encumbrances in a sale between unrelated parties in the normal course of business. RioCan's estimates of future cash flow which, among other things, involve assumptions of estimated occupancy, rental rates and residual value, and the effects of other factors, including general and local economic conditions and changing tenant formats, could vary and result in a significantly different assessment of such contingent loss. As at December 31, 2014, there have been no defaults by the primary obligors for debts on which the Trust has provided its guarantees and as a result, no contingent loss on these guarantees has been recognized in the Trust's financial statements.

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 consolidated unaudited financial statements for the year ended December 31, 2014, are described below. This description is of standards and interpretations issued, which the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

IFRS 15, Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recording revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted. RioCan is currently assessing the impact of IFRS 15 and intends to adopt the new standard on the required effective date.

IFRS 9, Financial Instruments (IFRS 9)

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The adoption of IFRS 9 may have an effect on the classification and measurement of RioCan's financial assets, but no impact on the classification and measurement of its financial liabilities.

CONTROLS AND PROCEDURES

Internal Controls for Disclosure and Financial Reporting

At December 31, 2014, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to RioCan is made known to the CEO and the Interim CFO, and have designed internal controls over financial reporting and disclosure to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

RioCan has established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Trust's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. Management, including RioCan's CEO and CFO assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trust's internal controls over financial reporting as at December 31, 2014 on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, it was determined that, as of December 31, 2014, RioCan's internal controls over financial reporting were appropriately designed and were operating effectively based on the criteria established in the *Internal Control - Integrated Framework (2013)*.

During the first quarter of 2014, RioCan completed the conversion to a new enterprise resource planning (ERP) system, and financial reporting application. The ERP and financial reporting system conversion has not resulted in any significant changes in internal controls during the year ended months ended December 31, 2014. Management employed appropriate procedures to ensure internal controls over financial reporting were in place during and after the conversion.

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.

Canadian Income Tax Legislation – REIT Status

The Trust currently qualifies as a REIT 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 as a REIT, RioCan's Canadian assets must be comprised primarily of real estate and substantially all of RioCan's Canadian source revenues must be derived from rental revenue, capital gains and fee income from properties in which RioCan has an interest.

On October 24, 2012, the Minister of Finance tabled in the House of Commons a detailed Notice of Ways and Means motion to implement outstanding technical tax amendments. As part of this motion, the Minister is creating a new 10% basket for the holding of non-qualifying assets and increasing the non-qualifying revenue basket to 10% from 5% for purposes of the 95% REIT Revenue Test, thereby reducing the qualifying revenue threshold to 90%.

On November 21, 2012, the proposed amendments above received first reading in the House of Commons. On March 8, 2013, the amendments received their second reading in the House of Commons and on June 26, 2013, Bill C-48 received Royal Assent (i.e. final approval). The amendments are retroactive to January 1, 2011.

The Trust does not believe that the enactment and the amendments above, which are generally less restrictive than the original tax legislation, will impair its ability to continue to qualify as a REIT.

REIT Qualification Monitoring

A key activity of RioCan is the monitoring processes to ensure that RioCan continues to qualify as a REIT for purposes of the *Income Tax Act* (Canada) following the adoption of the SIFT Provisions in 2010.

From time to time, the members of the Board of Trustees, Audit Committee and senior management are updated on RioCan's continued REIT qualification, including any significant legislation updates.

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 credit-worthiness of tenants, and various other factors.

Development Risk

Development risk arises from the possibility that completed developments will not be leased or that costs of development will exceed original estimates, resulting in an uneconomic return from the leasing of such space. RioCan also expects to be increasingly involved in mixed-use development projects that include residential condominiums and rental apartments. Purchaser demand for residential condominiums is cyclical and is affected by changes in general market and economic conditions, such as consumer confidence, employment levels, availability of financing for homebuyers, interest rates, demographic trends, and housing demand. Furthermore, the market value of undeveloped land, buildable lots and housing inventories held by RioCan can fluctuate significantly as a result of changing economic and real estate market conditions.

RioCan's construction commitments are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays including municipal approvals; (ii) cost overruns; and (iii) the failure of tenants to occupy and pay rent in accordance with existing lease agreements, some of which are conditional. Construction risks are minimized through the provisions of the Trust's Declaration, which have the effect of limiting direct and indirect investments, net of related mortgage debt, in non-income producing properties to no more than 15% of the Adjusted Book Value of RioCan's unitholders' equity. RioCan also seeks to undertake such developments with established developers. With some exceptions for land in the high growth markets, RioCan will generally not acquire or fund significant expenditures for undeveloped land unless it is zoned and an acceptable level of space has been pre-leased or pre-sold. An advantage of unenclosed, new format retail is that it lends itself to phased construction keyed to leasing levels, which reduces the creation of significant amounts of vacant but developed space.

Liquidity and General Market Conditions

RioCan faces risks associated with general market conditions and their potential consequent effects. Current general market conditions may include, among other things, the insolvency of market participants, tightening lending standards and decreased availability of cash, and changes in unemployment levels, retail sales levels, and real estate values. These market conditions may affect occupancy levels and RioCan's ability to obtain credit on favourable terms or to conduct financings through the public market.

Ownership of Real Estate

Tenant Concentration

With respect to tenant concentration risk, in the event a given tenant, or group of tenants, experience financial difficulty and is unable to fulfill its lease commitments, or a given geographical area suffers an economic decline, the Trust could experience a decline in revenue.

RioCan strives to manage tenant concentration risk through geographical diversification and diversification of revenue sources in order to avoid dependence on any single tenant. RioCan's objective, as exemplified by the requirements of its Declaration noted above, is that no individual tenant contributes a significant percentage of its gross revenue and that a considerable portion of the Trust's revenue is earned from national and anchor tenants. RioCan attempts to lease to creditworthy tenants, will generally conduct credit assessments for new tenants and generally is provided security by the tenants as part of negotiated deals. RioCan attempts to reduce its risks associated with occupancy levels and lease renewal risk by having staggered lease maturities, negotiating leases with base terms between five and ten years, and by negotiating longer term leases with built-in minimum rent escalations where deemed appropriate.

In order to reduce RioCan's exposure to the risks relating to credit and the financial stability of tenants, the Trust's Declaration restricts the amount of space which can be leased to any person and that person's affiliates, other than in respect of leases with or guaranteed by the Government of Canada, a province of Canada, a municipality in Canada or any agency thereof and certain corporations, the securities of which meet stated investment criteria, to a maximum premises or space having an aggregate gross leasable area of 20% of the aggregate gross leasable area of all real property held by RioCan. At December 31, 2014, RioCan was in compliance with this restriction.

Tenant Bankruptcies

Several of RioCan's properties are anchored by large national tenants. The value of some of the Trust's properties, including any improvements thereto, could be adversely affected if these anchor stores or major tenants fail to comply with their contractual obligations, experience credit or financial instability or cease their operations.

Bankruptcy filings by retailers occur periodically in the course of normal operations for reasons, such as increased competition, Internet sales, changing population demographics, poor economic conditions, rising costs and changing shopping trends and/or perceptions. RioCan continually seeks to re-lease vacant spaces resulting from tenant terminations. The bankruptcy of a tenant, particularly an anchor tenant, may make it more difficult to lease the remainder of the affected properties or may give rise to certain rights under existing leases with other tenants.

Lease Renewals and Rental Increases

Growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies at rental rates similar to those paid by existing tenants in order for the Trust to maintain its existing occupancy levels of its properties. It is possible that RioCan may face a disproportionate amount of space expiring in any one period. Additionally, rental rates could decline, tenant bankruptcies could increase and tenant renewals may not be achieved, particularly in the event of a protracted disruption in the economy, such as a recession.

At December 31, 2014, RioCan had NLA, at its interest, of 50.0 million square feet and a portfolio occupancy rate of 97.0%. Based on the Trust's current annualized rental revenue on a weighted average portfolio basis of approximately $24 per square foot, for every fluctuation in occupancy by a differential of 1%, the Trust's operations would be impacted by approximately $12 million annually.

RioCan's aggregate rentals over the next five years represent annual lease payments of $465 million based on current contractual rental rates. For every such lease renewed upon maturity at an aggregate rental rate differential of 100 basis points, the Trust's net earnings would be impacted by approximately $5 million annually.

	Lease expiries (Canadian Portfolio)					
(in thousands)	Portfolio NLA (i)	2015	2016	2017	2018	2019
Square feet	39,994	3,949	4,587	3,798	4,580	5,150
Square feet expiring portfolio NLA	55.3%	9.9%	11.5%	9.5%	11.5%	12.9%
Total net rent	$ 388,806	$ 69,249	$ 79,374	$ 71,466	$ 80,228	$ 88,489

	Lease expiries (U.S. Portfolio)					
(in thousands)	Portfolio NLA (i)	2015	2016	2017	2018	2019
Square feet	10,031	735	502	730	1,059	1,527
Square feet expiring portfolio NLA	45.4%	7.3%	5.0%	7.3%	10.6%	15.2%
Total net rent	$ 76,203	$ 14,228	$ 8,381	$ 12,751	$ 17,777	$ 23,066

(i) Represents RioCan's proportionate ownership share.

Some of our retail lease agreements include co-tenancy clauses which allow the tenant to pay a reduced rent amount and, in certain instances, terminate the lease, if RioCan fails to maintain certain occupancy levels or retain certain anchor tenancies. In addition, certain of the Trust's tenants have the ability to terminate their leases prior to the lease expiration date if their sales do not meet agreed upon thresholds. If occupancy, tenancy or sales fall below certain thresholds, rents that RioCan is entitled to receive from tenants could be reduced.

Financial and Liquidity Risk

Access to capital

A risk to the Trust's growth program and the refinancing of its debt upon maturity is that of not having sufficient debt and equity capital available to RioCan. Given the relatively small size of the Canadian marketplace, there are a limited number of lenders from which RioCan can borrow. RioCan's financial condition and results of operations would be adversely affected if it were unable to obtain financing or cost-effective financing.

At December 31, 2014, RioCan's total indebtedness had a 4.0 year weighted average term to maturity bearing interest at a weighted average contractual interest rate of 4.12% per annum.

Interest rate and financing risk

The terms of RioCan's credit agreements require the Trust to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios, adequate insurance coverage and certain credit ratings. These covenants may limit the Trust's flexibility in conducting its operations and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness.

RioCan's operations are also impacted by interest rates, as interest expense represents a significant cost in the ownership of real estate investments. At December 31, 2014,the Trust has aggregate contractual debt principal maturities through to December 31, 2017 of approximately $2.82 billion (43.6% of RioCan's Aggregate Debt) with a weighted average contractual interest rate of 4.03%. For every such amount refinanced upon maturity at an aggregate interest rate differential of 100 basis points, the Trust's net earnings would be impacted by approximately $28.2 million annually.

RioCan seeks to reduce its interest rate risk by staggering the maturities of long term debt and limiting the use of floating rate debt so as to minimize exposure to interest rate fluctuations. At December 31, 2014, 7.8% of the Trust's aggregate debt was at floating interest rates.

From time to time, the Trust may enter into interest rate swap transactions to modify the interest rate profile of its current or future variable rate debts without an exchange of the underlying principal amount.

Joint Ventures and Partnerships

RioCan participates in joint ventures, partnerships and similar arrangements that may involve risks and uncertainties not present absent third-party involvement, including, but not limited to, RioCan's dependency on partners, co-tenants or co-venturers that are not under the Trust's control and that might compete with RioCan for opportunities, become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on the Trust. Additionally, RioCan's partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of the Trust, and the Trust may be required to take actions that are in the interest of the partners collectively, but not in RioCan's sole best interests. Accordingly, RioCan may not be able to favourably resolve issues with respect to such decisions, or the Trust could become engaged in a dispute with any of them that might affect RioCan's ability to operate the business or assets in question.

Relative Illiquidity of Real Property

Real estate investments are relatively illiquid as a large proportion of RioCan's capital is invested in physical assets which can be difficult to sell, especially if local market conditions are poor. A lack of liquidity could limit the Trust’s ability to sell components of the portfolio promptly in response to changing economic or investment conditions. If RioCan were required to quickly liquidate its assets, there is a risk that the Trust would realize sale proceeds of less than the current book value of its real estate investments.

As well, certain significant expenditures involved in real property investments, such as property taxes, maintenance costs and mortgage payments, represent obligations that must be met regardless of whether the property is producing sufficient, or any, revenue.

Unexpected Costs or Liabilities Related to Acquisitions

A risk associated with a real property acquisition is that there may be an undisclosed or unknown liability concerning the acquired properties, and RioCan may not be indemnified for some or all of these liabilities. Following an acquisition, RioCan may discover that it has acquired undisclosed liabilities, which may be material.

RioCan conducts what it believes to be an appropriate level of investigation in connection with its acquisition of properties and seeks through contract to ensure that risks lie with the appropriate party.

Environmental Matters

Environmental and ecological related policies have become increasingly important in recent years. Under various federal, provincial, state and municipal laws, RioCan, as an owner or operator of real property, could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, or address such matters through alternative measures prescribed by the governing authority, may adversely affect RioCan’s ability to sell such real estate or to borrow using such real estate as collateral, and could, potentially, also result in claims against the Trust. RioCan is not currently aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is RioCan currently aware of any environmental condition with respect to any properties that it believes would involve material expenditures by the Trust.

It is the Trust’s policy to obtain a Phase I environmental audit conducted by a qualified environmental consultant prior to acquiring any additional property. In addition, where appropriate, tenant leases generally specify that the tenant will conduct its business in accordance with environmental regulations and be responsible for any liabilities arising out of infractions to such regulations. It is RioCan’s practice to regularly inspect tenant premises that may be subject to environmental risk. The Trust maintains insurance to cover a sudden and/or accidental environmental mishap.

Litigation

RioCan’s operations are subject to a wide variety of laws and regulations across all of its operating jurisdictions and RioCan faces risks associated with legal and regulatory changes and litigation. In the normal course of operations, RioCan becomes involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights, and contractual and other commercial disputes. Further, RioCan has operations in the U.S., which may, as a result of the prevalence of litigation in the U.S., be more susceptible to legal action than the rest of RioCan's operations. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on the Trust's financial position or results of operations.

RioCan retains external legal consultants to assist it in remaining current and compliant with legal and regulatory changes and to respond to litigation.

Key Personnel

RioCan's executive and other senior officers have a significant role in the success of the Trust and oversee the execution of RioCan's strategy. RioCan's ability to retain its management team or attract suitable replacements should any members of the management group leave is dependent on, among other things, the competitive nature of the employment market. RioCan has experienced departures of key professionals in the past and may do so in the future, and the Trust cannot predict the impact that any such departures will have on its ability to achieve its objectives. The loss of services from key members of the management team or a limitation in their availability could adversely impact RioCan's financial condition and cash flow.

RioCan relies on the services of key personnel on its executive team, including its Chief Executive Officer, Edward Sonshine, and its President, Chief Operating Officer and Interim Chief Financial Officer and Corporate Secretary, Raghunath Davloor, and the loss of their services could have an adverse effect on RioCan. RioCan mitigates key personnel risk through succession planning, but does not maintain key person insurance.

Unitholder Liability

There is a risk that RioCan's unitholders could become subject to liability. The Trust's Declaration provides that no unitholder or annuitant under a plan of which a unitholder acts as trustee or carrier will be held to have any personal liability as such, and that no resort shall be had to the private property of any unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of RioCan. Only RioCan's assets are intended to be subject to levy or execution. The Declaration further provides that, whenever possible, certain written instruments signed by RioCan must contain a provision to the effect that such obligation will not be binding upon unitholders personally or upon any annuitant under a plan of which a unitholder acts as trustee or carrier. In conducting its affairs, RioCan has acquired and may acquire real property investments subject to existing contractual obligations, including obligations under mortgages and leases that do not include such provisions. RioCan will use its best efforts to ensure that provisions disclaiming personal liability are included in contractual obligations related to properties acquired, and leases entered into, in the future.

Certain provinces have legislation relating to unitholder liability protection, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. To RioCan's knowledge, certain of these statutes have not yet been judicially considered and it is possible that reliance on such statute by a unitholder could be successfully challenged on jurisdictional or other grounds.

Income Taxes

RioCan currently qualifies as a mutual fund trust and REIT for income tax purposes. RioCan expects to distribute all of the Trust's taxable income to unitholders and is, therefore, generally not subject to tax on such amounts. In order to maintain RioCan's current mutual fund trust status, the Trust is required to comply with specific restrictions regarding its activities and the investments held by the Trust. If the Trust were to cease to qualify as a mutual fund trust, or a REIT for income tax purposes, the consequences could be material and adverse.

No assurance can be given that the provisions of the Income Tax Act (Canada) regarding mutual fund trusts and REITs will not be changed in a manner that adversely affects RioCan and its unitholders.

United States Investment, Management Platform and Currency Risk

RioCan intends to continue to make acquisitions from time to time in the United States as determined to be appropriate or desirable. It is possible that such additional acquisitions may not be completed. Further there may be a lack of availability of acquisition opportunities and exposure to economic, real estate and capital market conditions in the United States.

RioCan's recent development of a property management platform in the U.S. will expand the Trust's direct involvement in the U.S. real estate market. The U.S. real estate market differs from the Canadian environment in many ways and the Trust's expertise and experience in Canada may not prove beneficial in a foreign jurisdiction. The Trust is mitigating the risks relating to its entry into and exposure to the U.S. by hiring U.S. based employees with real estate experience, and making investments of moderate scale. There can be no certainty, however, that RioCan's U.S. investments will be successful.

Additionally, it is possible that the Trust's U.S. investments will expose the Trust to foreign exchange fluctuations. The Trust will, in part, mitigate this risk through the use of U.S. denominated debt.

As at December 31, 2014, the Trust's US denominated net assets are $1,048 million; therefore a 1% change in the value of the US dollar will result in a gain or loss through OCI of approximately $10.5 million and an approximate $1.8 million impact to consolidated net earnings.

Credit Ratings

Real or anticipated changes in credit ratings on RioCan's debentures or Preferred Units may affect the market value thereof. In addition, real or anticipated change in credit ratings can affect the cost at which RioCan can access the debenture or preferred unit market, as applicable.

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RioCan
AUDITED ANNUAL
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FOR THE YEARS ENDED
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of RioCan Real Estate Investment Trust (RioCan) is responsible for the preparation and fair presentation of the accompanying annual consolidated financial statements and Management's Discussion and Analysis (MD&A). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements and information in the MD&A necessarily include amounts based on best estimates and judgments by management of the expected effects of current events and transactions with the appropriate consideration to materiality. In addition, in preparing this financial information, we must make determinations about the relevancy of information to be included, and estimates and assumptions that affect the reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

In meeting our responsibility for the integrity and fairness of the annual consolidated financial statements and MD&A and for the accounting systems from which they are derived, management has established the necessary internal controls designed to ensure that our financial records are reliable for preparing financial statements and other financial information, transactions are properly authorized and recorded, and assets are safeguarded against unauthorized use or disposition.

As at December 31, 2014, our Chief Executive Officer and Interim Chief Financial Officer evaluated, or caused an evaluation under their direct supervision, the design and operation of our internal controls over financial reporting (as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings)* and, based on that assessment, determined that our internal controls over financial reporting were appropriately designed and operating effectively.

The Board of Trustees oversees management's responsibility for financial reporting through an Audit Committee, which is composed entirely of independent trustees. This committee reviews RioCan's annual consolidated financial statements and MD&A with both management and the independent auditors before such statements are approved by the Board of Trustees. Other key responsibilities of the Audit Committee include selecting RioCan's auditors, approving the unaudited interim condensed consolidated financial statements and MD&A, and monitoring RioCan's existing systems of internal controls.

Ernst & Young LLP, independent auditors appointed by the unitholders of RioCan upon the recommendation of the Board of Trustees, have examined our 2014 and 2013 annual consolidated financial statements and have expressed their opinion upon the completion of such examination in the following report to the unitholders. The auditors have full and free access to, and meet at least quarterly with, the Audit Committee to discuss their audits and related matters.

Edward Sonshine, O.Ont., Q.C.
Chief Executive Officer

Raghunath Davloor, CPA, CA
President, Chief Operating Officer, and Interim Chief Financial Officer

Toronto, Canada
February 12, 2015

INDEPENDENT AUDITORS' REPORT

To the Unitholders of
RioCan Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of RioCan Real Estate Investment Trust, which comprise the consolidated balance sheets as at December 31, 2014 and 2013, and the consolidated statements of earnings, changes in equity, comprehensive income, and cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RioCan Real Estate Investment Trust as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 12, 2015

CONSOLIDATED BALANCE SHEETS

(Audited – Canadian dollars, in millions)

	Note		**As at December 31, 2014**		As at December 31, 2013
ASSETS					
Investment properties	*4*	**$**	**14,040**	$	13,062
Deferred tax assets	*9*		**9**		9
Investments in associates and joint ventures	*17*		**63**		36
Mortgages and loans receivable	*5*		**136**		248
Receivables and other assets	*6*		**373**		136
Cash and cash equivalents			**56**		39
Total assets		**$**	**14,677**	$	13,530
LIABILITIES					
Mortgages payable and lines of credit	*7*	**$**	**4,587**	$	4,512
Debentures payable	*8*		**1,857**		1,447
Accounts payable and accrued liabilities	*10*		**365**		299
Total liabilities		**$**	**6,809**	$	6,258
EQUITY					
Preferred unitholders' equity	*11*	**$**	**265**	$	265
Common unitholders' equity			**7,603**		6,996
Total unitholders' equity			**7,868**		7,261
Non-controlling interests			**—**		11
Total equity			**7,868**		7,272
Total liabilities and equity		**$**	**14,677**	$	13,530

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

Approved on behalf of the Board of Trustees

Paul Godfrey
Paul Godfrey, O. Ont., C.M.
Chairman

Edward Sonshine
Edward Sonshine, O. Ont., Q.C.
Trustee

RIOCAN REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF EARNINGS

(Audited – Canadian dollars, in millions, except per unit amounts)

For the year ended December 31,	Note		2014		2013 (restated - note 2)
Rental revenue	*14*	**$**	**1,204**	$	1,121
Property operating costs					
Recoverable under tenant leases	15		**406**		376
Non-recoverable from tenants			**19**		16
			425		392
Operating income			**779**		729
Other income					
Fees and other income	*16*		**22**		17
Interest			**7**		14
Share of net earnings in equity accounted associates and joint ventures	*17*		**13**		32
Fair value gains on investment property, net	*4*		**147**		229
			189		292
Other expenses					
Interest	*18*		**235**		234
General and administrative	*19*		**52**		45
Leasing costs	3		**11**		8
Transaction and other costs	*20*		**6**		9
Expense for early redemption of debentures			**—**		12
			304		308
Earnings before income taxes			**664**		713
Net earnings		**$**	**664**	$	713
Net earnings attributable to:					
Common and preferred unitholders		**$**	**663**	$	709
Non-controlling interests			**1**		4
		$	**664**	$	713
Net earnings per common unit – basic	*22*	**$**	**2.11**	$	2.30
Net earnings per common unit – diluted	*22*	**$**	**2.10**	$	2.29
Weighted average number of common units – basic (in thousands)	*22*		**307,910**		302,324
Weighted average number of common units – diluted (in thousands)	*22*		**308,672**		303,260

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

RIOCAN REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Audited – Canadian dollars, in millions)

	Note	Common Trust Units	Cumulative Earnings	Cumulative Unitholders Distributions	Accumulated OCI (loss)	Total Common Equity	Total Preferred Equity	Non-Controlling Interests	Total
Total Equity, December 31, 2012		$ 4,130	$ 6,125	$ (3,649)	$ (24)	$ 6,582	$ 265	$ 33	$ 6,880
Changes during the period									
Net earnings		—	709	—	—	709	—	4	713
Other comprehensive income	*11*	—	—	—	47	47	—	—	47
Realization of cumulative foreign currency translation difference		—	—	—	(4)	(4)	—	—	(4)
Distributions to unitholders	*13*	—	—	(440)	—	(440)	—	(1)	(441)
Unit issue proceeds, net	*11*	119	—	—	—	119	—	—	119
Common trust units repurchased and cancelled	*11*	(13)	(9)	—	—	(22)	—	—	(22)
Value associated with unit options granted	*11*	5	—	—	—	5	—	—	5
Change in ownership interest		—	—	—	—	—	—	(25)	(25)
Reclassification of pension		—	1	—	(1)	—	—	—	—
Total Equity, December 31, 2013		$ 4,241	$ 6,826	$ (4,089)	$ 18	$ 6,996	$ 265	$ 11	$ 7,272

	Note	Common Trust Units	Cumulative Earnings	Cumulative Unitholders Distributions	Accumulated OCI (*note 11*)	Total Common Equity	Total Preferred Equity	Non-Controlling Interests	Total
Total Equity, December 31, 2013		$ 4,241	$ 6,826	$ (4,089)	$ 18	$ 6,996	$ 265	$ 11	$ 7,272
Changes during the period									
Net earnings		**—**	**663**	**—**	**—**	**663**	**—**	**1**	**664**
Other comprehensive income	*11*	**—**	**—**	**—**	**96**	**96**	**—**	**—**	**96**
Distributions to unitholders	*13*	**—**	**—**	**(448)**	**—**	**(448)**	**—**	**—**	**(448)**
Unit issue proceeds, net	*11*	**291**	**—**	**—**	**—**	**291**	**—**	**—**	**291**
Value associated with unit options granted	*11*	**5**	**—**	**—**	**—**	**5**	**—**	**—**	**5**
Change in ownership interest		**—**	**—**	**—**	**—**	**—**	**—**	**(12)**	**(12)**
Total Equity, December 31, 2014		**$ 4,537**	**$ 7,489**	**$ (4,537)**	**$ 114**	**$ 7,603**	**$ 265**	**$ —**	**$ 7,868**

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

RIOCAN REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Audited – Canadian dollars, in millions)

For the year ended December 31,			**2014**		2013
Net earnings		**$**	**664**	$	713
Other comprehensive income:					
Items that may be reclassified subsequently to net earnings:					
Unrealized gain (loss) on interest rate swap agreements	*11*		**(7)**		6
Unrealized gain on translation of foreign operations	*11*		**79**		38
Unrealized gain (loss) on available-for-sale investment	*11*		**26**		(2)
Items that are not to be reclassified to net earnings, net of tax:					
Actuarial gain (loss) on pension plan, net of tax	*11*		**(2)**		1
Other comprehensive income, net of tax			**96**		43
Comprehensive income		**$**	**760**	$	756
Comprehensive income attributable to:					
Common and preferred unitholders		**$**	**759**	$	752
Non-controlling interests		**$**	**1**	$	4

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

RIOCAN REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Audited – Canadian dollars, in millions)

For the year ended December 31,	Note	2014	2013
CASH FLOWS PROVIDED BY (USED IN):			
Operating activities			
Net earnings		**$ 664**	$ 713
Items not affecting cash			
Depreciation and amortization		**5**	2
Recognition of rents on a straight-line basis		**(9)**	(6)
Unit-based compensation expense		**5**	5
Fair value gains on investment property, net	*4*	**(147)**	(229)
Share of net earnings in associates and joint ventures		**(13)**	(32)
Net change in non-cash operating items	*24*	**(1)**	(45)
Cash flows provided by operating activities		**504**	408
Investing activities			
Acquisition of investment properties		**(192)**	(563)
Capital expenditures on properties under development		**(231)**	(156)
Capital expenditures recoverable from tenants		**(10)**	(19)
Capital expenditures not recoverable from tenants		**(12)**	(4)
Capital expenditures - revenue enhancing		**(9)**	(7)
Tenant installation costs		**(29)**	(28)
Proceeds on disposition of investment properties		**54**	440
Contributions to associates and joint ventures		**(4)**	(30)
Distributions from associates and joint ventures		**1**	19
Proceeds on disposition of associates and joint ventures		**—**	52
Mortgages and loans receivable			
Advances		**(54)**	(49)
Repayments		**60**	18
(Purchases) Proceeds related to available-for-sale investments, net of financing		**(96)**	49
Cash flows used in investing activities		**(522)**	(278)
Financing activities			
Mortgages payable			
Borrowings		**250**	423
Repayments		**(411)**	(476)
Advances of lines of credit		**231**	259
Repayment of lines of credit		**(276)**	(250)
Issue of debentures payable, net	*8*	**400**	446
Repayment of debentures payable	*8*	**—**	(300)
Acquisition of non-controlling interests		**(3)**	(25)
Distributions on common units	*13*	**(433)**	(425)
Proceeds from units issued under distribution reinvestment plan	*11*	**121**	110
Distributions paid on preferred units	*13*	**(14)**	(14)
Distributions paid to non-controlling interests		**—**	(1)
Common units repurchased and cancelled		**—**	(22)
Proceeds from issue of common units, net		**170**	9
Cash flows provided by (used in) financing activities		**35**	(266)
Net increase (decrease) in cash and cash equivalents		**17**	(136)
Cash and cash equivalents, beginning of year		**39**	175
Cash and cash equivalents, end of year		**$ 56**	$ 39
Supplemental cash flow information	*25*		

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

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RioCan

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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Notes to Consolidated Financial Statements

To facilitate a better understanding of RioCan's consolidated financial statements, significant accounting policies and related disclosures, a listing of all the notes is provided below.

1. Trust Information

RioCan Real Estate Investment Trust (the Trust or RioCan) owns, develops and operates Canada's largest portfolio of shopping centres. RioCan is an unincorporated closed-end trust governed under the laws of the Province of Ontario, Canada and constituted pursuant to a Declaration of Trust dated November 30, 1993, as most recently amended and restated on June 5, 2013 (the Declaration). The Trust's registered office and principal place of business is located at 2300 Yonge Street, Suite 500, Toronto, Ontario. RioCan also has regional offices outside of Canada in Mount Laurel, New Jersey and Dallas, Texas. RioCan's common trust units (Units) are listed on the Toronto Stock Exchange (the TSX) under the symbol REI.UN and its preferred trust units, Series A and its preferred trust units, Series C are listed on the TSX under the symbols REI.PR.A and REI.PR.C, respectively.

These consolidated financial statements were authorized for issue by RioCan's Board of Trustees on February 12, 2015.

2. Basis of Presentation

(a) Basis of presentation and statement of compliance

RioCan's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements are prepared on a going concern basis and using the historical cost method, modified to include the fair value measurement of investment property and certain financial instruments as set out in the relevant accounting policies.

The Trust presents its consolidated balance sheets based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity. The notes to the consolidated financial statements distinguish between current and non-current assets and liabilities.

Certain comparative information has been reclassified to conform to the current year's presentation. All amounts are expressed in Canadian dollars and rounded to the nearest million unless otherwise indicated.

(b) Principles of consolidation

(i) Subsidiaries

These consolidated financial statements include the assets, liabilities and result of operations of RioCan and its subsidiaries after elimination of inter-company transactions and balances.

Subsidiaries are entities over which the Trust has control, where an entity has control when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power may be determined on the basis of voting rights or other contractual arrangements. Subsidiaries are fully consolidated from the date of acquisition, being the date on which RioCan obtains control, and continue to be consolidated until the date that such control ceases.

When RioCan does not own all of the equity in a subsidiary, the non-controlling equity interest is disclosed in the consolidated balance sheet as a separate component of total equity.

(ii) Associates and joint ventures

Associates are entities over which RioCan has significant influence and that is neither a subsidiary or an interest in a joint venture. Ownership of 20% to 50% of the voting shares of an investee would generally indicate that the Trust has significant influence, although other factors such as the ability to impact key operating decisions could also indicate significant influence.

A joint venture is a type of joint arrangement whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method and initially recorded at cost and adjusted by post-acquisition changes in RioCan's share of the net assets of the associate. The statement of earnings reflects the Trust's share of the result of operations of the associate or joint venture.

The financial statements of RioCan's associates and joint ventures are prepared for the same reporting period as the Trust and where necessary, adjustments are made to bring the accounting policies of such entities in line with those of the Trust.

(iii) Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. RioCan records only its share of the assets, liabilities and share of the results of operations of the joint operation. The assets, liabilities and results of joint operations are included within the respective line items of the consolidated balance sheets, consolidated statements of earnings, and consolidated statements of comprehensive income.

(c) Critical Accounting Estimates and Use of Judgment

The preparation of RioCan's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets, liabilities and contingent liabilities at the reporting period date. These estimates and judgments are made based on information available as at the date of issuance of the consolidated financial statements that are believed to be reasonable. Actual results may differ from these estimates.

In the process of applying RioCan's accounting policies, management was required to apply judgment and estimates in the areas discussed below.

Investment properties

RioCan's accounting policies relating to investment properties are described in Note 2(e). In applying these policies, judgment is required in determining whether certain costs represent additions to the carrying amount of the property and in distinguishing between tenant incentives and capital improvements.

Development properties

Development costs for properties under development are capitalized in accordance with the accounting policy in Note 3(c). Initial capitalization of costs requires management's judgment in determining when the project commences with active development, and identifying at which time a development property is substantially completed. This amount includes capitalized property taxes as well as borrowing costs on both specific and general debt.

Valuation of investment properties

Fair value is the amount at which an item could be bought or sold in a current transaction between independent, knowledgeable willing parties, as opposed to a forced or liquidation sale, in an arm's length transaction under no compulsion to act.

Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, judgment is required to estimate fair value based on the best information available, including prices for similar assets and the use of other valuation techniques. These valuation techniques are consistent with the objective of measuring fair value and involve a degree of estimation depending on the availability of market-based information.

Management internally estimates the fair value of each income property based on a valuation technique known as the direct capitalization income approach. The fair value is determined by applying a capitalization rate to stabilized net operating income (SNOI), which incorporates allowances for vacancy, management fees and structural reserves for capital expenditures for the property. The resulting capitalized value is further adjusted, where appropriate, for costs to stabilize the income and non-recoverable capital expenditures.

Estimated rental values, annual rent growth and long-term vacancy rates are unobservable inputs in the context of the Trust's fair value model. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and an opposite change in the long-term vacancy rate. Each of these inputs when increased or decreased, in isolation, would not result in a material change in the fair value of the Trust's investment properties. As a result, management does not consider these variables as key inputs in estimating the fair value of income property.

Management uses an internal valuation process to estimate the fair value of properties under development that consist of undeveloped land on a land value per acre basis using the particular attributes of the project with respect to zoning and pre-development work performed on the site. Where a site is partially developed, the direct capitalization method is applied to capitalize the pro forma NOI, stabilized with market allowances, from which the costs to complete the development are deducted.

The primary method of valuation for land acquired for development is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets. Land values are estimated using either a per acre or per buildable square foot basis based on highest and best use. Such values are applied to RioCan's properties after adjusting for factors specific to the site, including its location, intended use, zoning, servicing and configuration.

Unit-based compensation

RioCan uses estimates and judgment when determining the unit-based compensation expense during a reporting period. The determination of the unit-based compensation expense resulting from the Trust's granting of employee unit options depends on valuation models, which by their nature are subject to measurement uncertainty. The valuation method used to measure the fair value for each unit option awarded by RioCan is the Black Scholes option pricing model. This model requires the use of assumptions, such as expected stock price volatility and the use of historical data that may not be reflective of future performance.

Significant influence

When determining the appropriate basis of accounting for RioCan's investees, the Trust makes judgments about the degree of influence that RioCan exerts directly or through an arrangement over the investees' relevant activities. This may include the ability to elect investee directors, appoint management or influence key decisions.

3. Significant Accounting Policies

(a) Business combinations

At the time of acquisition of property, whether through a controlling share investment or directly, the Trust considers whether the acquisition represents the acquisition of a business. The Trust accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired. If no, or only insignificant processes are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The Trust recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in net earnings. The difference between the purchase price and the Trust's net fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition, the purchaser records positive goodwill as an asset. Negative goodwill is immediately recognized in the consolidated statements of earnings. Goodwill is not amortized and must be tested for impairment at least annually, or more frequently, if events or changes in circumstances indicate that impairment has occurred.

RioCan expenses transaction costs associated with business combinations in the period incurred.

When an acquisition does not meet the criteria for a business, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated to the assets and liabilities acquired based upon their relative fair values. No goodwill is recognized for asset acquisitions.

(b) Fair value measurement

The Trust measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability that is accessible by RioCan.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, RioCan has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Investment properties

Investment properties are held to earn rental revenue or for capital appreciation or both. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity.

Real estate property held under an operating lease is not classified as investment property. Instead, these leases are accounted for in accordance with IAS 17, *Leases*. Certain land leases held under an operating lease, however, are classified as investment property when the definition of an investment property is met. At the inception of these leases, investment property is recognized at the lower of the fair value of the property and the present value of the future minimum lease payments and an equivalent amount is recognized as a lease obligation.

(i) Income properties

Income properties are initially measured at cost. Subsequent to initial recognition, income properties are recorded at fair value and related gains or losses arising from changes in fair value are recognized in net earnings in the period of change. The determination of fair value is based on, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs, income property operations and capital expenditures.

(ii) Properties under development

Properties under development include those properties, or components thereof, that will undergo activities that will take a substantial period of time to prepare the properties for their intended use as income properties.

The cost of a development property that is an asset acquisition comprises the amount of cash, or the fair value of other consideration, paid to acquire the property, including transaction costs. Subsequent to acquisition, the cost of a development property includes costs that are directly attributable to these assets, including development costs, property taxes and borrowing costs on both specific and general debt. Direct and indirect borrowing costs, development costs and property taxes are capitalized when the activities necessary to prepare an asset for development or redevelopment begin, and continue until the date that construction is substantially complete and all necessary occupancy and related permits have been received, whether or not the space is leased. If RioCan is required as a condition of a lease to construct tenant improvements that enhance the value of the property, then capitalization of costs continues until such improvements are completed. Capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Interest capitalized is calculated using the Trust's weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where borrowing is associated with specific developments, the amount capitalized is the gross interest incurred on such borrowing less any investment income arising on temporary investment of such borrowing.

Properties under development are also adjusted to fair value at each balance sheet date with fair value adjustments recognized in net earnings.

(iii) Assets held for resale

Assets held for resale are assets acquired or developed that RioCan has no intention of using for rental income purposes and plans to sell in the ordinary course of business. The Trust expects to earn a return on such assets through a combination of property operating income earned during the holding period and sales proceeds. Assets held for resale are recorded at the lower of cost, including pre-development expenditures and capitalized borrowing costs, and net realizable value, which RioCan determines using the estimated selling price in the ordinary course of business, less estimated selling costs.

Assets held for resale are reviewed for impairment at each reporting period date. An impairment loss is recognized in net earnings when the carrying value of the asset exceeds its net realizable value.

Assets held for resale primarily include RioCan's residential development inventory and air rights.

(d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

(i) Rental revenue

<u>Base rent</u>

The Trust has not transferred substantially all of the benefits and risks of ownership of its investment properties and, therefore, accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries. Revenue recognition under a lease commences when the tenant has the right to use the leased asset, which is typically when the tenant takes possession of, or controls, the physical use of the leased property. Generally, this occurs on the lease commencement date. When RioCan is required to make additions to the property in the form of tenant improvements that enhance the value of the property, revenue recognition begins upon substantial completion of such additions.

Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease where it is determined that the tenant fixturing has no benefit to RioCan beyond the existing tenancy.

<u>Straight-line rent</u>

Certain leases contain rent escalation clauses or provide for tenant occupancy during periods for which no rent is due. RioCan records the total rental income on a straight-line basis over the full term of the lease, including the tenant fixturing period. An accrued straight-line rent receivable is recorded from tenants for the difference between the straight-line rent and the rent that is contractually owing.

<u>Lease cancellation fees</u>

Amounts payable by tenants to terminate their lease prior to the contractual expiry date are included in rental revenue as lease cancellation fees at the effective date of the lease termination.

<u>Percentage rent</u>

Percentage rent is typically calculated based on a percentage of tenant sales over a specified threshold, which is in addition to base rent.

(ii) Fees and other income

RioCan has interests in various investment properties through joint arrangements and investments in associates. The Trust provides asset and property management services to co-owners, partners and third parties for which it earns market-based construction, development, financing and arranging fees.

Fees are recognized as the service or contract activity is performed using the percentage of completion method. Under the percentage of completion method, where services are provided over a specific period of time, revenue is recognized on a straight-line basis unless there is evidence that some other method would better reflect the pattern of performance. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Other income includes investment income related to the Trust's other financial assets and is included in earnings when declared.

(iii) Transaction gains and losses

Transaction gains and losses may arise from the sale of assets held for resale. Revenue earned from the sale of assets held for resale is recognized when all of the following conditions are met: a) the Trust has transferred to the purchaser the significant risks and rewards of ownership; b) the Trust has no continuing managerial involvement in the property; c) revenues and costs can be reliably measured; d) the purchaser has made a substantial commitment demonstrating its intent to honour its obligation; and d) collection of any additional consideration is reasonably assured.

Revenue from residential land sales is recorded at the time that the risks and rewards of ownership have been transferred, which is generally when possession or title passes to the purchaser, all material conditions of the sales contract have been met, and a significant cash down payment or appropriate security is received.

Revenue from the sale of homes and residential condominium projects is recognized upon completion, when title passes to the purchaser upon closing and at which time all proceeds are received or collectibility is reasonably assured.

Directly attributable selling and disposition costs are expensed as incurred.

(iv) Interest income

Revenue is recognized as interest accrues using the effective interest method.

(e) Unit-based compensation

(i) Equity settled

RioCan and its subsidiaries issue unit-based awards to certain employees. The cost of equity-settled unit-based payment transactions equals the fair value of each tranche of options at their grant date. The cost of the unit options is recognized on a proportionate basis consistent with the vesting features of each tranche of the grant.

(ii) Cash settled

RioCan has a Deferred Equity Unit (DEU) plan which provides for an allotment of DEUs to each non-employee trustee. The cost of cash-settled unit-based payment transactions is measured at fair value and expensed over the vesting period with the recognition of a corresponding liability. The liability is re-measured at fair value at each reporting period date with the vested changes in fair value recorded in net earnings.

(f) Financial assets and financial liabilities

Financial assets include RioCan's contractual rents receivable, mortgages and loans receivable, cash and cash equivalents, funds held in trust, available-for-sale securities and interest rate swap contracts. Financial liabilities include RioCan's secured operating lines of credit, mortgages payable, debentures payable and accounts payable and accrued liabilities.

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument without modification or on a valuation technique using market based inputs. The fair values of mortgages and loans receivable and debentures are based on the current market conditions for instruments with similar terms and risks. The fair values of term mortgages, designated hedging derivative instruments included in receivables and other assets and accounts payable and accrued liabilities are estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

(g) Recognition and measurement of financial instruments

The Trust determines the classification of its financial assets and liabilities at initial recognition. Financial instruments are recorded initially at fair value and, in the case of financial assets and liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, loans and receivables, available-for-sale, held-to-maturity, or other liabilities.

(i) Held-for-trading

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net earnings. Transaction costs are expensed as incurred. Other than cash and cash equivalents, the Trust has no significant financial instruments classified as held-for-trading.

Derivative instruments are recorded on the consolidated balance sheets at fair value. Changes in the fair values of derivative instruments are required to be recognized in net earnings, except for derivatives that are designated as a cash flow hedge, in which case the fair value change for the effective portion of such hedging relationship is required to be recognized in other comprehensive income (OCI).

(ii) Loans and receivables or held-to-maturity

Loans and receivables are financial instruments with fixed or determinable payments that are not quoted in an active market. Financial instruments with fixed or determinable payments and fixed maturities are classified as held-to-maturity only when the Trust has the positive intention and ability to hold it to maturity.

Financial assets classified as held-to-maturity, loans and receivables and other liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability. Amortized cost is computed using the effective interest method less any allowance for impairment. Gains and losses are recognized in net earnings when the loans and receivables are de-recognized or impaired, as well as through amortization.

The principal categories of the Trust's financial assets and liabilities measured at amortized cost using the effective interest method include: (a) accounts receivable and payable; (b) mortgages and loans receivable and mortgages payable; and (c) debentures payable.

(iii) Available-for-sale

Available-for-sale financial assets are financial assets that are not categorized as either held-for-trading or designated at fair value. Available-for-sale financial assets are initially measured at fair value with direct transaction costs included in the carrying value of the asset. Available-for-sale financial assets are subsequently measured at fair value with unrealized gains and losses recognized in OCI until the investment is derecognized or impaired, at which time the cumulative unrealized gain or loss is recognized in net earnings.

Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

(h) Impairment of financial assets

The Trust assesses at each balance sheet date whether there is any objective evidence of impairment for each financial asset (or a group of financial assets). A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of an event that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing financial difficulty, which may include default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears payments or economic conditions that correlate with defaults.

(i) Impairment of loans and receivables

Loans and receivables are considered impaired when there is objective evidence that the full carrying amount of the loan or receivable is not collectible.

When an impaired loan is identified, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated realizable amount, which is measured by discounting the expected future cash flows at the original effective interest rate of the loan or receivable. This difference between the carrying amount and the estimated realizable value of the loan or receivable represents an impairment loss that is recognized in net earnings. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the loan. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to RioCan. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the carrying value of the loan or receivable. If a past write-off is later recovered, the recovery is recognized in net earnings.

(ii) Impairment of available-for-sale financial assets

For available-for-sale financial assets, the Trust assesses at each balance sheet date whether there is objective evidence that an asset is impaired, which would include a significant or prolonged decline in the fair value of the investment below its cost. If the evaluation indicates that there is objective evidence of impairment, the investment is written down to its current fair value and a loss is recognized in net earnings. Subsequent increases in the fair value of available-for-sale assets are recognized in OCI.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded in interest income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in net earnings, the impairment loss is reversed through net earnings.

(i) Financial guarantee contracts

Financial guarantee contracts are contracts issued by RioCan that contingently require the Trust to make specified payments to reimburse the holder for a loss it incurs because the specified debtor fails to make payment when due in accordance with the terms of a debt instrument. When a debtor default occurs, financial guarantees are recognized on the consolidated balance sheets initially as a liability measured at the fair value of the obligation undertaken in issuing the guarantee, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of (i) the amount initially recognized and (ii) the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amounts are reported in the consolidated balance sheets if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(k) Hedges

The accounting standard IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39) specifies the criteria under which hedge accounting can be applied and how hedge accounting should be executed for each of the permitted hedging strategies: fair value hedges, cash flow hedges, and hedges of a foreign currency exposure of a net investment in a foreign operation.

From time to time, the Trust may enter into interest rate swap (option) transactions to modify the interest rate profile of its current or future debts without an exchange of the underlying principal amount. In such cash flow hedging relationships, the effective portion of the change in the fair value of the hedging derivative is recognized in OCI. The ineffective portion is recognized in net earnings.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedging relationship, RioCan formally designates and documents the hedging relationship to which the Trust is applying hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Trust will assess the hedging instrument’s effectiveness in offsetting the exposure to changes in the hedged item’s cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

In a net investment hedging relationship, the effective portion of foreign exchange gains and losses on the hedging instrument is recognized in OCI and the ineffective portion is recognized in net earnings. The amounts recorded in accumulated other comprehensive income (AOCI) are recognized in net earnings upon certain reductions in the net investment in the foreign subsidiary.

(l) Comprehensive income

Comprehensive income comprises net earnings and OCI, which generally would include unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation adjustments (net of hedging) arising from foreign operations, changes in the fair value of the effective portion of cash flow hedging instruments, and actuarial gains and losses related to RioCan's defined benefit pension plans. The Trust reports a consolidated statement of comprehensive income comprising net earnings and OCI for the period.

(m) Income taxes

Upon qualifying as a real estate investment trust (REIT) in the fourth quarter of 2010, the Trust is considered, in substance, tax exempt and therefore does not account for income taxes. Prior to qualifying as a REIT, the Trust was considered taxable. Upon the Trust’s change in tax status, all deferred taxes of the Trust were reversed through net earnings or OCI based upon where the amounts initially arose. The Trust’s US operations are qualifying US REITs and are not subject to income taxes. The Trust consolidates certain wholly owned incorporated entities that continue to be subject to income taxes. These taxable subsidiaries, and the Trust prior to its change in tax status, account for income taxes as follows:

(i) Current income tax

The Trust qualifies as a mutual fund trust and a REIT for income tax purposes. The Trust intends to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, a provision for current income taxes payable is not required, except for amounts incurred in its incorporated Canadian taxable subsidiaries.

The Trust’s US subsidiary qualifies as a REIT for US income tax purposes. The subsidiary expects to distribute all of its US taxable income (if any) to Canada and is entitled to deduct such distributions for US income tax purposes. Accordingly, no provision for US current income tax payable is required.

(ii) Deferred income tax

Deferred income taxes are provided using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

1. where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable income or loss; and
2. in respect of taxable temporary differences associated with investments in subsidiaries and interests in jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized except:

1. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
2. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to undistributed profits in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes relating to temporary differences that are in equity are recognized in equity.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity related to the same taxation authority are offset.

(n) Furniture and equipment

Furniture and computer equipment are stated at cost less accumulated depreciation and accumulated impairment in value, if any. Depreciation is recorded on a straight-line basis over the following expected useful lives:

Furniture and equipment	5 years
Computer hardware	3 to 5 years
Management information systems	5 to 10 years
Leasehold improvements	Lease term plus first renewal, if renewal is reasonably assured

(o) Intangible assets

The Trust's intangible assets comprise its management information systems and computer application software that is initially recognized at cost and amortized over its estimated useful life (5-10 years) on a straight-line basis. The cost of self-built management information systems and software includes the cost of materials, direct labour, and interest expense. Capitalization ceases and depreciation commences once the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Non-refundable sales commissions paid with respect to the sale of inventory property, where it is probable that future economic benefits will flow to the Trust and the asset can be measured reliably, are accounted for as an intangible asset. No amortization prior to the recognition of revenue is recognized but rather a charge to net earnings occurs when the revenue associated with the sale is recognized. RioCan pays certain upfront non-refundable selling commissions with respect to its sale of residential condominium units at its development located in Toronto, Ontario at the northeast corner of Yonge and Eglinton.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and short term investments with original maturities of three months or less.

(q) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Trust expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in net earnings, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(r) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Trust.

Assets and liabilities of operations having a functional currency other than Canadian dollars are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in OCI.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the balance sheet date. Gains and losses on translation of monetary items are recognized in the consolidated statement of earnings in general and administrative expense, except for those related to monetary liabilities qualifying as hedges of the Trust’s investment in foreign operations or certain inter-company loans to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are included in OCI.

On the disposal of a foreign operation, the exchange differences relating to that foreign operation that have been recognized in OCI and accumulated in the separate component of equity are recognized in profit or loss when the gain or loss on disposal is recognized.

(s) Employee future benefits

The Trust operates a defined contribution pension plan and three defined benefit pension plans for certain employees. The Trust expenses its required contributions to the defined contribution pension plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unamortized past service costs and less the fair value of plan assets out of which the obligations are to be settled.

(t) Change in accounting policy

The Trust has applied certain interpretations and amendments that required restatement of previous financial statements. On January 1, 2014, the Trust adopted the following IFRS standards as described below.

IFRIC Interpretation 21, Levies (IFRIC 21)

IFRIC 21 was issued by the IASB in May 2013 and provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is applied retrospectively. IFRIC 21 clarifies that an entity recognizes a levy liability when the activity that triggers payment occurs, as identified by the relevant legislation. It also clarifies that a levy liability is accrued ratably over a reporting period only if the activity that triggers payment occurs over such period, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached.

Property taxes are charged by a government in accordance with legislation and are based on underlying property value. As such, property taxes are within the scope of IFRIC 21. In the majority of the US municipalities in which the Trust operates (other than in the State of Pennsylvania), the obligating event for property taxes is ownership of the property on January 1st of the year for which the tax is imposed. A person (or entity) is not relieved of this obligation because it no longer owns the property or changes its use during the period. As a result, the full liability to pay annual property and related expenses for these US jurisdictions has been recorded in the Trust's Consolidated Financial Statements as at and for the years ended December 31, 2014 and 2013.

Property tax legislation in various jurisdictions in Canada do not clearly define a single obligating event that gives rise to a liability to pay annual property taxes. As such, at any date within the year, the only amount of property taxes that an owner can reasonably estimate they are liable for is a pro rata estimate of annual property taxes based on the number of days of ownership. Ratable recognition of property taxes in Canada, therefore, continues to be appropriate under IFRIC 21.

Prior to the adoption of IFRIC 21, the Trust recorded all property taxes ratably over the relevant reporting periods to match the timing around which operating costs were recovered from tenants. Adoption of IFRIC 21 did not result in an impact to net earnings because the Trust recorded an offsetting fair value adjustment in consideration of the fact that the fair value of a property is adjusted for prepaid property taxes between a buyer and seller on property transactions.

The adoption of IFRIC 21 has no impact to the Trust's current and prior period consolidated balance sheets and statements of earnings as at and for the years ended December 31, 2014 and 2013. Adoption of IFRIC 21 also did not result in any impact to fair value gains and losses on investment property or revenue on a full year basis due to the reversal of all accrued property taxes within the reporting period.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

IAS 17, Leases (IAS 17)

In March 2014, the IFRS Interpretations Committee ("IFRIC") issued a decision related to the meaning of "incremental costs" within the context of IAS 17. The IFRIC determined that internal costs, such as salary costs of full-time staff involved in negotiating and arranging new leases, do not qualify as incremental costs within the context of IAS 17 and, therefore, should not be capitalized as initial direct leasing costs. The Trust has recorded the associated expense as leasing costs, which are reported as a separate line on the consolidated statement of earnings.

The resulting impact of adoption of IAS 17 interpretative guidance to the Trust's current and prior period consolidated statements of earnings are as follows:

- For the year ended December 31, 2014, recognition of leasing costs of $11 million (year ended December 31, 2013 - $8 million increase in leasing costs) and an $11 million increase in net fair value gains on investment properties (year ended December 31, 2013 - $8 million increase in fair value gains). There is no impact to net earnings in either the current or prior period. The Trust records the associated expense as leasing costs, which is reported as a separate line on the consolidated statements of earnings.

(u) 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 its operations.

Standards issued but not yet effective up to the date of issuance of these Consolidated Financial Statements are described below. This description is of the standards and interpretations issued, that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

IFRS 9, Financial Instruments (IFRS 9)

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The adoption of IFRS 9 may have an effect on the classification and measurement of RioCan's financial assets, but no impact on the classification and measurement of its financial liabilities.

IFRS 15, Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recording revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted. RioCan is currently assessing the impact of IFRS 15 and intends to adopt the new standard on the required effective date.

4. Investment Properties

	December 31, 2014	December 31, 2013
Income properties	**$ 13,254**	$ 12,433
Properties under development	**706**	583
Properties held for resale	**80**	46
	$ 14,040	$ 13,062

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

Income properties

For the year ended December 31, 2014

		Canada		US		Total
Balance, beginning of year		**10,379**		**2,054**		**12,433**
Acquisitions (i)		**139**		**42**		**181**
Capital expenditures		**26**		**2**		**28**
Tenant installation costs		**24**		**6**		**30**
Dispositions		**(52)**		**—**		**(52)**
Transfers from properties under development		**363**		**—**		**363**
Transfers to properties under development		**(75)**		**—**		**(75)**
Fair value gains, net		**26**		**114**		**140**
Foreign currency translation gain		**—**		**192**		**192**
Straight line rent		**11**		**2**		**13**
Other changes		**(1)**		**2**		**1**
Balance, end of year	**$**	**10,840**	**$**	**2,414**	**$**	**13,254**

(i) Excluded from acquisitions is the Trust's purchase of the remaining 40% interest in a fully consolidated income property during the year.

For the year ended December 31, 2013

		Canada		US		Total
Balance, beginning of year		10,132		1,146	$	11,278
Acquisitions		601		228		829
Reclassification on dissolution of equity accounted investments		—		586		586
Capital expenditures		19		2		21
Tenant installation costs		25		8		33
Dispositions		(599)		(110)		(709)
Transfers from properties under development		123		—		123
Transfers to properties under development		(58)		—		(58)
Fair value gains, net		139		84		223
Foreign currency translation gain		—		105		105
Straight line rent		(1)		5		4
Other changes		(2)		—		(2)
Balance, end of year	$	10,379	$	2,054	$	12,433

Properties under development

For the year ended December 31,		**2014**		2013
Canada (i)		**Total**		Total
Balance, beginning of year	**$**	**583**	$	440
Acquisitions		**172**		56
Development expenditures		**237**		141
Completion of properties under development		**(363)**		(123)
Transfers from income properties		**75**		58
Fair value gains, net		**7**		6
Dispositions		**(2)**		—
Other	**$**	**(3)**	$	5
Balance, end of year	**$**	**706**	$	583

(i) All properties under development are in Canada.

Properties held for resale

As at December 31, 2014, properties held for resale were $80.4 million, (December 31, 2013 – $45.9 million).

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

Investment properties held for sale

Included in investment properties at December 31, 2014 are 12 investment properties held for sale with an aggregate fair value of $188.9 million (December 31, 2013 – $60.2 million), for which $21.0 million of mortgages payable are secured by such properties (December 31, 2013 – nil mortgage attached).

Investment properties

Included in investment properties is $110.9 million (December 31, 2013 – $97.4 million) of net rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease term.

Included in investment properties are finance leases on properties for which the Trust has exercised its options to purchase in 2034 and 2037. As at December 31, 2014, the fair value of these properties is $28.2 million (December 31, 2013 – $31.9 million).

Included in investment properties are three properties, Albion Centre, Georgian Mall and Shoppers World Danforth, which are subject to land leases from third parties. The land lease for Georgian Mall, which expires in 2020, includes a buy-out option. The land leases for Albion Centre and Shoppers World Danforth, which both expire in 2029, do not include buy-out options. These three properties are operating leases, subject to IAS 40, *Investment Property*, and have been accounted for as finance leases and recorded at fair value within income properties. The fair value of these three properties is $429.1 million for the land and building (December 31, 2013 – $397.5 million) and the lease obligation is $14.0 million (December 31, 2013 – $15.6 million) and is included in accounts payable and accrued liabilities.

Valuation methodology

As highlighted in *note 27*, the fair value methodology for the Trust's income properties, properties under development and investments in equity accounted associates and joint ventures is considered Level 3, as significant unobservable inputs are required to determine fair value.

The table below summarizes the key unobservable inputs for the Trust's investment properties:

Classification	**Valuation approach**	**Key unobservable input**	**Inter-relationship between key unobservable inputs and fair value measurement**
Income properties	Direct capitalization income approach	Capitalization rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Properties under development	Direct capitalization income approach	Capitalization rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Properties under development - undeveloped land	Direct comparison approach	Comparison to market transactions for similar assets	Land value is in line with market trends.

The tables below provide further details of the average capitalization rates for income properties and investments in equity accounted associates and joint ventures in aggregate (weighted based on SNOI), and ranges for each retail class. Capitalization rates are based on RioCan's proportionate share of the SNOI and results of operations of its entire portfolio.

	December 31, 2014		December 31, 2013	
	Weighted Average Cap. Rate*	Range	Weighted Average Cap. Rate*	Range
Canadian Portfolio	**5.77%**	**4.60% - 9.50%**	5.81%	4.76% - 9.00%
US Portfolio	**6.14%**	**5.30% - 7.50%**	6.40%	5.50% - 7.50%
Total Weighted Average	**5.83%**	**4.60% - 9.50%**	5.91%	4.76% - 9.00%

* at RioCan's interest

The fair value change in investment properties for year ended December 31, 2014 was $147 million ($229 million for the year ended December 31, 2013).

The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 2014:

(in billions, except percentages)

Capitalization rate sensitivity Increase (decrease)	Weighted average capitalization rate*		Fair value of investment portfolio		Fair value variance	% change	Ratio of debt, net of cash, to total assets, net of cash
(1.00%)	4.83%	$	16.5	$	2.8	20.9 %	36.7%
(0.75%)	5.08%	$	15.7	$	2.0	14.8 %	38.5%
(0.50%)	5.33%	$	14.9	$	1.3	9.4 %	40.2%
(0.25%)	5.58%	$	14.3	$	0.6	4.5 %	42.0%
December 31, 2014	**5.83%**	**$**	**13.6**	**$**	**0.0**	**0.0 %**	**43.8%**
0.25%	6.08%	$	13.1	$	(0.6)	(4.1)%	45.6%
0.50%	6.33%	$	12.6	$	(1.1)	(7.9)%	47.3%
0.75%	6.58%	$	12.1	$	(1.5)	(11.4)%	48.8%
1.00%	6.83%	$	11.7	$	(2.0)	(14.6)%	50.7%

* at RioCan's interest.

In addition, a 1% increase or decrease in SNOI would result in an increase or decrease in portfolio fair values of $133 million, respectively. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in an increase in fair value of $752 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a decrease in portfolio fair value of $689 million.

5. Mortgages and Loans Receivable

		December 31, 2014		December 31, 2013
Current	**$**	**45**	$	147
Non-current		**91**		101
	$	**136**	$	248

As at December 31, 2014, mortgages and loans receivable bear interest at effective and contractual rates between 0% and 7.0% per annum with a weighted average effective rate of 3.9% per annum (weighted average contractual rate of 3.9% per annum), and mature between 2015 and 2019.

Future repayments are as follows:		
Due on demand	$	16
For the period ending December 31:		
2015		29
2016		51
2017		14
2018		21
2019		5
	$	136

6. Receivables and Other Assets

	December 31, 2014						December 31, 2013					
		Current		**Non-current**		**Total**		Current		Non-current		Total
Contractual rents receivable	**$**	**52**	**$**	**—**	**$**	**52**	$	35	$	—	$	35
Prepaid expenses and other assets		**255**		**18**		**273**		31		13		44
Management information system		**—**		**27**		**27**		—		18		18
Funds held in trust		**—**		**21**		**21**		—		38		38
Fair value of interest rate swap agreements		**—**		**—**		**—**		—		1		1
	$	**307**	**$**	**66**	**$**	**373**	$	66	$	70	$	136

Contractual rents receivable, including both billed and accrued amounts, are non-interest bearing and are generally on 30-90 day terms. Prepaid expenses and other assets mainly comprise prepaid property taxes, available-for-sale investments and office furniture and equipment.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

7. Mortgages Payable and Lines of Credit

Mortgages payable and lines of credit are made up of the following:

		December 31, 2014		December 31, 2013
Fixed rate mortgages	**$**	**4,090**	$	4,033
Floating rate mortgages		**260**		389
Floating rate operating lines		**121**		68
Construction financing and other floating rate facilities		**116**		22
	$	**4,587**	$	4,512
Current	**$**	**795**	$	413
Non-current		**3,792**		4,099
	$	**4,587**	$	4,512

Future repayments of mortgages payable and lines of credit are as follows:

		Weighted average contractual interest rate		Scheduled principal amortization		Principal maturities		Total repayments
For the periods ending December 31:								
	2015	4.11%	$	77	$	718	$	795
	2016	4.47%		65		633		698
	2017	3.60%		53		926		979
	2018	3.84%		40		588		628
	2019	3.97%		33		333		366
	Thereafter	4.92%		40		1,070		1,110
Contractual obligations		4.22%	$	308	$	4,268	$	4,576
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties								25
Unamortized debt financing costs								(14)
							$	4,587

As at December 31, 2014, $11.3 billion of investment properties serves as security for RioCan's mortgages payable and floating rate credit facilities (December 31, 2013 - $11.0 billion), of which $9.1 billion is associated with investment properties in Canada (December 31, 2013 - $9.1 billion) and $2.2 billion is associated with investment properties in US (December 31, 2013- $1.9 billion).

Mortgages Payable

As at December 31, 2014, mortgages payable bear interest at a weighted average effective rate of 4.46% per annum (weighted average contractual rate of 4.34%% per annum) and mature between 2014 and 2034.

The weighted average effective rates for fixed and floating rate mortgages payable are as follows:

	December 31, 2014	December 31, 2013
Fixed rate	**4.61%**	4.79%
Floating rate	**1.96%**	2.09%
Total	**4.46%**	4.55%

As at December 31, 2014, US dollar denominated mortgages amounted to US$1.2 billion (December 31, 2013 – US$1.3 billion).

Lines of Credit

As at December 31, 2014, RioCan had five revolving lines of credit in place with five Canadian Schedule I financial institutions, having an aggregate capacity of $718 million (December 31, 2013 - $535 million).

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

The following table summarizes the details of the Trust's secured lines of credit as at December 31, 2014:

	Facility maximum loan amount (i)	Amounts drawn: Cash advances	Amounts drawn: Letters of credit	Available to be drawn	Interest rates	Maturity
1	**$ 250 (i)**	**$ 77**	**$ 10**	**$ 163**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	November 2016 (ii)
2	**130 (i)**	**—**	**19**	**111**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	June 2017 (ii)
3	**185 (i)**	**—**	**—**	**183**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	December 2016 (ii)
4	**75 (i)**	**—**	**—**	**75**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	June 2017 (ii)
5	**78 (i)**	**45**	**—**	**33**	CDN$ advances – prime plus 0.25% per annum or Bankers' Acceptance plus 1.25%; US$ advances – US$ Base Rate plus 0.25% per annum or US$ LIBOR plus 1.25%	December 2015
	$ 718	**$ 122**	**$ 29**	**$ 565**		

(i) Secured by charges against certain income properties. Should the aggregate agreed values for lending purposes of such properties fall to a level that would not support a borrowing of the maximum loan amount, RioCan has the option to provide substitute income properties as additional security.

(ii) Subject to meeting certain conditions, these loans can be extended for a further year on same terms and conditions.

Net current liabilities

	December 31, 2014	December 31, 2013
Cash and cash equivalents	**$ 56**	$ 39
Receivables and other assets (note 6)	**307**	50
Mortgages and loans receivable (note 5)	**45**	147
Current assets	**408**	236
Accounts payable and accrued liabilities (note 10)	**275**	232
Debentures payable (note 8)	**116**	—
Net current assets before the under noted	**17**	4
Mortgages payable and lines of credit (note 7)	**795**	413
Net current liabilities	**$ (778)**	$ (409)

8. Debentures Payable

As at December 31, 2014, $1,741 of the debentures payable, net of unamortized debt financing costs, is non-current (December 31, 2013 – $1,447). The Trust has the following series of senior unsecured debentures outstanding as at December 31, 2014:

Series	Principal amount	Maturity date	Coupon rate	Interest payment frequency
N (i)	$ 116	September 21, 2015	4.10%	Semi-annual
O	225	January 21, 2016	4.50%	Semi-annual
P	150	March 1, 2017	3.80%	Semi-annual
S	250	March 5, 2018	2.87%	Semi-annual
Q	175	June 28, 2019	3.85%	Semi-annual
U	150	June 1, 2020	3.62%	Semi-annual
R	250	December 13, 2021	3.72%	Semi-annual
V	250	May 30, 2022	3.75%	Semi-annual
T	200	April 18, 2023	3.73%	Semi-annual
I	100	February 6, 2026	5.95%	Semi-annual
	$ 1,866			

(i) US dollar denominated $100 million debenture.

The debentures have covenants relating to RioCan's leverage limit of up to 60% of aggregate assets as set out in the Trust's Declaration, the maintenance of a $1.0 billion Adjusted Book Equity (as defined in the debenture), and maintenance of an interest coverage ratio of 1.65 times or greater. There are no requirements under the unsecured debenture covenants for RioCan to maintain unencumbered assets. RioCan has the right, at any time, to convert the Series I 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 book equity and interest coverage ratio would be eliminated for those debentures.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

On January 23, 2014, the Trust issued $150 million of of Series U senior unsecured debentures, which mature on June 1, 2020 and carry a coupon rate of 3.62%. These debentures are subject to the same covenants as the above noted outstanding debentures, with the exception of Series I, which has an additional provision as discussed above. Debenture issuance costs were approximately $1.1 million.

On May 30, 2014, the Trust issued $150 million of Series V debentures. During the third quarter on August 8, 2014, the Trust issued an additional $100 million Series V debentures, resulting in an aggregate of $250 million of Series V debentures outstanding. The Series V debentures carry a coupon rate of 3.75%, mature on May 30, 2022 and are subject to the same covenants as the above noted outstanding debentures, with the exception of Series I, which has an additional provision as discussed above. Debenture issuance costs were approximately $2.0 million.

Subsequent to December 31, 2014, the Trust issued an additional $300 million of Series W senior unsecured debentures and issued notices of redemptions to holders of its US$100 million Series N and $225 million Series O senior unsecured debentures. For further details, see *note 33.*

As at December 31, 2014, debentures payable bear interest at a weighted average effective rate of 4.11% per annum (contractual rate of 3.86% per annum). Future repayments are as follows:

		Weighted average contractual interest rate		Principal maturities
For the year ending December 31:	2015	4.10%	$	116
	2016	4.50%		225
	2017	3.80%		150
	2018	2.87%		250
	2019	3.85%		175
	Thereafter	3.95%		950
Contractual obligations				1,866
Unamortized debt financing costs				(9)
			$	1,857

9. Income Taxes

The Trust qualifies as a REIT for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, no provision for Canadian current income tax payable is required, except for amounts incurred in its incorporated Canadian subsidiaries.

The Trust's US subsidiary qualifies as a REIT for US income tax purposes. The subsidiary expects to distribute all of its US taxable income (if any) to Canada and is entitled to deduct such distributions for US income tax purposes. Accordingly, no provision for US current income tax payable is required.

Where an entity does not qualify as a REIT for Canadian income tax purposes, certain distributions will not be deductible by that entity in computing its income for Canadian tax purposes. As a result, the entity will be subject to tax at a rate substantially equivalent to the general corporate income tax rate on distributed taxable income. Distributions paid in excess of taxable income will continue to be treated as a return of capital to unitholders. Undistributed taxable income is subject to the top marginal personal tax rate. The Trust consolidates certain wholly-owned incorporated entities that remain subject to tax. The tax disclosures and expense relate only to these entities.

The components of deferred tax assets on the consolidated balance sheets are as follows:

		December 31, 2014		December 31, 2013
Tax effected temporary differences between accounting and tax basis of:				
Intangibles and other	**$**	**9**	$	9
Deferred tax assets	**$**	**9**	$	9

10. Accounts Payable and Accrued Liabilities

	December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
Property operating costs	**$ 85**	**$ 18**	**$ 103**	$ 75	$ 16	$ 91
Development costs	**76**	**—**	**76**	36	—	36
Other capital expenditures	**4**	**—**	**4**	15	—	15
Fair value of contingent consideration	**1**	**—**	**1**	3	—	3
Interest on mortgages and debentures payable	**31**	**—**	**31**	29	—	29
Distributions to unitholders payable	**37**	**—**	**37**	36	—	36
Deferred revenue	**18**	**26**	**44**	15	15	30
Tenant installation costs	**12**	**—**	**12**	12	—	12
Incentive compensation	**9**	**—**	**9**	8	—	8
Unfunded employee future benefits *(note 31)*	**—**	**13**	**13**	—	10	10
Fair value of Trustee equity unit plans (*note 12*)	**—**	**3**	**3**	—	2	2
Fair value of interest rate swap agreements	**—**	**16**	**16**	—	8	8
Finance lease obligation	**—**	**14**	**14**	—	16	16
Other	**2**	**—**	**2**	3	—	3
	$ 275	**$ 90**	**$ 365**	$ 232	$ 67	$ 299

11. Unitholders' Equity

Common trust units

The Trust is authorized to issue an unlimited number of common units. The common units are entitled to distributions as and when declared by the Board and on liquidation 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 units issued and outstanding are as follows:

For the year ended December 31,	**2014**		2013	
	Units (in thousands)	$	Units (in thousands)	$
Units outstanding, beginning of period	**304,075**	**4,241**	300,099	4,130
Units issued:				
Public offerings	**4,800**	**126**	—	—
Distribution reinvestment plan	**4,738**	**121**	4,365	110
Direct purchase plan	**42**	**1**	53	1
Unit option plan	**2,331**	**49**	476	8
Common trust units repurchased and cancelled	**—**	**—**	(918)	(13)
Value associated with unit options granted	**—**	**5**	—	5
Unit issue costs	**—**	**(6)**	—	—
Units outstanding, end of period	**315,986**	**4,537**	304,075	4,241

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 income properties acquired by RioCan (December 31, 2014 – 1.138 million units; December 31, 2013 – 1.773 million units). 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.

Public Offering

On November 24, 2014, RioCan issued an aggregate of 4.8 million common trust units at a price of $26.25 per unit for aggregate gross proceeds of $126 million. Unit issue costs associated with the offering were approximately $5 million.

Normal Course Issuer Bid

On July 25, 2013, RioCan announced the TSX approval of its notice of intention to make a normal course issuer bid (NCIB) for a portion of its Units as appropriate opportunities arise from time to time. RioCan's NCIB will be made in accordance with the requirements of the TSX. Under the NCIB, RioCan may acquire up to a maximum of 15,039,156 of its Units, or approximately 5% of its issued and outstanding Units as at July 19, 2013, for cancellation over the 12 months commencing on or about August 3, 2013 until August 2, 2014. On August 5, 2014, the TSX accepted the Trust 's filed notice to renew its NCIB program. The new

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NCIB program commenced on August 7, 2014 and will terminate on August 6, 2015, or until such earlier date on which authorized purchases under the NCIB have been completed.

The number of Units that can be purchased pursuant to the bid is subject to a current daily maximum of 107,172 Units (which is equal to 25% of 428,691, being the average daily trading volume from February 2014 through to July 31, 2014), subject to RioCan's ability to make one block purchase of Units per calendar week in excess of such limits. RioCan intends to fund the purchases out of its available cash and undrawn credit facilities. Purchases are made at market prices through the facilities of the Exchange.

Unit Purchases and Cancellations

During the year ended December 31, 2013, the Trust acquired and cancelled 917,700 units at a weighted average price of $24.04 per unit, for a total cost of $22.1 million. The excess of the purchase price over the book value of the units purchased was recorded as a charge to cumulative earnings amounting to $9.3 million. During the year ended December 31, 2014, no unit were acquired and cancelled by the Trust.

Preferred trust units

The Trust is authorized to issue 50 million preferred units.

Series A

In 2011, the Trust issued a total of 5 million perpetual Cumulative Rate Reset Preferred Trust Units, Series A (the Series A Units) for aggregate gross proceeds of $125 million ($120 million, net of issue costs). The Series A Units pay a cumulative distribution yield of 5.25% per annum, payable quarterly, as and when declared by the Board of Trustees of RioCan, for the initial five-year period ending March 31, 2016. The distribution rate will be reset on March 31, 2016 and every five years thereafter, at a rate equal to the then five-year Government of Canada bond yield plus 2.62%.

The Series A Units are redeemable by RioCan, at its option, on March 31, 2016 and on March 31 of every fifth year thereafter. Holders of Series A Units have the right to reclassify all or any part of their units as perpetual Cumulative Floating Rate Preferred Trust Units, Series B (the Series B Units), subject to certain conditions, on March 31, 2016 and on March 31 of every fifth year thereafter. Holders of Series B Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the then 90-day Government of Canada Treasury Bill yield plus 2.62%, as and when declared by the Board of Trustees of RioCan. Holders of Series B Units will have the right to reclassify all or part of their units as Series A Units on March 31, 2021 and on March 31 of every fifth year thereafter.

Series C

In 2011, the Trust issued an aggregate of 5.98 million Cumulative Rate Reset Preferred Trust Units, Series C (the Series C Units) for aggregate gross proceeds of $149.5 million ($145 million, net of issue costs). The Series C Units pay a fixed cumulative distribution yield of 4.70% per annum, payable quarterly, as and when declared by the Board of Trustees of RioCan, for the initial approximate five and a half-year period ending June 30, 2017. The distribution rate will be reset on June 30, 2017 and every five years thereafter at a rate equal to the then five-year Government of Canada bond yield plus 3.18%.

The Series C Units are redeemable by RioCan, at its option, on June 30, 2017 and on June 30 of every fifth year thereafter. Holders of Series C Units have the right to reclassify all or any part of their units as Cumulative Floating Rate Preferred Trust Units, Series D (the Series D Units), subject to certain conditions, on June 30, 2017 and on June 30 of every fifth year thereafter. Holders of Series D Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the then 90-day Government of Canada Treasury Bill yield plus 3.18%, as and when declared by the Board of Trustees of RioCan. Holders of Series D Units will have the right to reclassify all or part of their units as Series C Units on June 30, 2022 and on June 30 of every fifth year thereafter.

The Series A Units and the Series C Units will rank equally with each other and with the outstanding Series B Units and the Series D Units into which they may be reclassified.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) as at and for the year ended December 31, 2014 consists of the following amounts:

	Unrealized gain (loss)				
	Interest rate swap agreements	Translation of foreign operations	Available-for-sale investments	Actuarial gain (loss) on pension	Total
As at December 31, 2013	$ **(7)**	$ **24**	$ **1**	$ **—**	$ **18**
Other comprehensive income (loss)	**(7)**	**79**	**26**	**(2)**	**96**
As at December 31, 2014	$ **(14)**	$ **103**	$ **27**	$ **(2)**	$ **114**

12. Unit-based Compensation Plans

Incentive unit option plan

As at December 31, 2014, the Trust's incentive unit option plan (the plan) provides for option grants to a maximum of 29.2 million units. As at December 31, 2014, up to 17.1 million unit options have been granted and exercised, 8.8 million unit options have been granted and remain outstanding and 3.3 million unit options remain available for grant. 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 except for those options granted prior to May 27, 2009, which have an exercise price equal to the closing price of the units on the date prior to the day the option was granted. An option's maximum term is ten years. All options granted after December 31, 2003 vest at 25% per annum commencing on the first anniversary of the grant date, and become fully vested after four years.

The following are summaries of the Trust's total outstanding options and related exercise price ranges of units granted under the plan:

For the year ended December 31,	**2014**		2013	
Options	Units (in thousands)	Weighted average exercise price	Units (in thousands)	Weighted average exercise price
Outstanding, beginning of year	**9,704**	**$ 24.01**	8,376	$ 22.84
Granted	**2,171**	**27.29**	2,035	27.50
Exercised	**(2,331)**	**21.21**	(476)	17.48
Forfeited or cancelled	**(762)**	**27.04**	(231)	25.80
Outstanding, end of year	**8,782**	**$ 25.30**	9,704	$ 24.01
Options exercisable at end of year	**4,402**	**$ 23.60**	5,168	$ 22.22
Weighted average fair value per unit of options granted during the year		**$ 3.22**		$ 3.53

For the year ended December 31, 2014

		Outstanding Options		Vested Options	
Exercise Price Range ($/unit)	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price per Common Share	Weighted Average Remaining Life (years)	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price per Common Share
12.15 to 21.16	1,278	$ 18.60	4.0	1,278	$ 18.60
21.17 to 24.93	610	$ 23.28	5.5	481	$ 23.13
24.94	775	$ 24.94	6.4	566	$ 24.94
24.95 to 26.53	825	$ 25.54	2.3	819	$ 25.54
26.54	1,602	$ 26.54	8.0	563	$ 26.54
26.55 to 27.50	1,831	$ 27.32	8.1	576	$ 27.27
27.51 to 27.69	1,861	$ 27.56	9.1	119	$ 27.69
	8,782	$ 25.30	6.8	4,402	$ 23.60

For the year ended December 31, 2013

		Outstanding Options			Vested Options	
Exercise Price Range ($/unit)	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price per Common Share		Weighted Average Remaining Life (years)	Number of Common Shares Issuable (in thousands)	Weighted Average Exercise Price per Common Share
12.15 to 21.16	2,480	$	18.78	4.8	2,123	$ 18.78
21.17 to 24.93	1,319	$	22.78	4.6	1,061	$ 22.53
24.94	1,025	$	24.94	7.4	507	$ 24.94
24.95 to 26.53	1,025	$	25.70	3.3	1,013	$ 25.70
26.54	1,365	$	26.54	8.5	341	$ 26.54
26.55 to 27.50	2,015	$	27.34	9.1	123	$ 27.03
27.51 to 27.69	475	$	27.69	9.2	—	$ —
	9,704	$	24.01	6.5	5,168	$ 22.22

The Trust accounts for the plan using the fair value method, under which compensation expense for each tranche of an award is measured at the grant date and recognized over the vesting period. Unit-based compensation expense and assumptions utilized in the calculation thereof using the Black Scholes option valuation model are as follows:

	For the year ended December 31,	
(units in thousands)	**2014**	2013
Unit-based compensation expense	**$ 4**	$ 5
Unit options granted	**2,171**	2,035
Unit option holding period (years)	**5.5 - 7**	5.5 - 7
Weighted average volatility rate	**23.5%**	25.2%
Weighted average distribution yield	**5.2%**	5.1%
Weighted average risk free interest rate	**2.0%**	1.8%

Trustees' restricted equity unit plan

The Trustees' restricted equity unit plan provides for an allotment of restricted equity units (REUs) to each non-employee trustee (member). The value of REUs allotted appreciates or depreciates with increases or decreases in the market price of the Trust's units. Members are also entitled to be credited with REUs for distributions paid in respect of units of the Trust based on an average market price of the units as defined by the plan. REUs vest and are settled three years from the date of issue by a cash payment equal to the number of vested REUs credited to the member based on an average market price of the Trust's units at the settlement date. As at December 31, 2014, accounts payable and accrued liabilities include accrued compensation costs relating to the REUs of $1.5 million (December 31, 2013 – $1.7 million).

Effective May 28, 2014, this plan has been replaced by the Trustees' deferred equity unit plan as the form of unit-based incentive compensation to Trustees as discussed below.

Trustees' deferred equity unit plan

On May 28, 2014, the Board of Trustees approved the adoption of a deferred unit plan for non-employee Trustees of the Trust ("Participants") to further align the interests of the Trustees of RioCan and its unitholders.

Participants may be awarded deferred units, each of which are economically equivalent to one unit, from time to time at the discretion of the Board of Trustees upon recommendation from management, subject to a maximum annual grant not to exceed that number of deferred units which is $150,000 divided by the average market price of a Unit on the award date. Participants may also elect to receive up to 100% of his or her annual retainer and meeting fees for a calendar year otherwise payable in cash in the form of deferred units. As at December 31, 2014, accounts payable and accrued liabilities include accrued costs relating to deferred equity units of $1.2 million (December 31, 2013 - nil).

New executive compensation plan

In April 2014, the Trust issued a new incentive compensation plan effective January 1, 2015 for senior executives. The new plan is disclosed in the Trust's 2014 Management Information Circular. RioCan does not expect that the new plan will have a material impact on its consolidated financial results.

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13. Distributions to Unitholders

RioCan currently qualifies as a mutual fund trust and a REIT for income tax purposes. RioCan intends, but is not contractually obligated, to distribute all of the Trust's taxable income to unitholders in each year, as calculated in accordance with the Act after all permitted deductions under the Act have been taken.

Total distributions declared to unitholders are as follows:

For the year ended December 31,	**2014**		2013	
	Total Distributions	Distributions per unit	Total Distributions	Distributions per unit
Common Unitholders	**$ 434**	**$ 1.4100**	$ 426	$ 1.4100
Preferred Unitholders – Series A	**$ 7**	**$ 1.3125**	$ 7	$ 1.3125
Preferred Unitholders – Series C	**$ 7**	**$ 1.1750**	$ 7	$ 1.1750

On February 6, 2015, RioCan paid a distribution of 11.75 cents per unit for the month of January 2015 to common unitholders of record as at January 30, 2015.

14. Rental Revenue

For the year ended December 31,	**2014**	2013
Base rent	**$ 788**	$ 737
Straight-line rent	**10**	6
Common area maintenance recoveries	**163**	149
Realty tax recoveries	**232**	214
Percentage rent	**6**	5
Lease cancellation fees	**5**	10
Rental revenue	**$ 1,204**	$ 1,121

15. Property Operating Costs - Recoverable Under Tenant Leases

For the year ended December 31,	**2014**	2013 (restated - note 2)
Realty tax	**$ 244**	$ 225
Common area maintenance (i)	**162**	151
	$ 406	$ 376

(i) Includes salaries and benefits for the year ended December 31, 2014 of $64 million ($57 million the year ended December 31, 2013).

16. Fees and Other Income

For the year ended December 31,	**2014**	2013
Property and asset management fees earned from co-ownerships, partners and other	**$ 16**	$ 17
Dividends earned on available-for-sale investments	**6**	—
	$ 22	$ 17

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17. Subsidiaries and Joint Arrangements

Subsidiaries

The following are the significant subsidiaries of the Trust:

		Equity Ownership Interest	
	Country of Incorporation	**December 31, 2014**	December 31, 2013
RioCan Management (BC) Inc.	Canada	**100%**	100%
RioCan Management Inc.	Canada	**100%**	100%
RioCan (KS) Management LP	Canada	**100%**	100%
RioCan Management Beneficiary Trust	Canada	**100%**	100%
RioCan Yonge Eglinton LP	Canada	**100%**	100%
RioCan (Festival Hall) Trust	Canada	**100%**	100%
Timmins Square Limited Partnership	Canada	**100%**	100%
Shoppers World Brampton Investment Trust	Canada	**100%**	100%
RioCan Realty Investments Partnership Four LP	Canada	**100%**	100%
RioCan Realty Investments Partnership Seven LP	Canada	**100%**	100%
RioCan Realty Investments Partnership Nine LP	Canada	**100%**	100%
RioCan Realty Investments Partnership Ten LP	Canada	**100%**	100%
RioCan (GH) Limited Partnership	Canada	**100%**	100%
RioCan Property Services Trust	Canada	**100%**	100%
RioCan White Shield Limited Partnership (i)	Canada	**100%**	60%
RioCan (GTA Marketplace) LP	Canada	**100%**	100%
RC REIT Limited Partnership Trust	Canada	**100%**	100%
RioCan Holdings USA Inc.	US	**100%**	100%
RC Northeast Partnership LP	US	**100%**	100%
RC/RioCan Timber Creek Holdings LP	US	**100%**	100%
RC Dunhill LP	US	**100%**	100%
RC Sterling LP	US	**100%**	100%
RC Sterling II LP	US	**100%**	100%
RC/Dunhill LCV Arbor Holdings LP	US	**100%**	100%
RioCan America Management LP	US	**100%**	100%
RioCan USA Subsidiary Inc.	US	**100%**	100%
RC (RP) I LP	US	**100%**	100%
RC/Dunhill Louetta Holdings LP	US	**100%**	100%
RioKim USA LP	US	**100%**	100%

(i) On February 3, 2014, the Trust acquired an additional 40% equity interest in RioCan White Shield Limited Partnership from its partner, Trinity by purchasing all 8 million of Trinity's Class C LP units for $11 million.

Joint Arrangements and Associates

The Trust has investments in certain joint ventures that are structured using entities that separate the investor and the investee. As a result, the Trust only has rights to and is liable for the net assets of the investee for these joint ventures.

The following tables summarize the financial information of Dawson Yonge LP (Canada) (Dawson JV), RioKim Montgomery JV LP (Texas) (Montgomery JV), WhiteCastle New Urban Fund, LP (WCNUF) and WhiteCastle New Urban Fund 2, LP (WCNUF 2), which are the Trust's four associates and joint ventures that are accounted for using the equity method as at December 31, 2014. RioCan has a 40%, 80%, 14.2%, and 19.3% equity ownership interest in Dawson JV, Montgomery JV, WCNUF and WCNUF 2, respectively.

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The following table details the changes in the Trust's investment in its joint ventures and associates:

For the year ended December 31,	2014	2013
Equity investment as at January 1,	**36**	321
Contributions to joint ventures (i)	**4**	30
Reclassification on dissolution of equity accounted investments (ii)	**—**	(328)
Share of net income from joint ventures and associates	**13**	32
Distributions from joint ventures and associates	**(1)**	(19)
Other (iii)	**11**	—
Equity investment as at December 31	**63**	36

(i) $30 million in contributions pertaining to 2013 primarily relates to the funding of mortgage principal and loan repayments on certain properties during the year. The 2014 contribution activity relates to the funding of earn out settlements for Montgomery Plaza.

(ii) On October 1, 2013, RioCan completed the dissolution of its joint venture arrangements with its Texas partners, RPAI and Dunhill.

(iii) Reclassification of WCNUF and WCNUF 2 from Other asset into Investment in associates.

The following tables also reconcile the summarized financial information to the carrying amount of the Trust's interest in these joint ventures and associates:

As at December 31,	2014	2013
Current assets	**16**	6
Non-current assets	**226**	95
Current liabilities	**17**	(8)
Non-current liabilities	**92**	(41)
Net assets at 100%	**133**	**52**
Investments in equity accounted joint ventures and associates	**63**	**36**
For the year ended December 31,		
Revenue	**10**	64
Expenses	**(4)**	(21)
Fair value gain	**13**	15
Interest expense	**(2)**	(14)
Net earnings and total comprehensive income @ 100%	**17**	**44**
Share of net earnings in equity accounted joint ventures and associates	**13**	**32**

18. Interest Expense

For the year ended December 31, 2014, interest was capitalized to properties under development based on a weighted average interest rate of 4.5% (for the year ended December 31, 2013 – 4.7%) as follows:

For the year ended December 31,		2014		2013
Total interest	**$**	**267**	$	255
Less: Interest capitalized to properties under development		**32**		21
	$	**235**	$	234

19. General and Administrative

For the year ended December 31,		2014		2013 (restated - note 2)
Salaries and benefits	**$**	**22**	$	21
Unit based compensation expense		**4**		5
Information technology costs		**4**		2
Public company costs		**6**		6
Professional fees		**5**		4
Depreciation and amortization		**4**		2
Other		**7**		5
Total general and administrative	**$**	**52**	$	45

Other general and administrative expenses include travel, occupancy, donations, advertising, promotion and marketing costs.

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20. Transaction and Other Costs

For the year ended December 31, 2014, transaction and other costs include property disposition and demolition costs totalling $6 million (year ended December 31, 2013 - $9 million).

21. Segmented Information

The Trust operates in the shopping centre segment of the real estate industry in both Canada and the US.

As at December 31, 2014, the Trust's portfolio comprises 340 retail properties, including 15 under development. The Trust's portfolio of 48 US grocery anchored and new format retail centres (December 31, 2013 – 47) comprise 47 directly owned centres and one centre owned through a joint operation with Kimco Realty Corporation.

No single tenant accounts for 5% or more of the Trust's consolidated rental revenue.

The following summary presents segmented financial information by geographic location, which is consistent with the manner in which management currently evaluates operating segment performance.

Net earnings by reportable segment for the year ended December 31, 2014 is as follows:

	Canada	US	Eliminations (i)	Total
Rental revenue	**$ 1,007**	**$ 197**	**$ —**	**$ 1,204**
Property operating costs				
Recoverable under tenant leases	**354**	**52**	**—**	**406**
Non-recoverable from tenants	**15**	**10**	**(6)**	**19**
	369	**62**	**(6)**	**425**
Operating income	**638**	**135**	**6**	**779**
Other income				
Fees and other	**20**	**8**	**(6)**	**22**
Interest	**45**	**—**	**(38)**	**7**
Share of net earnings in equity accounted associates and joint ventures	**1**	**12**	**—**	**13**
Fair value gains on investment property, net	**33**	**114**	**—**	**147**
	99	**134**	**(44)**	**189**
Other expenses				
Interest	**194**	**79**	**(38)**	**235**
General and administrative	**48**	**4**		**52**
Leasing costs	**9**	**2**		**11**
Transaction and other costs	**5**	**1**	**—**	**6**
	256	**86**	**(38)**	**304**
Earnings before income taxes	**$ 481**	**$ 183**	**$ —**	**$ 664**
Net earnings	**$ 481**	**$ 183**	**$ —**	**$ 664**

(i) Represents $38 million of inter-segment loan interest and $6 million of inter-segment fees.

The carrying value of real estate investments and capital expenditures as at December 31, 2014 is as follows:

	Canada	US	Eliminations (i)	Total
Real estate investments				
Income properties	**$ 10,840**	**$ 2,414**	**$ —**	**$ 13,254**
Properties under development	**706**	**—**	**—**	**706**
Properties held for resale	**80**	**—**	**—**	**80**
	$ 11,626	**$ 2,414**	**$ —**	**$ 14,040**
Total assets	**$ 12,535**	**$ 2,525**	**$ (383)**	**$ 14,677**
Total liabilities	**$ 5,811**	**$ 1,381**	**$ (383)**	**$ 6,809**
Capital expenditures	**$ 279**	**$ 12**	**$ —**	**$ 291**

(i) Represents inter-segment loans of $383 million (US$331 million).

Net earnings by reportable segment for the year ended December 31, 2013 is as follows:

	Canada	US	Eliminations (i)	Total
Rental revenue	$ 997	$ 124	$ —	$ 1,121
Property operating costs				
Recoverable under tenant leases	344	32	—	376
Non-recoverable from tenants	16	—	—	16
	360	32	—	392
Operating income	637	92	—	729
Other income				
Fees and other income	17	—	—	17
Interest	57	—	(43)	14
Share of net earnings in equity accounted joint ventures	1	31	—	32
Fair value gains on investment property, net	140	89	—	229
	215	120	(43)	292
Other expenses				
Interest	206	71	(43)	234
General and administrative	40	5	—	45
Leasing costs	8	—	—	8
Transaction and other costs	8	1	—	9
Expense for early redemption of debentures	12	—	—	12
	274	77	(43)	308
Earnings before income taxes	$ 578	$ 135	$ —	$ 713
Deferred income tax expense	$ (1)	$ —	$ —	$ —
Net earnings	$ 578	$ 135	$ —	$ 713

(i) Represents inter-segment loan interest.

The carrying value of real estate investments and capital expenditures as at December 31, 2013 is as follows:

	Canada	US	Eliminations (i)	Total
Real estate investments				
Income properties	$ 10,379	$ 2,054	$ —	$ 12,433
Properties under development	583	—	—	583
Properties held for resale	46	—	—	46
	$ 11,008	$ 2,054	$ —	$ 13,062
Total assets	$ 11,753	$ 2,140	$ (363)	$ 13,530
Total liabilities	5,354	1,267	(363)	6,258
Capital expenditures	204	10	—	214

(i) Represents an inter-segment loan of $363 million (US$341 million) between RioCan Holdings USA Inc. and RioCan REIT.

22. Net Earnings per Unit

Net earnings per unit and weighted average common units outstanding are calculated as follows:

For the year ended December 31,	**2014**	2013
Net earnings attributable to common and preferred unitholders	**$ 663**	$ 709
Distributions to preferred unitholders (note 13)	**14**	14
Net earnings attributable to common unitholders	**$ 649**	$ 695
Weighted average common units outstanding – basic (ii)	**307,910**	302,324
Unexercised dilutive unit options (ii)	**762**	936
Weighted average common units outstanding – diluted (i), (ii)	**308,672**	303,260
Net earnings per unit – basic	**$ 2.11**	$ 2.30
Net earnings per unit – diluted	**$ 2.10**	$ 2.29

(i) The calculation of diluted weighted average units outstanding excludes options for 4.9 million units for the year ended December 31, 2014 (December 31, 2013 - 4.9 million units) as their inclusion would be anti-dilutive.

(ii) Unit information is shown in thousands.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

23. Hedging Activities

From time to time, RioCan enters into interest rate swap transactions to modify the interest rate profile of its current or future variable rate debt without an exchange of the underlying principal amount. The Trust qualifies for hedge accounting on such cash flow hedging relationships whereby the change in the fair value of the effective portion of the hedging derivative is recognized in OCI. The ineffective portion for accounting purposes is recognized in net earnings.

The Trust may enter into interest rate swap agreements on floating interest rate first mortgages to hedge the variability in cash flows attributed to fluctuating interest rates. Settlement on both the fixed and variable portion of the interest rate swaps occurs on a monthly basis. The following table summarizes the details of the interest rate swaps that are outstanding as at December 31, 2014:

Transaction date		Original principal amount (v)	Effective fixed interest rate	Maturity date
December 2010	$	16	5.03%	December 2020
April 2011 (i)		17	5.24%	February 2016
May 2011		2	4.89%	May 2021
September 2011		23	4.04%	September 2021
December 2011		33	3.36%	December 2016
December 2011		30	4.13%	December 2021
September 2012		23	3.78%	December 2018
September 2012		16	3.77%	May 2018
September 2012		27	3.74%	May 2017
September 2012		26	4.26%	October 2018
September 2012		45	4.08%	November 2017
September 2012		21	3.78%	April 2017
November 2012		13	3.08%	November 2017
May 2018		58	2.98%	May 2018
May 2018		17	3.07%	May 2018
November 2013		25	3.99%	December 2020
November 2013		111	2.16%	February 2019
February 2014		29	3.40%	March 2019
March 2014 (ii)		64	3.61%	December 2016
March 2014 (iii)		58	3.44%	July 2018
September 2014		73	3.89%	November 2018
September 2014 (iv)		70	2.00%	September 2019
	$	797		

(i) US denominated $14.4 million mortgage assumed upon property acquisition.
(ii) US denominated $55 million mortgage.
(iii) US denominated $50 million mortgage.
(iv) US denominated $60.5 million mortgage.
(v) All amounts shown in Canadian dollar equivalents.

The Trust has assessed that there is no ineffectiveness in the hedging of its interest rate exposure. The effectiveness of the hedging relationships is reviewed on a quarterly basis. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in OCI. As at December 31, 2014, the fair value of the interest rate swaps are, in aggregate, a net financial liability of $15.9 million (December 31, 2013 – $8.4 million). The associated unrealized gains or losses that are recognized in OCI will be reclassified into net earnings in the same period or periods during which the interest payments on the hedged item affect net earnings.

24. Net Change in Non-Cash Operating Items

For the year ended December 31,		**2014**		2013
Accounts receivable	**$**	**(17)**	$	6
Mortgage receivable interest		**9**		(11)
Prepaid expenses and other assets		**(18)**		(41)
Accounts payable and accrued liabilities		**21**		2
Other		**4**		(1)
Net change in non-cash operating items	**$**	**(1)**	$	(45)

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

25. Supplemental Cash Flow Information

For the year ended December 31,	**2014**	2013
Interest received	**$ 9**	$ 14
Interest paid	**265**	256
Acquisition of real estate investments through assumption of liabilities and mortgages given by vendors	**163**	313

26. Operating Leases - Trust as Lessor

The Trust as lessor has entered into leases on its property portfolio. The leases typically have lease terms between five and 20 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	December 31, 2014
Within 1 year	$ 765
After 1 year, but not more than 5 years	2,215
More than 5 years	1,543
Total	$ 4,523

The amount of contingent rent recognized in the statement of earnings for the year ended December 31, 2014 is $3.8 million (December 31, 2013 - $4.7 million).

27. Fair Value Measurement

The fair value hierarchy of assets and liabilities measured at fair value on the consolidated balance sheet or disclosed in the notes to financial statements is as follows:

	December 31, 2014			December 31, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value:						
Cash and equivalents	**$ 56**	**$ —**	**$ —**	$ 39	$ —	$ —
Mortgages and loans receivable	**—**	**128**	**—**	—	248	—
Interest rate swap asset *(note 23)*	**—**	**—**	**—**	—	1	—
Available-for-sale investments	**230**	**—**	**—**	—	—	16
Investment properties:						
Income properties	**—**	**—**	**13,254**	—	—	12,433
Properties under development	**—**	**—**	**706**	—	—	583
Total assets measured at fair value	**286**	**128**	**13,960**	39	249	13,032
Liabilities measured at fair value:						
Trustee equity unit plans	**$ 3**	**$ —**	**$ —**	$ —	$ —	$ —
Interest rate swap liability *(note 23)*	**—**	**16**	**—**	—	8	—
Contingent consideration	**—**	**—**	**1**	—	—	3
Liabilities for which fair values are disclosed *(note 29)*:						
Mortgages payable and lines of credit	**—**	**4,846**	**—**	—	4,712	—
Debentures payable	**—**	**1,926**	**—**	—	1,439	—
Total liabilities measured and/or disclosed at fair value	**3**	**6,788**	**1**	—	6,159	3

There have been no transfers among levels during the reporting period.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

The following table presents the changes in fair value measurements of assets included in Level 3 of the fair value hierarchy:

Balance - December 31, 2013	13,032
Investment properties *(see note 4)*	944
Net unrealized gain in OCI	(1)
Reclassification of available-for-sale investment	(16)
Purchases (net of returns)	1
Balance - December 31, 2014	**13,960**

28. 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, enables the Trust to achieve target credit ratings, funds its business strategies and builds 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.

RioCan's Declaration provides for maximum total debt levels up to 60% of Aggregate Assets (as defined in the Declaration). The Trust is in compliance with this restriction.

Additionally, RioCan's Declaration contains provisions that have the effect of limiting capital expended by the Trust for, among other items, the following:

- direct and indirect investments (net of related mortgages payable) in non-income producing properties (including greenfield developments and mortgages receivable to fund the Trust's co-owners' share of such developments) to no more than 15% of the Adjusted Unitholders' Equity of the Trust (herein referred to as the "Basket Ratio" with Adjusted Unitholders' Equity as defined in the Declaration). The Trust is in compliance with this restriction;
- total investment by the Trust in mortgages receivable, other than mortgages taken back by the Trust on the sale of its properties, to no more than 30% of the Adjusted Unitholders' Equity of the Trust. The Trust is in compliance with this restriction;
- any property acquired by the Trust, directly or indirectly, if the cost to the Trust of such acquisition (net of the amount of mortgages payable assumed) exceeds 10% of the Adjusted Unitholders' Equity of the Trust. The Trust is in compliance with this restriction;
- subject to the Basket Ratio, securities of an entity, other than to the extent that such securities would, for the purpose of the Declaration, constitute an investment in real estate. The Trust is in compliance with this restriction; and
- the amount of space that can be leased or subleased to any tenant, with certain exceptions, to a maximum space having an aggregate gross leasable area of 20% of the aggregate gross leasable area of all real estate investments held by the Trust. The Trust is in compliance with this restriction.

The Trust intends, but is not contractually obligated, to distribute to its unitholders in each year an amount not less than the Trust's income for the year, as calculated in accordance with the Income Tax Act (Canada) (the Tax Act) after all permitted deductions under the Tax Act have been taken. RioCan's Trustees rely upon forward looking cash flow information, including forecasts and budgets and the future business prospects of RioCan, to establish the level of cash distributions.

The Trust's debentures payable have covenants that are consistent with the Debt to Aggregate Assets ratio as discussed above, maintenance of at least $1 billion of Adjusted Book Equity (defined in the indenture), and maintenance of at least an interest coverage ratio (defined in the indenture) of 1.65 for a rolling twelve-month period.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

	December 31, 2014	December 31, 2013	Increase (decrease)
Capital			
Mortgages payable and lines of credit *(note 7)*	4,587	4,512	75
Debentures payable *(note 8)*	1,857	1,447	410
Total Debt	6,444	5,959	485
Unitholders' equity	7,868	7,261	607
Total capital	14,312	13,220	1,092
Ratio of Debt, net of cash, to Total Assets, net of cash	43.7%	43.9%	(0.2)%
Basket Ratio	3.5%	4.8%	(1.3)%

For the year ended			
Interest coverage ratio	2.92	2.91	0.01

29. Financial Instruments

Fair value of financial instruments

The Trust's receivables and other assets, mortgages and loans receivable and accounts payable and accrued liabilities are substantially carried at amortized cost, which approximates fair value. Cash and equivalents and investments are measured at fair value. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

Financial instruments carried at amortized cost on the consolidated balance sheets are as follows:

	December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Mortgages and loans receivable	**$ 136**	**$ 128**	$ 248	$ 248
Mortgages payable and lines of credit	**4,587**	**4,846**	4,512	4,712
Debentures payable	**1,857**	**1,926**	1,447	1,439

Risk management

The main risks arising from the Trust's financial instruments are credit, interest rate, liquidity and foreign exchange risks. The Trust's approach to managing these risks is summarized below:

Credit risk

Credit risk arises from the possibility that:

- Tenants may experience financial difficulty and be unable to fulfill their lease commitments or tenants may fail to occupy and pay rent in accordance with existing lease agreements, some of which are conditional.
- Borrowers default on the repayment of their mortgages to the Trust.
- Third parties default on the repayment of debt to the Trust (for discussion on joint arrangements, see *note 17*, and on guarantees, see *note 32*).

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 receivable.

Additionally, 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 and ensuring a considerable portion of the Trust's revenue is earned from national and anchor tenants and conducting credit assessments for new tenants.

As at December 31, 2014:

- Minimum annualized rentals (exclusive of recoverable property operating costs and taxes) for tenant leases expiring in each of the next five years ending December 31 are as follows: 2015 – $83 million; 2016 – $88 million; 2017 – $84 million; 2018 – $98 million; and 2019 – $112 million.

- The above aggregate rentals over the next five years represent annual lease payments of $465 million based on current contractual rental rates. For every such lease renewed upon maturity at an aggregate rental rate differential of 100 basis points, the Trust's net earnings would be impacted by approximately $5 million annually.
- No individual tenant comprises more than approximately 5% of the Trust's annualized rental revenue for 2014 and 2013.
- Approximately 86.4% of the Trust's annualized rental revenue for 2014 and 2013 was derived from national and anchor tenants (which tenant covenants are expected to be of higher credit quality than other tenants).

Interest rate and liquidity risks

The Trust is exposed to interest rate risk on its borrowings. Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the Trust to fund its growth program and refinance its debts as they mature. The Trust's financial condition and results of operations would be adversely affected if it were unable to obtain financing, or obtain cost-effective financing.

RioCan's Declaration establishes a Debt to Aggregate Assets ratio limit of 60%.

Additionally, the Trust mitigates interest rate and liquidity risks by staggering the maturity dates of its long-term debt (see *notes 7* and *8* for Aggregate Debt), by entering into interest rate swap (option) agreements (see *note 23*), and by limiting the use of floating rate debt.

As at December 31, 2014:

- The Trust's Aggregate Debt has a 3.95 year weighted average term to maturity bearing interest at a weighted average contractual interest rate of 4.12% per annum.
- 7.8% of the Trust's Aggregate Debt is at floating interest rates at December 31, 2014.
- The Trust's undrawn lines of credit total $565 million (see *note 7*).
- The ratio of Debt, net of cash, to Total Assets, net of cash is 43.7%.
- As at December 31, 2014, the Trust had cash and cash equivalents of $56 million as compared to $39 million as at December 31, 2013.

As at December 31, 2014, the Trust has aggregate contractual debt principal maturities through to December 31, 2017 of approximately $2.82 billion (43.6% of RioCan's Aggregate Debt) with a weighted average contractual interest rate of 4.03%. For every such amount refinanced upon maturity at an aggregate interest rate differential of 100 basis points, the Trust's net earnings would be impacted by approximately $28.2 million annually.

Foreign exchange risk

The Trust operates in Canada and in the US. The functional currency of the Trust is the Canadian dollar as is the reporting currency. The functional currency of the Trust's US operations is the US dollar. The Trust also holds interest bearing debt and common shares of Cedar denominated in US dollars. The Trust is exposed to both transaction and translation risk due to the volatility of foreign currency exchange rates, primarily arising from its US dollar denominated investments and, to a lesser extent, its monetary assets and liabilities denominated in this currency. The carrying values of these assets and liabilities, as well as the comprehensive income and earnings derived from them, are subject to foreign exchange rate fluctuation.

Foreign exchange risk arises because the US dollar denominated financial statements of the Trust's US operations may vary upon consolidation and translation into Canadian dollars. As a result, the Trust may experience translation exposures because of volatility in the exchange rate between the Canadian and US dollar.

As at December 31, 2014, the Trust's US denominated net assets are $1,048 million; therefore a 1% change in the value of the US dollar will result in a gain or loss through OCI of approximately $10.5 million and an approximate $1.8 million impact to consolidated net earnings.

30. Related Party Transactions

Key management personnel are those individuals that have the authority and responsibility for planning, directing and controlling the company's activities, directly or indirectly. RioCan's Trustees do not plan, direct, or control the activities of the Trust directly but provide oversight over the business.

The Trust's key management personnel include the Trustees and the following individuals: the Chief Executive Officer, Edward Sonshine; President, Chief Operating Officer, and Interim Chief Financial Officer, Raghunath Davloor (collectively, the Key Executives).

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

Remuneration of the Trust's key management during the period was as follows:

	Trustees		Key Executives	
For the year ended December 31,	**2014**	2013	**2014**	2013
Compensation and benefits	**$ 0.5**	$ 0.7	**$ 5.1**	$ 5.1
Unit-based payments	**2.1**	1.2	**1.9**	2.1
Post-employment benefit cost (recovery)	**—**	—	**(0.3)**	0.5
	$ 2.6	$ 1.9	**$ 6.7**	$ 7.7

Unit-based payments for Trustees are made pursuant to a restricted equity unit plan and a deferred equity unit plan described further in note 12.

On October 2, 2014, the Trust announced the resignation of Frederic Waks, President and Chief Operating Officer. Compensation of Frederic Waks for the years ended December 31, 2014 and December 31, 2013 are $2.7 million and $2.9 million, respectively. Effective October 21, 2014, Raghunath Davloor, Executive Vice President and Chief Financial Officer, was promoted to the role of President and Chief Operating Officer and appointed Interim Chief Financial Officer and Corporate Secretary of the Trust.

On February 4, 2015, the Trust announced the appointment of Cynthia Devine as Executive Vice President, Chief Financial Officer and Corporate Secretary, effective March 16, 2015.

31. Employee Benefits

The Trust maintains a total of four pension plans for its employees.

a) RioCan's defined contribution pension plan incurred current service costs in the amount of $0.9 million for the year ended December 31, 2014 (year ended December 31, 2013 – $0.4 million).

b) There are three defined benefit pension plans, one of which is a registered plan and two are supplemental unregistered plans. The Trust's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations and based on a specified length of service up to a stated maximum.

   The fair value of the registered plan assets as at December 31, 2014 is $3.1 million (December 31, 2013 – $3 million). The recognized pension obligation (net of plan assets) as at December 31, 2014 was $13.0 million (December 31, 2013 – $10.2 million). Pension costs, net of recoveries, of $0.3 million were recorded in net earnings for the year ended December 31, 2014 (pension costs for the year ended December 31, 2013 – $0.7 million).

   The discount rate used was 3.9% (December 31, 2013 – 4.9%), a compensation growth rate of 4% (December 31, 2013 – 3.5%) and an expected long term rate of return on assets of 3.9% (December 31, 2013 – 4.9%).

   Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in OCI. Such actuarial gains and losses are also immediately recognized in cumulative earnings and are not reclassified to earnings in subsequent periods.

32. Contingencies and Commitments

Guarantees

As at December 31, 2014, the estimated amount of third party debt subject to RioCan guarantees, and therefore the maximum exposure to credit risk, was approximately $470 million consisting of guarantees totalling $309 million (December 31, 2013 – $282 million) to partners and co-owners and $161 million (December 31, 2013 – $185 million) on the assumption of mortgages by purchasers on property dispositions with expiry dates between 2015 and 2034. There have been no defaults by the primary obligors for debts on which the Trust has provided its guarantees, and as a result, no provision for these guarantees has been recognized in these Consolidated Financial Statements.

Contractual obligations on real estate

RioCan does not have any investment property acquisitions or dispositions under firm contract as at the date of these financial statements.

Litigation

The Trust is involved with litigation and claims which 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.

(Audited – Canadian dollars, tabular amounts in millions, except per unit amounts or unless otherwise noted)

Lease commitments – Trust as lessee

The Trust as lessee is committed under long-term operating leases with various expiry dates to 2029. Minimum annual rentals are as follows:

	December 31, 2014		
	Land Leases	Operating Leases	Total Commitments
Within 1 year	$ **3**	$ **1**	$ **4**
After 1 year, but not more than 5 years	**9**	**2**	**11**
More than 5 years	**16**	**5**	**21**
Total	$ **28**	$ **8**	$ **36**

Included in the above are land lease commitments of $18.7 million which have been accounted for as finance leases and investment properties. The corresponding lease obligation of $14.0 million has been recognized in accounts payable and accrued liabilities as at December 31, 2014.

Investment commitment

As at December 31, 2014, the Trust has unfunded investment commitments of approximately $17.7 million relating to WCNUF and WCNUF 2. Amounts to be funded are callable by the general partner at any point prior to the expiration of the investment period, which is February 29, 2018.

33. Events After the Balance Sheet Date

Target Canada

On January 15, 2015, Target Corporation (Target) announced plans to discontinue its Canadian operations through its indirect wholly-owned subsidiary, Target Canada, and that it was utilizing the Companies' Creditors Arrangement Act (Canada) ("CCAA") to wind down its operations. As at December 31, 2014, RioCan has 26 locations under lease with Target Canada representing approximately 1.9% of RioCan's total annualized rental revenue with an average remaining lease term of approximately 12.7 years. All but one of these leases are guaranteed through an indemnity arrangement with Target, generally for the lesser of (i) the remaining term of each lease and (ii) ten years. The one lease that is not covered by the Target indemnity is guaranteed by Walmart Canada.

Under IFRS, the fair value measurement of properties reflect conditions inherent at the measurement date, but not conditions arising after the measurement date. Property valuation of these locations reflects inputs that market participants would consider applicable as of the date of the valuation, including appropriate assumptions about future occupancy rates, but would not reflect adjustments based on events arising after such date, such as the actual timing of departure of Target from the Canadian market and its related CCAA proceedings. The aggregate IFRS fair value of the real estate properties where Target Canada occupies a tenancy was reflected at December 31, 2014 at a value of approximately $2 billion. Consistent with past practice, RioCan will seek to re-lease vacant spaces that are ultimately created by Target's withdrawal from the Canadian market, which ability to re-lease will be subject to certain risks, including with respect to the ability to release the vacant spaces (subject to the CCAA proceedings), the timing of releasing and the terms of any such releasing which may or may not be more beneficial to RioCan than the existing lease terms with Target Canada. Some of RioCan's retail lease agreements include co-tenancy clauses which allow the tenant to pay a reduced rent amount and, in certain instances, terminate the lease, if RioCan fails to maintain certain occupancy levels or retain certain anchor tenancies, including Target Canada.

As of the date of authorization of these consolidated financial statements, management cannot reasonably estimate the future financial impact to RioCan of Target's decision to exit the Canadian market for reasons including, but not limited to, the following: uncertainty with respect to the CCAA proceedings relating to the liquidation and wind-down of Target Canada; uncertainty pertaining to the nature and timing of the sale of Target Canada's real estate assets; and, more generally, the early stage of proceedings and communications amongst RioCan and its advisors, Target, tenants, the Court and other stakeholders following the recent announcement of Target's exit plan.

Series N and Series O Debenture Redemptions

On February 3, 2015, RioCan announced that it is issuing a notice of redemption to holders of its US$100 million 4.10% Series N senior unsecured debentures due September 21, 2015 (the "Series N Debentures"), representing a redemption, in full, of all of the currently outstanding Series N Debentures. The Series N Debentures will be redeemed on March 9, 2015, in accordance with their terms, at a total redemption price of US$101.8 million, plus accrued and unpaid interest of US$1.9 million, up to but excluding the redemption date.

On February 3, 2015, RioCan also announced that it is issuing a notice of redemption to holders of its $225 million 4.499% Series O Debentures due January 21, 2016, representing a redemption, in full, of all of the currently outstanding Series O Debentures. The Series O Debentures will be redeemed on March 11, 2015, in accordance with their terms, at a total redemption price of $231.8 million, plus accrued and unpaid interest of $1.4 million, up to but excluding the redemption date.

Series W Debenture Issuance

On February 12, 2015, the Trust issued $300 million of Series W senior unsecured debentures, which mature on February 12, 2024 and carry a coupon rate of 3.287% A portion of the net proceeds will be used by RioCan to repay indebtedness, including the redemption of the Trust's Series O senior unsecured debentures (the "Series O Debentures") as described below, and the balance for general trust purposes.

Acquisitions and Dispositions

On January 6, 2015, RioCan completed the dispositions of five income properties in Canada at an aggregate sales price of $120 million, at a weighted average capitalization rate of 6.8%. The Trust's mortgage obligation related to these properties was approximately $21 million.

On January 15, 2015, RioCan completed the acquisitions of 19 income properties in Canada at an aggregate purchase price of $82 million, at a weighted average capitalization rate of 5.5%. In connection with these acquisitions, RioCan assumed $16 million of mortgage financing.

On February 6, 2015, RioCan completed the acquisition of one development property in Canada at a purchase price of $3 million.

CORPORATE INFORMATION

SENIOR MANAGEMENT

Edward Sonshine, O.Ont., Q.C.
Chief Executive Officer

Raghunath Davloor
President, Chief Operating Officer

Cynthia Devine
Executive Vice President, Chief Financial Officer & Corporate Secretary

Howard Rosen
Senior Vice President, Chief Accounting Officer

John Ballantyne
Senior Vice President, Asset Management

Michael Connolly
Senior Vice President, Construction

Jonathan Gitlin
Senior Vice President, Investments

Danny Kissoon
Senior Vice President, Operations

Jordan Robins
Senior Vice President, Planning & Development

Jeff Ross
Senior Vice President, Leasing

Stuart Baum
Vice President, Human Resources

Nigel Bunbury
Vice President, Financial Reporting & Controls

Stuart Craig
Vice President, Planning & Development

Roberto DeBarros
Vice President, Construction

Andrew Duncan
Vice President, Development Engineering

Lyle Goodis
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Oliver Harrison
Vice President, Asset Management

Oliver Hobday
Vice President, Legal

Kevin Miller
Regional Vice President, Operations - Central Ontario

Pradeepa Nadarajah
Vice President, Property Accounting

Paran Namasivayam
Vice President, Recovery Accounting

Jane Plett
Vice President, Operations – Western Canada

Kenneth Siegel
Vice President, Leasing

Jonathan Sonshine
Vice President, Asset Management

Jeffrey Stephenson
Vice President, Leasing

Naftali Sturm
Vice President, Finance

Renato Vanin
Vice President, Information Technology

BOARD OF TRUSTEES

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President, Winograd Capital Inc.

Luc Vanneste [1,2]
Chair of the Audit Committee, RioCan

1 member of the Audit Committee
2 member of the Human Resources & Compensation Committee
3 member of the Nominating & Governance Committee
4 member of the Investment Committee

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbols:
Common Units – REI.UN
Preferred Units – Series A REI.PR.A
Series C REI.PR.C

ANNUAL MEETING

The 2015 Annual Meeting of RioCan REIT will be held on June 17, 2015 at 10:00 a.m. at SilverCity Theatres located at RioCan Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario. All unitholders are invited and encouraged to attend in person or via webcast at www.riocan.com.

On peut obtenir une version française du présent rapport annuel sur le site web de RioCan: www.riocan.com.

A French language version of this annual report is available on RioCan's website: www.riocan.com.

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